**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

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

**OF 1934**

**For the quarterly period ended June 30, 2022**

**OR**

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

**OF 1934**

**For the transition period from \_\_\_\_\_\_\_\_\_\_\_to \_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Commission file number: 001-37534**

**PLANET FITNESS, INC.**

**(Exact Name of Registrant as Specified in Its Charter)**

**Delaware**

**38-3942097**

**(State or Other Jurisdiction of Incorporation or Organization)**

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

**4 Liberty Lane West, Hampton, NH 03842**

**(Address of Principal Executive Offices and Zip Code)**

**(603) 750-0001**

**(Registrant’s Telephone Number, Including Area Code)**

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

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

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

|  |  |  |  |
| --- | --- | --- | --- |
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| 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. ☐

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

As of August 2, 2022 there were 84,243,785 shares of the Registrant’s Class A Common Stock, par value $0.0001 per share, outstanding and 6,145,722 shares of the Registrant’s Class B Common Stock, par value $0.0001 per share, outstanding.



**PLANET FITNESS, INC.**

**TABLE OF CONTENTS**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | Cautionary Note Regarding Forward-Looking Statements | | | | | | | | | |  |  |  | Page | | | | |  |
|  |  |  |  |  |  |  | 3 | | | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |  |
|  |  |  |  | PART I – FINANCIAL INFORMATION | | | | | | | | | | |  | | 5 | | | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |  |
|  | ITEM 1. | | | Financial Statements | | | | | | | | |  | | | | 5 | | | |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  | | |  |  |  |  |  |  |  |  |
|  | ITEM 2. | | | Management’s Discussion and Analysis of Financial Condition and Results of Operations | | | | | | | | | | | | | 28 | | | |  |  |
|  |  |  |  |  |  |  |  |  | |  |  |  | | |  |  |  |  | |  |  |  |
|  | ITEM 3. | | | Quantitative and Qualitative Disclosures About Market Risk | | | | | | | | | | | | | 44 | | | |  |  |
|  |  |  |  |  |  |  |  |  | |  |  |  | | |  | |  |  | |  |  |  |
|  | ITEM 4. | | | Controls and Procedures | | | | | | | | | | | | | 46 | | | |  |  |
|  |  |  |  |  |  |  |  |  | |  |  |  | | |  | |  |  | |  |  |  |
|  |  |  |  | PART II – OTHER INFORMATION | | | | | | | |  | | | | |  | 47 | | |  |  |
|  |  | |  |  |  |  |  |  | | |  |  | | |  | |  |  | |  |  |  |
|  | ITEM 1. | | | Legal Proceedings | | | | | | | |  | | | | |  | 47 | | |  |  |
|  |  |  |  |  |  |  |  |  | | |  | | | |  | |  |  | |  |  |  |
|  | ITEM 1A. | |  | Risk Factors | | | | | | | | | | | | | 47 | | | |  |  |
|  |  | |  |  |  |  |  |  | | |  | | | |  | |  |  | |  |  |  |
|  | ITEM 2. | |  | Unregistered Sales of Equity Securities and Use of Proceeds | | | | | | | | | | | | | 47 | | | |  |  |
|  |  |  | |  |  |  | |  | | |  | | | |  | |  |  | |  |  |  |
|  | ITEM 3. | | | Defaults Upon Senior Securities | | | | | | |  | | | | | | 47 | | | |  |  |
|  | ITEM 4. | | | Mine Safety Disclosures | | | | | | | | | | | | | 47 | | | |  |  |
|  | ITEM 5. | | | Other Information | | | | | |  | | | | | | | 47 | | | |  |  |
|  |  |  | |  |  |  | |  | | | | | | | | |  |  | |  |  |  |
|  | ITEM 6. | | | Exhibits | | | | | | | | | | | | | 48 | | | |  |  |
|  |  |  |  |  |  |  | | | | | | | | | | |  |  | |  |  |  |
|  |  |  |  | Signatures | |  | | | | | | | | | | | 49 | | | |  |  |
|  |  |  |  | 2 | | | | | | | | | | |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



**Cautionary Note Regarding Forward-Looking Statements**

*This Quarterly Report on Form 10-Q, as well as information included in oral statements or other written statements made or to be made by us, contain statements that constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, and other future conditions. Forward-looking statements can be identified by words such as “anticipate,” “believe,” “envision,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “target,” “potential,” “will,” “would,” “could,” “should,” “continue,” “ongoing,” “contemplate” and other similar expressions, although not all forward-looking statements contain these identifying words. Examples of forward-looking statements include, among others, statements we make regarding:*

* *future financial position;*
* *business strategy;*
* *budgets, projected costs and plans;*
* *future industry growth;*
* *financing sources;*
* *potential return of capital initiatives;*
* *the impact of litigation, government inquiries and investigations;*
* *the impact of the novel coronavirus disease (“COVID-19”) and actions taken in response; and*
* *all other statements regarding our intent, plans, beliefs or expectations or those of our directors or officers.*

*We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue reliance on our forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements we make. Important factors that could cause actual results and events to differ materially from those indicated in the forward-looking statements include, among others, risks and uncertainties associated with the following:*

* *Our business and results of operations have been and may in the future be materially impacted by the ongoing COVID-19 pandemic, and could be impacted by similar events in the future.*
* *Our success depends substantially on the value of our brand, which could be materially and adversely affected by the high level of competition in the health and fitness industry, our ability to anticipate and satisfy consumer preferences, shifting views of health and fitness and our ability to obtain and retain high-profile strategic partnership arrangements.*
* *Our and our franchisees’ stores may be unable to attract and retain members, which would materially and adversely affect our business, results of operations and financial condition.*
* *Our intellectual property rights, including trademarks, trade names, copyrights and trade dress, may be infringed, misappropriated or challenged by others.*
* *We and our franchisees rely heavily on information systems, including the use of email marketing and social media, and any material failure, interruption or weakness may prevent us from effectively operating our business, damage our reputation or subject us to potential fines or other penalties.*
* *If we fail to properly maintain the confidentiality and integrity of our data, including member credit card, debit card, bank account information and other personally identifiable information, our reputation and business could be materially and adversely affected.*
* *The occurrence of cyber incidents, or a deficiency in cybersecurity, could negatively impact our business by causing a disruption to our operations, a compromise or corruption of confidential information, and/or damage to our employee and business relationships and reputation, all of which could harm our brand and our business.*
* *If we fail to successfully implement our growth strategy, which includes new store development by existing and new franchisees, our ability to increase our revenues and operating profits could be adversely affected.*
* *Our planned growth and changes in the industry could place strains on our management, employees, information systems and internal controls, which may adversely impact our business.*
* *If we cannot retain our key employees and hire additional highly qualified employees, we may not be able to successfully manage our businesses and pursue our strategic objectives.*
* *Economic, political and other risks associated with our international operations could adversely affect our profitability and international growth prospects.*
* *Our financial results are affected by the operating and financial results of, our relationships with and actions taken by our franchisees.*
* *We are subject to a variety of additional risks associated with our franchisees, such as potential franchisee bankruptcies, franchisee changes in control, franchisee turnover rising costs related to construction of new stores and maintenance of existing stores, which could adversely affect the attractiveness of our franchise model, and in turn our business, results of operations and financial condition.*

3



* *We and our franchisees could be subject to claims related to health and safety risks to members that arise while at both our corporate-owned and franchise stores.*
* *Our business is subject to various laws and regulations including, among others, those governing indoor tanning, electronic funds transfer, ACH, credit card, debit card, digital payment options auto-renewal contracts, and consumer protection more generally, and changes in such laws and regulations, failure to comply with existing or future laws and regulations or failure to adjust to consumer sentiment regarding these matters, could harm our reputation and adversely affect our business.*
* *We are subject to risks associated with leasing property subject to long-term non-cancelable leases.*
* *If we and our franchisees are unable to identify and secure suitable sites for new franchise stores, our revenue growth rate and profits may be negatively impacted.*
* *Opening new stores in close proximity may negatively impact our existing stores’ revenues and profitability.*
* *Our franchisees may incur rising costs related to construction of new stores and maintenance of existing stores, which could adversely affect the attractiveness of our franchise model, and in turn our business, results of operations and financial condition.*
* *We may be unable to successfully realize the anticipated benefits of the Sunshine Acquisition (as defined herein).*
* *Our dependence on a limited number of suppliers for equipment and certain products and services could result in disruptions to our business and could adversely affect our revenues and gross profit; and*
* *the other factors identified under the heading “Risk Factors” in our annual report on Form 10-K for the fiscal year ended December 31, 2021 filed with the Securities and Exchange Commission.*

*The forward-looking statements in this Quarterly Report on Form 10-Q represent our views as of the date of this Report. We undertake no obligation to publicly update any forward-looking statements whether as a result of new information, future developments or otherwise.*

4



Table of Contents

**PART I-FINANCIAL INFORMATION**

**1. Financial Statements**

**Planet Fitness, Inc. and subsidiaries**

**Condensed consolidated balance sheets**

**(Unaudited)**

**(Amounts in thousands, except per share amounts)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **June 30, 2022** | |  | **December 31, 2021** |  |
|  |  |  |  |  |  |  |
| Assets |  |  |  |  |  |  |
| Current assets: |  |  |  |  |  |  |
| Cash and cash equivalents | $ | 383,511 |  | $ | 545,909 |  |
| Restricted cash |  | 62,762 |  |  | 58,032 |  |
| Accounts receivable, net of allowance for bad debts of $0 and $0 as of June 30, 2022 |  |  |  |  |  |  |
| and December 31, 2021, respectively |  | 23,274 |  |  | 27,257 |  |
| Inventory |  | 3,040 |  |  | 1,155 |  |
| Restricted assets – national advertising fund |  | 12,804 |  |  | — |  |
| Prepaid expenses |  | 14,046 |  |  | 12,869 |  |
| Other receivables |  | 21,310 |  |  | 13,519 |  |
| Income tax receivables |  | 2,635 |  |  | 3,673 |  |
| Total current assets |  | 523,382 |  |  | 662,414 |  |
| Property and equipment, net of accumulated depreciation of $189,742 and $152,296 as of |  |  |  |  |  |  |
| June 30, 2022 and December 31, 2021, respectively |  | 334,661 |  |  | 173,687 |  |
| Investments, net of allowance for expected credit losses of $15,617 and $17,462 |  |  |  |  |  |  |
| as of June 30, 2022 and December 31, 2021, respectively |  | 21,186 |  |  | 18,760 |  |
| Right-of-use assets, net |  | 357,615 |  |  | 190,330 |  |
| Intangible assets, net |  | 441,278 |  |  | 200,937 |  |
| Goodwill |  | 714,153 |  |  | 228,569 |  |
| Deferred income taxes |  | 487,694 |  |  | 539,264 |  |
| Other assets, net |  | 4,117 |  |  | 2,022 |  |
| Total assets | $ | 2,884,086 |  | $ | 2,015,983 |  |
| **Liabilities and stockholders’ deficit** |  |  |  |  |  |  |
|  |  |  |  |  |  |
| Current liabilities: |  |  |  |  |  |  |
| Current maturities of long-term debt | $ | 20,750 |  | $ | 17,500 |  |
| Accounts payable |  | 22,312 |  |  | 27,892 |  |
| Accrued expenses |  | 55,993 |  |  | 51,714 |  |
| Equipment deposits |  | 22,861 |  |  | 6,036 |  |
| Deferred revenue, current |  | 63,446 |  |  | 28,351 |  |
| Payable pursuant to tax benefit arrangements, current |  | 35,894 |  |  | 20,302 |  |
| Other current liabilities |  | 42,300 |  |  | 24,815 |  |
| Total current liabilities |  | 263,556 |  |  | 176,610 |  |
| Long-term debt, net of current maturities |  | 1,985,730 |  |  | 1,665,273 |  |
| Borrowings under Variable Funding Notes |  | — | |  | 75,000 |  |
| Lease liabilities, net of current portion |  | 351,462 |  |  | 197,682 |  |
| Deferred revenue, net of current portion |  | 33,032 |  |  | 33,428 |  |
| Deferred tax liabilities |  | 886 |  |  | — |  |
| Payable pursuant to tax benefit arrangements, net of current portion |  | 474,130 |  |  | 507,805 |  |
| Other liabilities |  | 4,298 |  |  | 3,030 |  |
| Total noncurrent liabilities |  | 2,849,538 |  |  | 2,482,218 |  |
| Commitments and contingencies (Note 13) |  |  |  |  |  |  |
| Stockholders’ equity (deficit): |  |  |  |  |  |  |
| Class A common stock, $.0001 par value - 300,000 authorized, 84,230 and 83,804 shares issued and outstanding as of June |  |  |  |  |  |  |
| 30, 2022 and December 31, 2021, respectively |  | 8 |  |  | 8 |  |
| Class B common stock, $.0001 par value - 100,000 authorized, 6,146 and 3,056 shares issued and outstanding as of June 30, |  |  |  |  |  |  |
| 2022 and December 31, 2021, respectively |  | 1 |  |  | 1 |  |
| Accumulated other comprehensive income |  | (110) |  |  | 12 |  |
| Additional paid in capital |  | 529,026 |  |  | 63,428 |  |
| Accumulated deficit |  | (714,297) |  |  | (708,804) |  |
| Total stockholders’ deficit attributable to Planet Fitness Inc. |  | (185,372) |  |  | (645,355) |  |
| Non-controlling interests |  | (43,636) |  |  | 2,510 |  |
| Total stockholders’ deficit |  | (229,008) |  |  | (642,845) |  |
| Total liabilities and stockholders’ deficit | $ | 2,884,086 |  | $ | 2,015,983 |  |
|  |  |  |  |  |  |  |

*See accompanying notes to condensed consolidated financial statements*

5



Table of Contents

**Planet Fitness, Inc. and subsidiaries**

**Condensed consolidated statements of operations**

**(Unaudited)**

**(Amounts in thousands, except per share amounts)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **For the three months ended** | | | | |  | **For the six months ended** | | | |  |
|  |  | **June 30,** | | |  |  |  | **June 30,** | | |  |  |
|  |  | **2022** |  |  | **2021** |  |  | **2022** |  |  | **2021** |  |
| Revenue: |  |  |  |  |  |  |  |  |  |  |  |  |
| Franchise | $ | 67,917 |  | $ | 59,758 |  | $ | 133,531 |  | $ | 111,938 |  |
| Commission income |  | 41 |  |  | 70 |  |  | 544 |  |  | 342 |  |
| National advertising fund revenue |  | 14,585 |  |  | 13,021 |  |  | 28,552 |  |  | 24,630 |  |
| Corporate-owned stores |  | 101,453 |  |  | 40,579 |  |  | 177,610 |  |  | 78,456 |  |
| Equipment |  | 40,446 |  |  | 23,823 |  |  | 70,881 |  |  | 33,762 |  |
| Total revenue |  | 224,442 |  |  | 137,251 |  |  | 411,118 |  |  | 249,128 |  |
| Operating costs and expenses: |  |  |  |  |  |  |  |  |  |  |  |  |
| Cost of revenue |  | 32,544 |  |  | 18,497 |  |  | 54,905 |  |  | 26,482 |  |
| Store operations |  | 56,362 |  |  | 28,430 |  |  | 103,897 |  |  | 54,337 |  |
| Selling, general and administrative |  | 28,202 |  |  | 21,789 |  |  | 59,028 |  |  | 44,279 |  |
| National advertising fund expense |  | 18,889 |  |  | 13,529 |  |  | 33,436 |  |  | 26,282 |  |
| Depreciation and amortization |  | 32,172 |  |  | 15,036 |  |  | 57,855 |  |  | 30,510 |  |
| Other (gains) losses, net |  | 1,181 |  |  | (282) |  |  | (1,752) |  |  | (2,420) |  |
| Total operating costs and expenses |  | 169,350 |  |  | 96,999 |  |  | 307,369 |  |  | 179,470 |  |
| Income from operations |  | 55,092 |  |  | 40,252 |  |  | 103,749 |  |  | 69,658 |  |
| Other expense, net: |  |  |  |  |  |  |  |  |  |  |  |  |
| Interest income |  | 474 |  |  | 195 |  |  | 683 |  |  | 412 |  |
| Interest expense |  | (21,979) |  |  | (20,125) |  |  | (44,610) |  |  | (40,369) |  |
| Other income (expense) |  | 148 |  |  | (147) |  |  | 4,238 |  |  | 18 |  |
| Total other expense, net |  | (21,357) |  |  | (20,077) |  |  | (39,689) |  |  | (39,939) |  |
| Income before income taxes |  | 33,735 |  |  | 20,175 |  |  | 64,060 |  |  | 29,719 |  |
| Equity earnings (losses) of unconsolidated entities, net of tax |  | (94) |  |  | — | |  | (332) |  |  | — |  |
| Provision for income taxes |  | 8,570 |  |  | 5,159 |  |  | 20,281 |  |  | 8,513 |  |
| Net income |  | 25,071 |  |  | 15,016 |  |  | 43,447 |  |  | 21,206 |  |
| Less net income attributable to non-controlling interests |  | 2,729 |  |  | 1,006 |  |  | 4,641 |  |  | 1,615 |  |
| Net income attributable to Planet Fitness, Inc. | $ | 22,342 |  | $ | 14,010 |  |  | 38,806 |  | $ | 19,591 |  |
| Net income per share of Class A common stock: |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Basic | $ | 0.26 |  | $ | 0.17 |  | $ | 0.46 |  | $ | 0.24 |  |
| Diluted | $ | 0.26 |  | $ | 0.17 |  | $ | 0.46 |  | $ | 0.23 |  |
| Weighted-average shares of Class A common stock outstanding: |  |  |  |  |  |  |  |  |  |  |  |  |
| Basic |  | 84,810 |  |  | 83,223 |  |  | 84,490 |  |  | 83,154 |  |
| Diluted |  | 85,197 |  |  | 83,837 |  |  | 84,919 |  |  | 83,771 |  |

*See accompanying notes to condensed consolidated financial statements.*

6



Table of Contents

**Planet Fitness, Inc. and subsidiaries**

**Condensed consolidated statements of comprehensive income**

**(Unaudited)**

**(Amounts in thousands)**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **For the three months ended** | | | | |  | **For the six months ended** | | | |
|  |  | **June 30,** | | |  |  |  | **June 30,** | | |  |
|  |  | **2022** |  |  | **2021** |  |  | **2022** |  |  | **2021** |
| Net income including non-controlling interests | $ | 25,071 |  | $ | 15,016 |  | $ | 43,447 |  | $ | 21,206 |
| Other comprehensive income, net: |  |  |  |  |  |  |  |  |  |  |  |
| Foreign currency translation adjustments |  | (207) |  |  | 18 |  |  | (122) |  |  | 29 |
| Total other comprehensive income (loss), net |  | (207) |  |  | 18 |  |  | (122) |  |  | 29 |
| Total comprehensive income including non-controlling interests |  | 24,864 |  |  | 15,034 |  |  | 43,325 |  |  | 21,235 |
| Less: total comprehensive income attributable to non-controlling interests |  | 2,729 |  |  | 1,006 |  |  | 4,641 |  |  | 1,615 |
| Total comprehensive income attributable to Planet Fitness, Inc. | $ | 22,135 |  | $ | 14,028 |  | $ | 38,684 |  | $ | 19,620 |
|  |  |  |  |  |  |  |  |  |  |  |  |

*See accompanying notes to condensed consolidated financial statements.*

7



Table of Contents

**Planet Fitness, Inc. and subsidiaries**

**Condensed consolidated statements of cash flows**

**(Unaudited)**

**(Amounts in thousands)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **For the six months ended June 30,** | | | |  |  |
|  | **2022** |  |  | **2021** |  |  |
| Cash flows from operating activities: |  |  |  |  |  |  |
| Net income | $ | 43,447 |  | $ | 21,206 |  |
| Adjustments to reconcile net income to net cash provided by operating activities: |  |  |  |  |  |  |
| Depreciation and amortization |  | 57,855 |  |  | 30,510 |  |
| Amortization of deferred financing costs |  | 2,755 |  |  | 3,155 |  |
| Write-off of deferred financing costs |  | 1,583 |  |  | — |  |
| Dividends accrued on investment |  | (914) |  |  | — |  |
| Deferred tax expense |  | 18,843 |  |  | 7,210 |  |
| Equity (earnings) losses of unconsolidated entities, net of tax |  | 332 |  |  | — |  |
| Gain on adjustment of allowance for credit losses on held-to-maturity investment |  | (1,845) |  |  | — |  |
| Gain on re-measurement of tax benefit arrangement |  | (3,871) |  |  | (348) |  |
| Loss on reacquired franchise rights |  | 1,160 |  |  | — |  |
| Equity-based compensation |  | 5,601 |  |  | 4,049 |  |
| Other |  | 65 |  |  | (71) |  |
| Changes in operating assets and liabilities, excluding effects of acquisitions: |  |  |  |  |  |  |
| Accounts receivable |  | 3,884 |  |  | 1,006 |  |
| Inventory |  | (1,885) |  |  | (724) |  |
| Other assets and other current assets |  | (7,683) |  |  | 6,059 |  |
| Restricted assets - national advertising fund |  | (12,804) |  |  | (8,362) |  |
| Accounts payable and accrued expenses |  | (19,949) |  |  | (102) |  |
| Other liabilities and other current liabilities |  | 2,225 |  |  | (3,725) |  |
| Income taxes |  | 64 |  |  | 413 |  |
| Payable pursuant to tax benefit arrangements |  | (14,211) |  |  | — |  |
| Equipment deposits |  | 16,838 |  |  | 6,688 |  |
| Deferred revenue |  | 17,783 |  |  | 7,319 |  |
| Leases |  | 990 |  |  | (17) |  |
| Net cash provided by operating activities |  | 110,263 |  |  | 74,266 |  |
| Cash flows from investing activities: |  |  |  |  |  |  |
| Additions to property and equipment |  | (41,423) |  |  | (19,395) |  |
| Acquisition of franchises, net of cash acquired |  | (424,940) |  |  | — |  |
| Proceeds from sale of property and equipment |  | 60 |  |  | 1 |  |
| Investments |  | — | |  | (35,000) |  |
| Net cash used in investing activities |  | (466,303) |  |  | (54,394) |  |
| Cash flows from financing activities: |  |  |  |  |  |  |
| Principal payments on capital lease obligations |  | (132) |  |  | (104) |  |
| Proceeds from issuance of long-term debt |  | 900,000 |  |  | — |  |
| Proceeds from issuance of Variable Funding Notes |  | 75,000 |  |  | — |  |
| Repayment of long-term debt and variable funding notes |  | (714,438) |  |  | (8,750) |  |
| Payment of deferred financing and other debt-related costs |  | (16,193) |  |  | — |  |
| Proceeds from issuance of Class A common stock |  | 676 |  |  | 578 |  |
| Repurchase and retirement of Class A common stock |  | (44,299) |  |  | — |  |
| Distributions to Continuing LLC Members |  | (2,023) |  |  | (145) |  |
| Net cash provided by (used in) financing activities |  | 198,591 |  |  | (8,421) |  |
| Effects of exchange rate changes on cash and cash equivalents |  | (219) |  |  | 120 |  |
| Net (decrease) increase in cash, cash equivalents and restricted cash |  | (157,668) |  |  | 11,571 |  |
| Cash, cash equivalents and restricted cash, beginning of period |  | 603,941 |  |  | 515,800 |  |
| Cash, cash equivalents and restricted cash, end of period | $ | 446,273 |  | $ | 527,371 |  |
| Supplemental cash flow information: |  |  |  |  |  |  |
|  |  |  |  |  |  |
| Net cash paid for income taxes | $ | 1,353 |  | $ | 889 |  |
| Cash paid for interest | $ | 40,057 |  | $ | 37,536 |  |
| Non-cash investing activities: |  |  |  |  |  |  |
| Non-cash additions to property and equipment | $ | 9,608 |  | $ | 3,500 |  |
| Fair value of common stock issued as consideration for acquisition | $ | 393,730 |  | $ | — |  |

*See accompanying notes to condensed consolidated financial statements.*

8



Table of Contents

**Planet Fitness, Inc. and subsidiaries**

**Condensed consolidated statements of changes in equity (deficit)**

**(Unaudited)**

**(Amounts in thousands)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  | **Class A** | | | | |  |  |  |  | **Class B** | | | | |  |  |  |  |  | **Accumulated** | |  |  |  | **Additional** | |  |  |  |  |  |  |  |  | **Non-** | |  |  |  |  |  |  |
|  |  |  | **common stock** | | | | |  |  |  |  | **common stock** | | | | |  |  |  |  |  | **other** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **comprehensive** | |  |  |  | **paid-** | |  |  |  | **Accumulated** | |  |  |  | **controlling** | |  |  | **Total (deficit)** | | |  |
|  |  |  | **Shares** | |  |  | **Amount** | | | | | **Shares** | |  |  | **Amount** | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  | **income** | |  |  |  | **in capital** | |  |  |  | **deficit** | |  |  |  | **interests** | |  |  |  | **equity** | |  |
|  | Balance at December 31, 2021 | | 83,804 |  |  |  | $ | 8 |  |  |  | 3,056 |  |  |  | $ | 1 |  |  |  | $ | 12 |  |  |  | $ | 63,428 |  |  |  | $ | (708,804) | |  |  | $ | 2,510 |  |  |  | $ | (642,845) | |  |
| Net income | | | — | |  |  |  | — | | | | — | |  |  |  | — | |  |  |  | — | |  |  |  | — | |  |  |  | 38,806 |  |  |  |  | 4,641 |  |  |  |  | 43,447 |  |  |
| Equity-based compensation expense | | | — | |  |  |  | — | | | | — | |  |  |  | — | |  |  |  | — | |  |  |  | 5,601 |  |  |  |  | — | |  |  |  | — | |  |  |  | 5,601 |  |  |
| Exchanges of Class B common stock | | | 548 |  |  |  |  | — | | | | (548) | |  |  |  | — | |  |  |  | — | |  |  |  | 22,534 |  |  |  |  | — | |  |  |  | (22,534) | |  |  |  | — | |  |
|  | and other adjustments | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Repurchase and retirement of Class A | | | (697) | |  |  |  | — | | | | — | |  |  |  | — | |  |  |  | — | |  |  |  | 2,994 |  |  |  |  | (44,299) | |  |  |  | (2,994) | |  |  |  | (44,299) | |  |
|  | common stock | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Exercise of stock options, vesting of | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | restricted share units and ESPP share | | 58 |  |  |  |  | — | | | | — | |  |  |  | — | |  |  |  | — | |  |  |  | 374 |  |  |  |  | — | |  |  |  | — | |  |  |  | 374 |  |  |
|  | purchase | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Issuance of common stock for | | | 517 |  |  |  |  | — | | | | 3,638 |  |  |  |  | — | |  |  |  | — | |  |  |  | 416,509 |  |  |  |  | — | |  |  |  | (22,779) | |  |  |  | 393,730 |  |  |
|  | acquisition | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Tax benefit arrangement liability and | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | deferred taxes arising from exchanges | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | of Class B common stock and other | | — | |  |  |  | — | | | | — | |  |  |  | — | |  |  |  | — | |  |  |  | 17,586 |  |  |  |  | — | |  |  |  | — | |  |  |  | 17,586 |  |  |
|  | adjustments | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Non-cash adjustments to VIEs | | | — | |  |  |  | — | | | | — | |  |  |  | — | |  |  |  | — | |  |  |  | — | |  |  |  | — | |  |  |  | (457) | |  |  |  | (457) | |  |
| Distributions paid to members of Pla- | | | — | |  |  |  | — | | | | — | |  |  |  | — | |  |  |  | — | |  |  |  | — | |  |  |  | — | |  |  |  | (2,023) | |  |  |  | (2,023) | |  |
|  | Fit Holdings | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other comprehensive income | | | — | |  |  |  | — | | | | — | |  |  |  | — | |  |  |  | (122) | |  |  |  | — | |  |  |  | — | |  |  |  | — | |  |  |  | (122) | |  |
|  | Balance at June 30, 2022 | | 84,230 |  |  |  | $ | 8 |  |  |  | 6,146 |  |  |  | $ | 1 |  |  |  | $ | (110) | |  |  | $ | 529,026 |  |  |  | $ | (714,297) | |  |  | $ | (43,636) | |  |  | $ | (229,008) | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  | **Class A** | | | | |  |  |  |  | **Class B** | | | | |  |  |  |  |  | **Accumulated** | |  |  |  | **Additional** | |  |  |  |  |  |  |  |  | **Non-** | |  |  |  |  |  |  |
|  |  |  | **common stock** | | | | |  |  |  |  | **common stock** | | | | |  |  |  |  |  | **other** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | **comprehensive** | |  |  |  | **paid-** | |  |  |  | **Accumulated** | |  |  |  | **controlling** | |  |  | **Total (deficit)** | | |  |
|  |  |  | **Shares** |  |  |  | **Amount** | |  | |  | **Shares** |  |  |  | **Amount** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  | **income** |  |  |  |  | **in capital** |  |  |  |  | **deficit** |  |  |  |  | **interests** |  |  |  |  | **equity** |  |  |
|  | Balance at December 31, 2020 | | 82,821 |  |  | $ | | 8 |  |  |  | 3,722 |  |  | $ | | 1 |  |  | $ | | 27 |  |  | $ | | 45,673 |  |  | $ | | (751,578) |  |  | $ | | 196 |  |  | $ | | (705,673) |  |  |
|  | Net income | | — | |  |  |  | — | | | | — | |  |  |  | — | |  |  |  | — | |  |  |  | — | |  |  |  | 19,591 |  |  |  |  | 1,615 |  |  |  |  | 21,206 |  |  |
|  | Equity-based compensation expense | | — | |  |  |  | — | | | | — | |  |  |  | — | |  |  |  | — | |  |  |  | 4,049 |  |  |  |  | — | |  |  |  | — | |  |  |  | 4,049 |  |  |
|  | Exchanges of Class B common stock | | 359 |  |  |  |  | — | | | | (359) |  |  |  |  | — | |  |  |  | — | |  |  |  | (415) |  |  |  |  | — | |  |  |  | 415 |  |  |  |  | — |  |  |
|  | Exercise of stock options, vesting of | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | restricted share units and ESPP | | 45 |  |  |  |  | — | | | | — | |  |  |  | — | |  |  |  | — | |  |  |  | 446 |  |  |  |  | — | |  |  |  | — | |  |  |  | 446 |  |  |
|  | share purchase | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Tax benefit arrangement liability and | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | deferred taxes arising from | | — | |  |  |  | — | | | | — | |  |  |  | — | |  |  |  | — | |  |  |  | 1,164 |  |  |  |  | — | |  |  |  | — | |  |  |  | 1,164 |  |  |
|  | exchanges of Class B common stock | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Non-cash adjustments to VIEs | | — | |  |  |  | — | | | | — | |  |  |  | — | |  |  |  | — | |  |  |  | — | |  |  |  | — | |  |  |  | (446) |  |  |  |  | (446) |  |  |
|  | Distributions paid to members of Pla- | | — | |  |  |  | — | | | | — | |  |  |  | — | |  |  |  | — | |  |  |  | — | |  |  |  | — | |  |  |  | (145) |  |  |  |  | (145) |  |  |
|  | Fit Holdings | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Other comprehensive income |  | — |  |  |  |  | — |  | |  | — |  |  |  |  | — |  |  |  |  | 29 |  |  |  |  | — |  |  |  |  | — |  |  |  |  | — |  |  |  |  | 29 |  |  |
|  | Balance at June 30, 2021 | | 83,225 |  |  | $ | | 8 |  |  |  | 3,363 |  |  | $ | | 1 |  |  | $ | | 56 |  |  | $ | | 50,917 |  |  | $ | | (731,987) |  |  | $ | | 1,635 |  |  | $ | | (679,370) |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

9



Table of Contents

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Class A** | | |  |  | **Class B** | | | | |  | **Accumulated** | |  | **Additional** | |  |  |  |  | **Non-** | |  |  |  |
|  | **common stock** | | |  |  | **common stock** | | | | |  | **other** | |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  | **comprehensive** | |  | **paid-** | |  | **Accumulated** | |  | **controlling** | |  | **Total (deficit)** |  |
|  | **Shares** | | **Amount** | | | **Shares** | |  | **Amount** | |  |  |  |  |  |  |
|  |  |  | **(loss) income** | |  | **in capital** | |  | **deficit** | |  | **interests** | |  | **equity** |  |
| Balance at March 31, 2022 | 84,907 |  | $ | 8 |  | 6,146 |  | $ | 1 |  | $ | 97 |  | $ | 479,535 |  | $ | (692,340) |  | $ | 1,761 |  | $ | (210,938) |  |
| Net income | — | |  | — | | — | |  | — | |  | — | |  | — | |  | 22,342 |  |  | 2,729 |  |  | 25,071 |  |
| Equity-based compensation expense | — | |  | — | | — | |  | — | |  | — | |  | 2,751 |  |  | — | |  | — | |  | 2,751 |  |
| Exchanges of Class B common stock | — | |  | — | | — | |  | — | |  | — | |  | 22,731 |  |  | — | |  | (22,731) |  |  | — |  |
| and other adjustments |  |  |  |  |  |  |  |  |  |  |
| Repurchase and retirement of Class | (697) |  |  | — | | — | |  | — | |  | — | |  | 2,994 |  |  | (44,299) |  |  | (2,994) |  |  | (44,299) |  |
| A common stock |  |  |  |  |  |  |  |  |  |  |  |  |
| Exercise of stock options, vesting of |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| restricted share units and ESPP | 20 |  |  | — | | — | |  | — | |  | — | |  | — | |  | — | |  | — | |  | — |  |
| share purchase |  |  |  |  |  |  |  |  |  |
| Purchase accounting adjustment to |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| issuance of common stock for | — | |  | — | | — | |  | — | |  | — | |  | 20,964 |  |  | — | |  | (20,964) |  |  | — |  |
| acquisition |  |  |  |  |  |  |  |  |  |  |
| Tax benefit arrangement liability and |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| deferred taxes arising from |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| exchanges of Class B common | — | |  | — | | — | |  | — | |  | — | |  | 51 |  |  | — | |  | — | |  | 51 |  |
| stock and other adjustments |  |  |  |  |  |  |  |  |  |
| Non-cash adjustments to VIEs | — | |  | — | | — | |  | — | |  | — | |  | — | |  | — | |  | (229) |  |  | (229) |  |
| Distributions paid to members of | — | |  | — | | — | |  | — | |  | — | |  | — | |  | — | |  | (1,208) |  |  | (1,208) |  |
| Pla-Fit Holdings |  |  |  |  |  |  |  |  |  |
| Other comprehensive loss | — | |  | — | | — | |  | — | |  | (207) |  |  | — | |  | — | |  | — | |  | (207) |  |
| Balance at June 30, 2022 | 84,230 |  | $ | 8 |  | 6,146 |  | $ | 1 |  | $ | (110) |  | $ | 529,026 |  | $ | (714,297) |  | $ | (43,636) |  | $ | (229,008) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Class A** | | | | | **Class B** | | | | |  | **Accumulated** | |  | **Additional** | |  |  |  |  | **Non-** | |  |  |  |
|  | **common stock** | | | | | **common stock** | | | | |  | **other** | |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  | **comprehensive** | |  | **paid-** | |  | **Accumulated** | |  | **controlling** | |  | **Total (deficit)** |  |
|  | **Shares** | |  | **Amount** | | **Shares** | |  | **Amount** | |  |  |  |  |  |  |
|  |  |  |  | **(loss) income** | |  | **in capital** | |  | **deficit** | |  | **interests** | |  | **equity** |  |
| Balance at March 31, 2021 | 83,202 |  | $ | 8 |  | 3,363 |  | $ | 1 |  | $ | 38 |  | $ | 48,275 |  | $ | (745,997) |  | $ | 997 |  | $ | (696,678) |  |
| Net income | — | |  | — | | — | |  | — | |  | — | |  | — | |  | 14,010 |  |  | 1,006 |  |  | 15,016 |  |
| Equity-based compensation | — | |  | — | | — | |  | — | |  | — | |  | 2,610 |  |  | — | |  | — | |  | 2,610 |  |
| expense |  |  |  |  |  |  |  |  |  |
| Exercise of stock options and | 23 |  |  | — | | — | |  | — | |  | — | |  | 32 |  |  | — | |  | — | |  | 32 |  |
| vesting of restricted share units |  |  |  |  |  |  |  |  |  |  |
| Non-cash adjustments to VIEs | — | |  | — | | — | |  | — | |  | — | |  | — | |  | — | |  | (223) |  |  | (223) |  |
| Distributions paid to members of | — | |  | — | | — | |  | — | |  | — | |  | — | |  | — | |  | (145) |  |  | (145) |  |
| Pla-Fit Holdings |  |  |  |  |  |  |  |  |  |
| Other comprehensive income | — | |  | — | | — | |  | — | |  | 18 |  |  | — | |  | — | |  | — | |  | 18 |  |
| Balance at June 30, 2021 | 83,225 |  | $ | 8 |  | 3,363 |  | $ | 1 |  | $ | 56 |  | $ | 50,917 |  | $ | (731,987) |  | $ | 1,635 |  | $ | (679,370) |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

*See accompanying notes to condensed consolidated financial statements.*

10



**Table of Contents**

**Planet Fitness, Inc. and subsidiaries**

**Notes to Condensed Consolidated financial statements**

**(Unaudited)**

**(Amounts in thousands, except share and per share amounts)**

**(1) Business Organization**

Planet Fitness, Inc. (the “Company”), through its subsidiaries, is a franchisor and operator of fitness centers, with more than 16.5 million members and 2,324 owned and franchised locations (referred to as stores) in 50 states, the District of Columbia, Puerto Rico, Canada, Panama, Mexico and Australia as of June 30, 2022.

In March 2020, the Company proactively closed all of its stores system wide in response to COVID-19 in order to promote the health and safety of its members, team members and their communities. As of June 30, 2022, there were no store closures related to COVID-19.

The Company serves as the reporting entity for its various subsidiaries that operate three distinct lines of business:

* Licensing and selling franchises under the Planet Fitness trade name.
* Owning and operating fitness centers under the Planet Fitness trade name.
* Selling fitness-related equipment to franchisee-owned stores.

The Company was formed as a Delaware corporation on March 16, 2015 for the purpose of facilitating an initial public offering (the “IPO”), which was completed on August 11, 2015, and related transactions in order to carry on the business of Pla-Fit Holdings, LLC and its subsidiaries (“Pla-Fit Holdings”). As of August 5, 2015, in connection with the recapitalization transactions that occurred prior to the IPO, the Company became the sole managing member and holder of 100% of the voting power of Pla-Fit Holdings. Pla-Fit Holdings owns 100% of Planet Intermediate, LLC, which has no operations but is the 100% owner of Planet Fitness Holdings, LLC, a franchisor and operator of fitness centers through its subsidiaries. With respect to the Company, Pla-Fit Holdings and Planet Intermediate, LLC, each entity owns nothing other than the respective entity below it in the corporate structure and each entity has no other material operations.

The Company is a holding company whose principal asset is a controlling equity interest in Pla-Fit Holdings. As the sole managing member of Pla-Fit Holdings, the Company operates and controls all of the business and affairs of Pla-Fit Holdings, and through Pla-Fit Holdings, conducts its business. As a result, the Company consolidates Pla-Fit Holdings’ financial results and reports a non-controlling interest related to the portion of limited liability company units of Pla-Fit Holdings (“Holdings Units”) not owned by the Company. Unless otherwise specified, “the Company” refers to both Planet Fitness, Inc. and Pla-Fit Holdings throughout the remainder of these notes.

As of June 30, 2022, Planet Fitness, Inc. held 100.0% of the voting interest and 93.2% of the economic interest of Pla-Fit Holdings and the holders of Holdings Units of Pla-Fit Holdings (the “Continuing LLC Owners”) held the remaining 6.8% economic interest in Pla-Fit Holdings. During the three months ended June 30, 2022 the Company reallocated amounts between non-controlling interest and additional paid in capital to appropriately reflect its economic interest in Pla-Fit Holdings.

**(2) Summary of Significant Accounting Policies**

***(a) Basis of presentation and consolidation***

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). Accordingly, these interim financial statements do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the results of operations, financial position and cash flows for the periods presented have been reflected. All significant intercompany balances and transactions have been eliminated in consolidation.

The condensed consolidated financial statements as of and for the three and six months ended June 30, 2022 and 2021 are unaudited. The condensed consolidated balance sheet as of December 31, 2021 has been derived from the audited financial statements at that date but does not include all of the disclosures required by U.S. GAAP. These interim condensed consolidated financial statements should be read in conjunction with the Company’s Annual Report on Form 10-K for the year ended December 31, 2021 (the “Annual Report”) filed with the SEC on March 1, 2021. The Company’s significant interim accounting policies include the proportional recognition of national advertising fund expenses within interim periods. Operating results for the interim periods are not necessarily indicative of the results that may be expected for the full year.

11



**Table of Contents**

**Planet Fitness, Inc. and subsidiaries**

**Notes to Condensed Consolidated financial statements**

**(Unaudited)**

**(Amounts in thousands, except share and per share amounts)**

***(b) Use of estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Although these estimates are based on management’s knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results. Significant areas where estimates and judgments are relied upon by management in the preparation of the consolidated financial statements include revenue recognition, valuation of equity-based compensation awards, valuation of long-lived and intangible assets acquired in a business combination, the evaluation of the recoverability of goodwill and long-lived assets, including intangible assets, income taxes, including deferred tax assets and liabilities and reserves for unrecognized tax benefits, the liability for the Company’s tax benefit arrangements, and the value of the lease liability and related right-of-use asset recorded in accordance with ASC 842 (see Note 7).

***(c) Fair Value***

ASC 820, *Fair Value Measurements and Disclosures*, establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows:

Level 1—Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2—Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3—Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The carrying value and estimated fair value of certain liabilities as of June 30, 2022 and December 31, 2021 were as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **June 30, 2022** | | | | |  | **December 31, 2021** | | | |  |
|  |  |  | |  |  |  |  |  | |  |  |  |
|  |  | **Carrying value** | |  | **Estimated fair value(1)** |  | **Carrying value** | |  | **Estimated fair value(1)** |  |
| Liabilities |  |  |  |  |  |  |  |  |  |  |  |  |
| Long-term debt(1) | $ | 2,035,562 |  | $ | 1,822,990 |  | $ | 1,700,000 |  | $ | 1,725,021 |  |
| Variable Funding Notes(1) | $ | — | | $ | — | | $ | 75,000 |  | $ | 75,000 |  |

1. The Company’s Variable Funding Notes are a variable rate loan and the fair value of this loan approximates book value based on the borrowing rates currently available for variable rate loans obtained from third party lending institutions. The estimated fair value of our fixed rate long-term debt is estimated primarily based on current bid prices for our long-term debt. Judgment is required to develop these estimates. As such, the fair value of our long-term debt is classified within Level 2, as defined under U.S. GAAP.

***(d) Recent accounting pronouncements***

The FASB issued ASU No. 2021-08, *Accounting for Contract Assets and Contract Liabilities from Contracts with Customers,* in October 2021. The guidance improves the accounting for acquired revenue contracts with customers in a business combination by requiring contract assets and contract liabilities acquired in a business combination to be recognized and measured by the acquirer on the acquisition date in accordance with ASC Topic 606, Revenue from Contracts with Customers, as if the acquirer had originated the contracts. This guidance will be effective for fiscal years beginning after December 15, 2022, including interim periods within that year, with early adoption permitted. The Company early adopted this guidance as of January 1, 2022, for all acquisitions subsequent to the adoption date.

12



**Table of Contents**

**Planet Fitness, Inc. and subsidiaries**

**Notes to Condensed Consolidated financial statements**

**(Unaudited)**

**(Amounts in thousands, except share and per share amounts)**

**(3) Investments**

*Investments - Debt securities*

As of June 30, 2022, the Company’s debt security investments consist of redeemable preferred shares that are accounted for as held-to-maturity debt securities. The Company’s investments are measured at amortized cost within Investments in the condensed consolidated balance sheets. The Company reviews its held-to-maturity securities for expected credit losses under ASC Topic 326, *Credit Impairment*, on an ongoing basis.

During the three and six months ended June 30, 2022, the Company’s review of the investee’s operations and financial position indicated that an adjustment to its allowance for expected credit losses was necessary. The Company utilized a probability-of-default (“PD”) and loss-given-default (“LGD”) methodology to calculate the allowance for expected credit losses. The Company derived its estimate using historical lifetime loss information for assets with similar risk characteristics, adjusted for management’s expectations. Adjustments for management’s expectations were based on the investee’s recent financial results, current financial position, and forward-looking financial forecasts. Based upon its analysis, the Company recorded a loss for the three months ended June 30, 2022 of $265 and a gain on the adjustment of its allowance for credit losses for the six months ended June 30, 2022 of $1,845 within other (gains) losses, net on the consolidated statements of operations.

The amortized cost, including accrued dividends, of the Company’s held-to-maturity debt security investments was $27,315 and $26,401 and the allowance for expected credit losses was $15,617 and $17,462, as of June 30, 2022 and December 31, 2021, respectively. During the three and six months ended June 30, 2022, the Company recognized dividend income of $463 and $914, respectively, within other income on the consolidated statements of operations.

As of June 30, 2022, all of the Company’s held-to-maturity investments had a contractual maturity in 2026.

A roll forward of the Company’s allowance for expected credit losses on held-to-maturity investments is as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **Six months ended June 30, 2022** | |
|  |  |  |  |
| Beginning allowance for expected credit losses | $ | 17,462 |  |
| Gain on adjustment of allowance for expected credit losses |  | (1,845) |  |
| Write-offs, net of recoveries |  | — | |
| Ending allowance for expected credit losses | $ | 15,617 |  |

*Equity method investments*

On April 9, 2021, the Company acquired a 21% ownership in Planet Fitness Australia Holdings, the Company’s franchisee and store operator in Australia, which is deemed to be a related party, for $10,000, which is accounted for under the equity method. For the three and six months ended June 30, 2022, the Company’s proportionate share of the earnings in accordance with the equity method was a loss of $94 and $332, respectively, recorded within equity earnings of unconsolidated entities on the condensed consolidated statement of operations. The adjusted carrying value of the equity method investment was $9,488 and $9,820 as of June 30, 2022 and December 31, 2021, respectively.

13



**Table of Contents**

**Planet Fitness, Inc. and subsidiaries**

**Notes to Condensed Consolidated financial statements**

**(Unaudited)**

**(Amounts in thousands, except share and per share amounts)**

**(4) Acquisition**

**Sunshine Fitness Acquisition**

On February 10, 2022, the Company and Pla-Fit Holdings (together with the Company, the “Buyers”), acquired 100% of the equity interests (“Sunshine Acquisition”) of Sunshine Fitness Growth Holdings, LLC, a Delaware limited liability company and Planet Fitness franchisee (“Sunshine Fitness”). The Company acquired 114 stores in Alabama, Florida, Georgia, North Carolina, and South Carolina from Sunshine Fitness. The preliminary purchase price of the acquisition was $824,587 consisting of $430,857 in cash consideration, and $393,730 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 shares of Class B Common Stock, par value $0.0001, of the Company, valued based on the closing trading price of the Company’s Class A common stock on the acquisition date. As a result of the transaction, the Company incurred a loss on unfavorable reacquired franchise rights of $1,160, which has been reflected in other (gains) losses, net in the condensed consolidated statement of operations. The loss reduced the net purchase price to $823,427. In connection with the acquisition, the Company recorded a gain of $2,059 related to the settlement of preexisting contracts with Sunshine Fitness within other (gains) losses, net on the condensed consolidated statement of operations. The acquired stores are included in the corporate-owned stores segment.

The preliminary allocation of the estimated purchase consideration was as follows:

|  |  |  |
| --- | --- | --- |
|  |  | **Amount** |
|  |  |  |
| Cash and cash equivalents | $ | 5,917 |
| Other current assets |  | 4,226 |
| Property and equipment |  | 154,153 |
| Right of use assets |  | 162,827 |
| Other long term assets |  | 1,830 |
| Intangible assets |  | 259,640 |
| Goodwill |  | 485,584 |
| Deferred income taxes, net |  | (51,188) |
| Deferred revenue |  | (16,973) |
| Other current liabilities |  | (15,638) |
| Lease liabilities |  | (165,736) |
| Other long term liabilities |  | (1,215) |
|  | $ | 823,427 |
|  |  |  |

The fair values assigned to tangible and intangible assets acquired and liabilities assumed are preliminary based on management’s estimates and assumptions, which include Level 3 unobservable inputs, and are determined using generally accepted valuation techniques. Certain adjustments were made during the three months ended June 30, 2022 to the preliminary fair values, resulting in a net increase to goodwill of $17,854, primarily related to the valuation of the reacquired franchise rights intangible asset and the corresponding deferred income taxes. Additionally, the Company reallocated amounts between non-controlling interest and additional paid in capital to appropriately reflect the change in its economic interest in Pla-Fit Holdings as a result of the share issuance in connection with the Sunshine Acquisition. Estimates may be subject to change as additional information is received and certain tax matters are finalized. The excess of purchase consideration over the fair value of other assets acquired and liabilities assumed was recorded as goodwill. The resulting goodwill is primarily attributable to increased expansion for market opportunities, the expansion of store membership and synergies from the integration of the stores into the broader corporate-owned store portfolio. Approximately $168,800 of the preliminary goodwill recorded is expected to be amortizable and deductible for tax purposes, the majority of which is deductible over 15 years.

14



**Table of Contents**

**Planet Fitness, Inc. and subsidiaries**

**Notes to Condensed Consolidated financial statements**

**(Unaudited)**

**(Amounts in thousands, except share and per share amounts)**

The following table sets forth the components of identifiable intangible assets acquired in the Sunshine Acquisition and their preliminary estimated useful lives as of the date of the acquisition:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Fair value** |  | **Useful life** |
|  |  |  |  |
| Reacquired franchise rights (1) | 233,230 |  | 11.9 |
| Customer relationships (2) | 24,970 | 8.0 | |
| Reacquired area development rights (3) | 1,440 | 5.0 | |
| Total intangible assets subject to amortization | 259,640 |  |  |

1. Reacquired franchise rights represent the fair value of the reacquired franchise agreements using the income approach, specifically, the multi-period excess earnings method.
2. Customer relationships represent the fair value of the existing contractual customer relationships using the income approach, specifically, the multi-period excess earnings method.
3. Reacquired area development rights represent the fair value of the undeveloped area development agreement rights using the cost approach.

The fair value of the identified intangible assets subject to amortization will be amortized over the assets’ preliminary estimated useful lives based on the pattern in which the economic benefits are expected to be received.

The primary areas that remain preliminary relate to the fair values of certain tangible and intangible assets acquired, income and non-income-based taxes and residual goodwill. The Company expects to finalize the valuation as soon as practicable, but not later than one year from the acquisition date.

Revenues and income before taxes of Sunshine Fitness included in the Company’s consolidated statement of operations from the acquisition date of

February 10, 2022 to June 30, 2022 are as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **Three months** | | **Six months ended** | |
|  | **ended June 30, 2022** | | |  | **June 30, 2022** |
| Total revenues | $ | 49,803 |  | $ | 78,498 |
| Income before taxes | $ | 4,140 |  | $ | 7,112 |

The following pro forma financial information summarizes the combined results of operations for the Company and Sunshine Fitness, as though the companies were combined as of the beginning of 2021. The pro forma financial information was as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **Three months** | | **Six months ended June 30,** | | |  |
|  | **ended June 30,** | |  |
|  | **2021** |  | **2022** |  | **2021** |  |
| Total revenues | 179,650 |  | 431,568 |  | 328,311 |  |
| Income before taxes | 20,197 |  | 63,906 |  | 29,835 |  |
| Net income | 15,033 |  | 43,331 |  | 21,293 |  |

15



**Table of Contents**

**Planet Fitness, Inc. and subsidiaries**

**Notes to Condensed Consolidated financial statements**

**(Unaudited)**

**(Amounts in thousands, except share and per share amounts)**

**(5) Goodwill and Intangible Assets**

A summary of goodwill and intangible assets at June 30, 2022 and December 31, 2021 is as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  | **Gross** | |  |  |  | **Accumulated** | |  |  |  | **Net carrying** | |  |
|  | **June 30, 2022** | | |  |  |  |  |  | **carrying** | |  |  |  |  |  |  |  |
|  |  |  |  |  |  | **amount** | |  |  |  | **amortization** | |  |  |  | **Amount** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Customer relationships | | |  |  |  |  | $ | 199,003 |  |  |  | $ | (145,394) | |  |  | $ | 53,609 |  |  |
|  | Reacquired franchise and area development rights | | |  |  |  |  |  | 272,828 |  |  |  |  | (31,759) | |  |  |  | 241,069 |  |  |
|  |  |  |  |  |  |  |  |  | 471,831 |  |  |  |  | (177,153) | |  |  |  | 294,678 |  |  |
|  | Indefinite-lived intangible: | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Trade and brand names | | |  |  |  |  |  | 146,600 |  |  |  |  | — | |  |  |  | 146,600 |  |  |
|  | Total intangible assets | | |  |  |  |  | $ | 618,431 |  |  |  | $ | (177,153) | |  |  | $ | 441,278 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Goodwill | | |  |  |  |  | $ | 714,153 |  |  |  | $ | — | |  |  | $ | 714,153 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  | **Gross** | |  |  |  | **Accumulated** | |  |  |  | **Net carrying** | |  |
|  | **December 31, 2021** | | |  |  |  |  |  | **carrying** | |  |  |  |  |  |  |  |
|  |  |  |  |  |  | **amount** | |  |  |  | **amortization** | |  |  |  | **Amount** | |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Customer relationships | | |  |  |  |  | $ | 174,033 |  |  |  | $ | (137,699) | |  |  | $ | 36,334 |  |  |
|  | Reacquired franchise and area development rights | | |  |  |  |  |  | 38,158 |  |  |  |  | (20,155) | |  |  |  | 18,003 |  |  |
|  |  |  |  |  |  |  |  |  | 212,191 |  |  |  |  | (157,854) | |  |  |  | 54,337 |  |  |
|  | Indefinite-lived intangible: | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Trade and brand names | | |  |  |  |  |  | 146,600 |  |  |  |  | — | |  |  |  | 146,600 |  |  |
|  | Total intangible assets | | |  |  |  |  | $ | 358,791 |  |  |  | $ | (157,854) | |  |  | $ | 200,937 |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | Goodwill | | |  |  |  |  | $ | 228,569 |  |  |  | $ | — | |  |  | $ | 228,569 |  |  |
| A roll forward of goodwill between December 31, 2021 and June 30, 2022 is as follows: | | | | | | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  | **Franchise** | | |  | **Corporate-owned** | |  |  |  | **Equipment** | |  |  |  | **Total** | |  |
|  |  |  |  |  |  | **stores** | |  |  |  |  |  |  |  |
|  | As of December 31, 2021 | | | $ | 16,938 |  |  | $ | 118,965 |  | $ | | | 92,666 |  | $ | | | 228,569 |  |  |
|  | Acquisition of franchisee-owned stores | | |  | — | | |  | 485,584 |  |  |  |  | — | |  |  |  | 485,584 |  |  |
|  | As of June 30, 2022 | | | $ | 16,938 |  |  | $ | 604,549 |  |  | $ | | 92,666 |  |  | $ | | 714,153 |  |  |

The Company determined that no impairment charges were required during any periods presented.

Amortization expense related to the intangible assets totaled $10,750 and $4,159 for the three months ended June 30, 2022 and 2021, respectively, and $19,320 and $8,339 for the six months ended June 30, 2022 and 2021, respectively. The anticipated annual amortization expense related to intangible assets to be recognized in future years as of June 30, 2022 is as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | **Amount** | |  |
| Remainder of 2022 |  | |  |  |  |
|  | $ | 21,475 |  |  |
| 2023 |  |  | 51,303 |  |  |
| 2024 |  |  | 48,525 |  |  |
| 2025 |  |  | 36,364 |  |  |
| 2026 |  |  | 31,389 |  |  |
| Thereafter |  |  | 105,622 |  |  |
| Total |  | $ | 294,678 |  |  |
|  | 16 |  |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |  |



**Table of Contents**

**Planet Fitness, Inc. and subsidiaries**

**Notes to Condensed Consolidated financial statements**

**(Unaudited)**

**(Amounts in thousands, except share and per share amounts)**

**(6) Long-Term Debt**

Long-term debt as of June 30, 2022 and December 31, 2021 consists of the following:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **June 30, 2022** | |  |  | **December 31, 2021** |  |  |
|  |  |  |  |  |  |  |  |  |
| 2018-1 Class A-2-I notes | $ | — |  | $ | | 556,312 |  |  |
| 2018-1 Class A-2-II notes |  | 601,563 |  |  |  | 604,688 |  |  |
| 2019-1 Class A-2 notes |  | 536,250 |  |  |  | 539,000 |  |  |
| 2022-1 Class A-2-I notes |  | 423,937 |  |  |  | — |  |  |
| 2022-1 Class A-2-II notes |  | 473,812 |  |  |  | — |  |  |
| Borrowings under Variable Funding Notes |  | — | |  |  | 75,000 |  |  |
| Total debt, excluding deferred financing costs |  | 2,035,562 |  |  |  | 1,775,000 |  |  |
| Deferred financing costs, net of accumulated amortization |  | (29,082) |  |  |  | (17,227) |  |  |
| Total debt |  | 2,006,480 |  |  |  | 1,757,773 |  |  |
| Current portion of long-term debt |  | 20,750 |  |  |  | 17,500 |  |  |
| Long-term debt and borrowings under Variable Funding Notes, net of current portion | $ | 1,985,730 |  | $ | | 1,740,273 |  |  |
| Future annual principal payments of long-term debt as of June 30, 2022 are as follows: |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  | **Amount** |  |  |
|  |  |  |  |  |  |  |  |  |
| Remainder of 2022 |  |  |  |  | $ | 10,375 |  |  |
| 2023 |  |  |  |  |  | 20,750 |  |  |
| 2024 |  |  |  |  |  | 20,750 |  |  |
| 2025 |  |  |  |  |  | 600,438 |  |  |
| 2026 |  |  |  |  |  | 419,313 |  |  |
| Thereafter |  |  |  |  |  | 963,936 |  |  |
| Total |  |  |  |  | $ | 2,035,562 |  |  |
|  |  |  |  |  |  |  |  |  |

On August 1, 2018, Planet Fitness Master Issuer LLC (the “Master Issuer”), a limited-purpose, bankruptcy remote, wholly-owned indirect subsidiary of Pla-Fit Holdings, LLC, entered into a base indenture and a related supplemental indenture (collectively, the “2018 Indenture”) under which the Master Issuer may issue multiple series of notes. On the same date, the Master Issuer issued Series 2018-1 4.262% Fixed Rate Senior Secured Notes, Class A-2-I (the “2018 Class A-2-I Notes”) with an initial principal amount of $575,000 and Series 2018-1 4.666% Fixed Rate Senior Secured Notes, Class A-2-II (the “2018 Class A-2-II Notes” and, together with the 2018 Class A-2-I Notes, the “2018 Notes”) with an initial principal amount of $625,000. In connection with the issuance of the 2018 Notes, the Master Issuer also entered into a revolving financing facility that allows for the incurrence of up to $75,000 in revolving loans and/or letters of credit under the Master Issuer’s Series 2018-1 Variable Funding Senior Notes, Class A-1 (the “2018 Variable Funding Notes”). The Company fully drew down on the Variable Funding Notes on March 20, 2020. On December 3, 2019, the Master Issuer issued Series 2019-1 3.858% Fixed Rate Senior Secured Notes, Class A-2 (the “2019 Notes”) with an initial principal amount of $550,000. The 2019 Notes were issued under the 2018 Indenture and a related supplemental indenture dated December 3, 2019 (together, the “2019 Indenture”). On February 10, 2022, the Company completed a prepayment in full of its 2018-1 Class A-2-I Notes and an issuance of Series 2022-1 3.251% Fixed Rate Senior Secured Notes, Class A-2-I with an initial principal amount of $425,000 and Series 2022-1 4.008% Fixed Rate Senior Secured Notes, Class A-2-II with an initial principal amount of $475,000 (the “2022 Notes” and, together with the 2018 Notes and 2019 Notes, the “Notes”), and also entered into a new revolving financing facility that allows for the issuance of up to $75,000 in Variable Funding Notes (“2022 Variable Funding Notes”) and certain letters of credit (the issuance of such notes, the “Series 2022-I Issuance”). The 2022 Notes were issued under the 2018 Indenture and a related supplemental indenture dated February 10, 2022 (together, with the 2019 Indenture, the “Indenture”). Together, the Notes, 2018 Variable Funding Notes and 2022 Variable Funding Notes will be referred to as the “Securitized Senior Notes”. On February 10, 2022, the Company borrowed the full amount of the $75,000 2022 Variable Funding Notes and used such proceeds to repay the outstanding principal amount (together with all accrued and unpaid interest thereon) of the 2018 Variable Funding Notes in full. On May 9, 2022, the Company repaid in full its $75,000 of borrowings under the 2022 Variable Funding Notes using cash on hand.

17



**Table of Contents**

**Planet Fitness, Inc. and subsidiaries**

**Notes to Condensed Consolidated financial statements**

**(Unaudited)**

**(Amounts in thousands, except share and per share amounts)**

The Notes were issued in securitization transactions pursuant to which most of the Company’s domestic revenue-generating assets, consisting principally of franchise-related agreements, certain corporate-owned store assets, equipment supply agreements and intellectual property and license agreements for the use of intellectual property, were assigned to the Master Issuer and certain other limited-purpose, bankruptcy remote, wholly-owned indirect subsidiaries of the Company that act as guarantors of the Securitized Senior Notes and that have pledged substantially all of their assets to secure the Securitized Senior Notes.

Interest and principal payments on the Notes are payable on a quarterly basis. The requirement to make such quarterly principal payments on the Notes is subject to certain financial conditions set forth in the Indenture. The legal final maturity date of the 2018 Class A-2-II Notes is in September 2048, but it is anticipated that, unless earlier prepaid to the extent permitted under the Indenture, the 2018 Class A-2-II Notes will be repaid in or prior to September 2025. The legal final maturity date of the 2019 Notes is in December 2049, but it is anticipated that, unless earlier prepaid to the extent permitted under the Indenture, the 2019 Notes will be repaid in or prior to December 2029. The legal final maturity date of the 2022 Notes is in February 2052, but it is anticipated that, unless earlier prepaid to the extent permitted under the Indenture, the 2022 Class A-2-I Notes will be repaid in or prior to December 2026 and the 2022 Class A-2-II Notes will be repaid in or prior to December 2031 (together, the “Anticipated Repayment Dates”). If the Master Issuer has not repaid or refinanced the Notes prior to the respective Anticipated Repayment Dates, additional interest will accrue pursuant to the Indenture.

As noted above, the Company borrowed the full $75,000 in 2022 Variable Funding Notes on February 10, 2022, which was repaid in full using cash on hand on May 9, 2022. If outstanding, the 2022 Variable Funding Notes will accrue interest at a variable interest rate based on (i) the prime rate, (ii) overnight federal funds rates, (iii) the secured overnight financing rate (or “SOFR”) for U.S. Dollars, or (iv) with respect to advances made by conduit investors, the weighted average cost of, or related to, the issuance of commercial paper allocated to fund or maintain such advances, in each case plus any applicable margin and as specified in the 2022 Variable Funding Notes. There is a commitment fee on the unused portion of the 2022 Variable Funding Notes of 0.5% based on utilization. It is anticipated that the principal and interest on the 2022 Variable Funding Notes will be repaid in full on or prior to December 2026, subject to two additional one-year extension options. Following the anticipated repayment date (and any extensions thereof), additional interest will accrue on the 2022 Variable Funding Notes equal to 5.0% per year.

In connection with the issuance of the 2018 Notes, 2019 Notes, and 2022 Notes the Company incurred debt issuance costs of $27,133, $10,577, and $16,193 respectively. The debt issuance costs are being amortized to “Interest expense” through the Anticipated Repayment Dates of the Notes utilizing the effective interest rate method. As a result of the repayment of the 2018 Class A-2-I Notes prior to the Anticipated Repayment Date, the Company recorded a loss on early extinguishment of debt of $1,583 within interest expense on the Consolidated statements of operations, consisting of the write-off of remaining unamortized deferred financing costs related to the issuance of the 2018 Class A-2-I Notes.

The Securitized Senior Notes are subject to covenants and restrictions customary for transactions of this type, including (i) that the Master Issuer maintains specified reserve accounts to be used to make required payments in respect of the Securitized Senior Notes, (ii) provisions relating to optional and mandatory prepayments and the related payment of specified amounts, including specified make-whole payments in the case of the Notes under certain circumstances, (iii) certain indemnification payments in the event, among other things, the assets pledged as collateral for the Securitized Senior Notes are in stated ways defective or ineffective, (iv) a cap on non-securitized indebtedness of $50,000 (provided that the Company may incur non-securitized indebtedness in excess of such amount, subject to the leverage ratio cap described below, under certain conditions, including if the relevant lenders execute a non-disturbance agreement that acknowledges the bankruptcy-remote status of the Master Issuer and its subsidiaries and of their respective assets), (v) a leverage ratio cap incurrence test on the Company of 7.0x (calculated without regard for any indebtedness subject to the $50,000 cap) and (vi) covenants relating to recordkeeping, access to information and similar matters.

Pursuant to a parent company support agreement, the Company has agreed to cause its subsidiary to perform each of its obligations (including any indemnity obligations) and duties under the Management Agreement and under the contribution agreements entered into in connection with the securitized financing facility, in each case as and when due. To the extent that such subsidiary has not performed any such obligation or duty within the prescribed time frame after such obligation or duty was required to be performed, the Company has agreed to either (i) perform such obligation or duty or (ii) cause such obligations or duties to be performed on the Company’s behalf.

The Securitized Senior Notes are also subject to customary rapid amortization events provided for in the Indenture, including events tied to failure to maintain stated debt service coverage ratios, certain manager termination events, an event of default,

18



**Table of Contents**

**Planet Fitness, Inc. and subsidiaries**

**Notes to Condensed Consolidated financial statements**

**(Unaudited)**

**(Amounts in thousands, except share and per share amounts)**

and the failure to repay or refinance the Notes on the applicable scheduled Anticipated Repayment Dates. The Securitized Senior Notes are also subject to certain customary events of default, including events relating to non-payment of required interest, principal, or other amounts due on or with respect to the Securitized Senior Notes, failure to comply with covenants within certain time frames, certain bankruptcy events, breaches of specified representations and warranties, failure of security interests to be effective, and certain judgments.

In accordance with the Indenture, certain cash accounts have been established with the Indenture trustee (the “Trustee”) for the benefit of the trustee and the noteholders, and are restricted in their use. The Company holds restricted cash which primarily represents cash collections held by the Trustee, interest, principal, and commitment fee reserves held by the Trustee related to the Securitized Senior Notes. As of June 30, 2022, the Company had restricted cash held by the Trustee of $46,754. Restricted cash has been combined with cash and cash equivalents when reconciling the beginning and end of period balances in the consolidated statements of cash flows.

**(7) Leases**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Leases** | | **Classification** | |  | **June 30, 2022** | |  | **December 31, 2021** |
|  |  |  |  |  |  |  |  |  |
| **Assets** |  |  |  |  |  |  |  |  |
| Operating lease ROU assets | | Right of use asset, net | | $ | 357,615 |  | $ | 190,330 |
| Finance lease assets | | Property and equipment, net of accumulated depreciation | |  | 485 |  |  | 222 |
| Total lease assets | |  |  | $ | 358,100 |  | $ | 190,552 |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **Liabilities** | |  |  |  |  |  |  |  |
| Current: | |  |  |  |  |  |  |  |
| Operating | | Other current liabilities | | $ | 38,026 |  | $ | 22,523 |
| Noncurrent: | |  |  |  |  |  |  |  |
| Operating | | Lease liabilities, net of current portion | |  | 351,462 |  |  | 197,682 |
| Financing | | Other liabilities | |  | 495 |  |  | 230 |
| Total lease liabilities | |  |  | $ | 389,983 |  | $ | 220,435 |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| Weighted-average remaining lease term (years) - operating leases | | | |  | 8.4 |  |  | 8.7 |
|  |  | |  |  |  |  |  |  |
| Weighted-average discount rate - operating leases | | | |  | 4.6 % |  |  | 5.0 % |

During the three and six months ended June 30, 2022 and 2021, the components of lease cost were as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three months ended June 30,** | | | | |  | **Six months ended June 30,** | | | |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **2022** |  |  | **2021** |  |  | **2022** |  |  | **2021** |
| Operating lease cost | $ | 16,067 |  | $ | 7,283 |  | $ | 26,735 |  | $ | 13,976 |
| Variable lease cost |  | 4,184 |  |  | 2,836 |  |  | 9,725 |  |  | 5,210 |
| Total lease cost | $ | 20,251 |  | $ | 10,119 |  | $ | 36,460 |  | $ | 19,186 |
|  |  |  |  |  |  |  |  |  |  |  |  |

The Company’s costs related to short-term leases, those with a duration between one and twelve months, were immaterial.

19



**Table of Contents**

**Planet Fitness, Inc. and subsidiaries**

**Notes to Condensed Consolidated financial statements**

**(Unaudited)**

**(Amounts in thousands, except share and per share amounts)**

Supplemental disclosures of cash flow information related to leases were as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three months ended June 30,** | | | | |  | **Six months ended June 30,** | | | | |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **2022** |  |  | **2021** |  |  | **2022** |  |  |  | **2021** |
| Cash paid for lease liabilities | $ | 16,126 |  | $ | 7,062 |  | $ | 25,876 | |  | $ | 13,639 |
| Operating lease ROU assets obtained in exchange for operating lease liabilities, |  |  |  |  |  |  |  |  |  |  |  |  |
| excluding the Sunshine Acquisition | $ | 17,010 |  | $ | 8,013 |  | $ | 23,008 | |  | $ | 12,640 |
| Preliminary Sunshine Acquisition operating lease ROU assets obtained in |  |  |  |  |  |  |  |  |  |  |  |  |
| exchange for operating lease liabilities | $ | — | | $ | — | | $ | 162,827 | |  | $ | — |
| As of June 30, 2022, maturities of lease liabilities were as follows: |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  | **Amount** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Remainder of 2022 |  |  |  |  |  |  |  |  | $ |  |  | 24,413 |
| 2023 |  |  |  |  |  |  |  |  |  |  |  | 60,586 |
| 2024 |  |  |  |  |  |  |  |  |  |  |  | 60,768 |
| 2025 |  |  |  |  |  |  |  |  |  |  |  | 60,687 |
| 2026 |  |  |  |  |  |  |  |  |  |  |  | 56,890 |
| Thereafter |  |  |  |  |  |  |  |  |  |  |  | 210,289 |
| Total lease payments |  |  |  |  |  |  |  |  | $ |  |  | 473,633 |
| Less: imputed interest |  |  |  |  |  |  |  |  |  |  |  | 83,650 |
| Present value of lease liabilities |  |  |  |  |  |  |  |  | $ |  |  | 389,983 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |

As of June 30, 2022, future operating lease payments exclude approximately $16,207 of legally binding minimum lease payments for leases signed but not yet commenced.

1. **Revenue recognition Contract Liabilities**

Contract liabilities consist primarily of deferred revenue resulting from initial and renewal franchise fees and area development agreement (“ADA”) fees paid by franchisees, as well as transfer fees, which are generally recognized on a straight-line basis over the term of the underlying franchise agreement, and national advertising fund (“NAF”) revenue billed in advance of satisfaction of the Company’s performance obligation. Also included are corporate-owned store enrollment fees, annual fees and monthly fees as well as deferred equipment rebates relating to our equipment business. We classify these contract liabilities as deferred revenue in our condensed consolidated balance sheets.

The following table reflects the change in contract liabilities between December 31, 2021 and June 30, 2022:

|  |  |  |
| --- | --- | --- |
|  |  | **Contract liabilities** |
|  |  |  |
| Balance at December 31, 2021 | $ | 61,779 |
| Revenue recognized that was included in the contract liability at the beginning of the year |  | (21,183) |
| Other gain on settlement of preexisting contracts in connection with the Sunshine Acquisition |  | (2,059) |
| Deferred revenue acquired in the Sunshine Acquisition |  | 16,973 |
| Increase, excluding amounts recognized or acquired in the Sunshine Acquisition during the period |  | 40,968 |
| Balance at June 30, 2022 | $ | 96,478 |
|  |  |  |

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of June 30, 2022. The Company has elected to exclude short-term contracts, sales and usage-based royalties and any other variable consideration recognized on an “as invoiced” basis.

20



**Table of Contents**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Planet Fitness, Inc. and subsidiaries** | |  |
|  | **Notes to Condensed Consolidated financial statements** | |  |
|  | **(Unaudited)** | |  |
|  | **(Amounts in thousands, except share and per share amounts)** | |  |
| **Contract liabilities to be recognized in:** |  |  | **Amount** |
|  |  |  |  |
| Remainder of 2022 |  | $ | 51,917 |
| 2023 |  |  | 14,366 |
| 2024 |  |  | 4,249 |
| 2025 |  |  | 3,619 |
| 2026 |  |  | 3,192 |
| Thereafter |  |  | 19,135 |
| Total |  | $ | 96,478 |
|  |  |  |  |

Equipment deposits received in advance of delivery as of June 30, 2022 and December 31, 2021 were $22,861 and $6,036, respectively, and are expected to be recognized as revenue in the next twelve months.

**(9) Related Party Transactions**

Activity with entities considered to be related parties is summarized below:

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **For the three months ended** | | |  |  |  | **For the six months ended** | | | |
|  |  | **June 30,** | | |  |  |  | **June 30,** | | |  |
|  |  | **2022** |  | **2021** |  |  |  | **2022** |  |  | **2021** |
| Franchise revenue | $ | 1,361 |  | $ | 676 |  | $ | 1,625 |  | $ | 1,434 |
| Equipment revenue |  | 3 |  |  | — | |  | 14 |  |  | — |
| Total revenue from related parties | $ | 1,364 |  | $ | 676 |  | $ | 1,639 |  | $ | 1,434 |
|  |  |  |  |  |  |  |  |  |  |  |  |

Additionally, the Company had deferred franchise agreement and area development agreement revenue from related parties of $87 and $164 as of June 30, 2022 and December 31, 2021, respectively.

The Company had payables to related parties pursuant to tax benefit arrangements of $82,807 and $84,595, as of June 30, 2022 and December 31, 2021, respectively (see Note 12).

The Company provides administrative services to the NAF and typically charges NAF a fee for providing these services. The services provided include accounting services, information technology, data processing, product development, legal and administrative support, and other operating expenses, which amounted to $619 and $500 for the three months ended June 30, 2022 and 2021, respectively, and $1,304 and $999 for the six months ended June 30, 2022 and 2021, respectively.

For the three months ended June 30, 2022 and 2021, the Company incurred approximately $69 and $0, respectively, and $175 and $0 for the six months ended June 30, 2022 and 2021, respectively, for corporate travel to a third-party company which is affiliated with our Chief Executive Officer and included within selling, general and administrative expense on the consolidated statements of operations.

In April 2021, the Company made an equity method investment in a franchisee. See Note 3.

**(10) Stockholders’ Equity**

Pursuant to the exchange agreement between the Company and the Continuing LLC Owners, the Continuing LLC Owners (or certain permitted transferees thereof) have the right, from time to time and subject to the terms of the exchange agreement, to exchange their Holdings Units, along with a corresponding number of shares of Class B common stock, for shares of Class A common stock (or cash at the option of the Company) on a one-for-one basis, subject to customary conversion rate adjustments for stock splits, stock dividends, reclassifications and similar transactions. In connection with any exchange of Holdings Units for shares of Class A common stock by a Continuing LLC Owner, the number of Holdings Units held by the Company is correspondingly increased as it acquires the exchanged Holdings Units, and a corresponding number of shares of Class B common stock are canceled.

During the six months ended June 30, 2022, in connection with the Sunshine Acquisition, the Company issued 517,348 shares of Class A Common Stock and 3,637,678 membership units of Pla-Fit Holdings, LLC, together with shares of Class B Common Stock. See Note 4.

During the six months ended June 30, 2022, certain existing holders of Holdings Units exercised their exchange rights and exchanged 548,175 Holdings Units for 548,175 newly-issued shares of Class A common stock. Simultaneously, and in

21



**Table of Contents**

**Planet Fitness, Inc. and subsidiaries**

**Notes to Condensed Consolidated financial statements**

**(Unaudited)**

**(Amounts in thousands, except share and per share amounts)**

connection with these exchanges, 548,175 shares of Class B common stock were surrendered by the holders of Holdings Units that exercised their exchange rights and canceled. Additionally, in connection with these exchanges, Planet Fitness, Inc. received 548,175 Holdings Units, increasing its total ownership interest in Pla-Fit Holdings.

As a result of the above transactions, as of June 30, 2022:

* Holders of our Class A common stock owned 84,230,229 shares of our Class A common stock, representing 93.2% of the voting power in the Company and, through the Company, 84,230,229 Holdings Units representing 93.2% of the economic interest in Pla-Fit Holdings; and
* the Continuing LLC Owners collectively owned 6,145,722 Holdings Units, representing 6.8% of the economic interest in Pla-Fit Holdings, and 6,145,722 shares of our Class B common stock, representing 6.8% of the voting power in the Company.

During the three months ended June 30, 2022 the Company reallocated amounts between non-controlling interest and additional paid in capital to appropriately reflect its economic interest in Pla-Fit Holdings.

***Share repurchase program***

*2019 share repurchase program*

On November 5, 2019, our board of directors approved a share repurchase program of up to $500,000. During the three and six months ended June 30, 2022, the Company purchased 697,691 shares of Class A common stock for a total cost of $44,299. All purchased shares were retired. Subsequent to these repurchases, there is $155,701 remaining under the 2019 share repurchase program. The timing of purchases and amount of stock repurchased are subject to the Company’s discretion and dependent upon market and business conditions, the Company’s general working capital needs, stock price, applicable legal requirements and other factors. Our ability to repurchase shares at any particular time is also subject to the terms of the Indenture governing the Securitized Senior Notes. Purchases may be effected through one or more open market transactions, privately negotiated transactions, transactions structured through investment banking institutions, or a combination of the foregoing.

***Preferred stock***

The Company had 50,000,000 shares of preferred stock authorized and none issued or outstanding as of June 30, 2022 and December 31, 2021.

**(11) Earnings Per Share**

Basic earnings per share of Class A common stock is computed by dividing net income attributable to Planet Fitness, Inc. by the weighted-average number of shares of Class A common stock outstanding during the same period. Diluted earnings per share of Class A common stock is computed by dividing net income attributable to Planet Fitness, Inc. by the weighted-average number of shares of Class A common stock outstanding adjusted to give effect to potentially dilutive securities.

Shares of the Company’s Class B common stock do not share in the earnings or losses attributable to Planet Fitness, Inc. and are therefore not participating securities. As such, separate presentation of basic and diluted earnings per share of Class B common stock under the two-class method has not been presented. Shares of the Company’s Class B common stock are, however, considered potentially dilutive shares of Class A common stock because shares of Class B common stock, together with the related Holdings Units, are exchangeable into shares of Class A common stock on a one-for-one basis.

22



**Table of Contents**

**Planet Fitness, Inc. and subsidiaries**

**Notes to Condensed Consolidated financial statements**

**(Unaudited)**

**(Amounts in thousands, except share and per share amounts)**

The following table sets forth reconciliations used to compute basic and diluted earnings per share of Class A common stock:

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three months ended** | | | | |  | **Six months ended** | | | |  |
|  |  | **June 30,** | | |  |  |  | **June 30,** | | |  |  |
|  |  | **2022** |  |  | **2021** |  |  | **2022** |  |  | **2021** |  |
| **Numerator** |  |  |  |  |  |  |  |  |  |  |  |  |
| Net income | $ | 25,071 |  | $ | 15,016 |  | $ | 43,447 |  | $ | 21,206 |  |
| Less: net income attributable to non-controlling interests |  | 2,729 |  |  | 1,006 |  |  | 4,641 |  |  | 1,615 |  |
| Net income attributable to Planet Fitness, Inc. | $ | 22,342 |  | $ | 14,010 |  | $ | 38,806 |  | $ | 19,591 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Denominator** |  |  |  |  |  |  |  |  |  |  |  |  |
| Weighted-average shares of Class A common stock outstanding - basic |  | 84,809,563 |  |  | 83,222,601 |  |  | 84,489,573 |  |  | 83,153,731 |  |
| Effect of dilutive securities: |  |  |  |  |  |  |  |  |  |  |  |  |
| Stock options |  | 343,797 |  |  | 566,500 |  |  | 366,236 |  |  | 564,618 |  |
| Restricted stock units |  | 43,765 |  |  | 47,995 |  |  | 62,572 |  |  | 52,942 |  |
| Performance stock units |  | 22 |  |  | — | |  | 289 |  |  | — |  |
| Weighted-average shares of Class A common stock outstanding - diluted |  | 85,197,147 |  |  | 83,837,096 |  |  | 84,918,670 |  |  | 83,771,291 |  |
| **Earnings per share of Class A common stock - basic** |  |  |  |  |  |  |  |  |  |  |  |  |
| $ | 0.26 |  | $ | 0.17 |  | $ | 0.46 |  | $ | 0.24 |  |
| **Earnings per share of Class A common stock - diluted** | $ | 0.26 |  | $ | 0.17 |  | $ | 0.46 |  | $ | 0.23 |  |

Weighted average shares of Class B common stock of 6,145,722 and 3,363,075 for the three months ended June 30, 2022 and 2021, respectively, and 5,584,398 and 3,417,158 for the six months ended June 30, 2022 and 2021, respectively, were evaluated under the if-converted method for potential dilutive effects and were determined to be anti-dilutive. Weighted average stock options outstanding of 269,878 and 207,382 for the three months ended June 30, 2022 and 2021, respectively, and 225,195 and 126,270 for the six months ended June 30, 2022 and 2021, respectively, were evaluated under the treasury stock method for potential dilutive effects and were determined to be anti-dilutive. Weighted average restricted stock units outstanding of 54,693 and 866 for the three months ended June 30, 2022 and 2021, respectively, and 15,901 and 435 for the six months ended June 30, 2022 and 2021, respectively, were evaluated under the treasury stock method for potential dilutive effects and were determined to be anti-dilutive. Weighted average performance stock units outstanding of 79,551 and 0 for the three months ended June 30, 2022 and 2021, respectively, and 41,993 and 0 for the six months ended June 30, 2022 and 2021, respectively, were evaluated under the treasury stock method for potential dilutive effects and were determined to be anti-dilutive.

**(12) Income Taxes**

The Company is the sole managing member of Pla-Fit Holdings, which is treated as a partnership for U.S. federal and certain state and local income taxes. As a partnership, Pla-Fit Holdings is not subject to U.S. federal and certain state and local income taxes. Any taxable income or loss generated by Pla-Fit Holdings is passed through to and included in the taxable income or loss of its members, including the Company, on a pro-rata basis.

Planet Fitness, Inc. is subject to U.S. federal income taxes, in addition to state and local income taxes with respect to our allocable share of any taxable income of Pla-Fit Holdings. The Company’s effective tax rate was 25.4% and 25.6% for the three months ended June 30, 2022 and 2021, respectively. The effective tax rate for the three months ended June 30, 2022 differed from the U.S. federal statutory rate of 21% primarily due to state and local taxes, partially offset by income attributable to non-controlling interests. The Company’s effective tax rate was 31.7% and 28.6% for the six months ended June 30, 2022 and 2021, respectively. The effective tax rate for the six months ended June 30, 2022 differed from the U.S. federal statutory rate of 21% primarily due to state and local taxes, the recognition of a tax expense from the remeasurement of the Company's net deferred tax assets, partially offset by income attributable to non-controlling interests. The Company was also subject to taxes in foreign jurisdictions.

Net deferred tax assets of $486,808 and $539,264 as of June 30, 2022 and December 31, 2021, respectively, relate primarily to the tax effects of temporary differences in the book basis as compared to the tax basis of our investment in Pla-Fit Holdings as a result of the secondary offerings, other exchanges, recapitalization transactions and the IPO.

23



**Table of Contents**

**Planet Fitness, Inc. and subsidiaries**

**Notes to Condensed Consolidated financial statements**

**(Unaudited)**

**(Amounts in thousands, except share and per share amounts)**

As of June 30, 2022 and December 31, 2021, the total liability related to uncertain tax positions was $328 and $420, respectively. The Company recognizes accrued interest and penalties, if applicable, related to unrecognized tax benefits in income tax expense. Interest and penalties for the three and six months ended June 30, 2022 and 2021 were not material.

*Tax benefit arrangements*

The Company’s acquisition of Holdings Units in connection with the IPO and future and certain past exchanges of Holdings Units for shares of the Company’s Class A common stock (or cash at the option of the Company) are expected to produce and have produced favorable tax attributes. In connection with the IPO, the Company entered into two tax receivable agreements. Under the first of those agreements, the Company generally is required to pay to certain existing and previous equity owners of Pla-Fit Holdings (the “TRA Holders”) 85% of the applicable tax savings, if any, in U.S. federal and state income tax that the Company is deemed to realize as a result of certain tax attributes of their Holdings Units sold to the Company (or exchanged in a taxable sale) and that are created as a result of (i) the exchanges of their Holdings Units for shares of Class A common stock and (ii) tax benefits attributable to payments made under the tax receivable agreement (including imputed interest). Under the second tax receivable agreement, the Company generally is required to pay to TSG AIV II-A L.P and TSG PF Co-Investors A L.P. (the “Direct TSG Investors”) 85% of the amount of tax savings, if any, that the Company is deemed to realize as a result of the tax attributes of the Holdings Units held in respect of the Direct TSG Investors’ interest in the Company, which resulted from the Direct TSG Investors’ purchase of interests in Pla-Fit Holdings in 2012, and certain other tax benefits. Under both agreements, the Company generally retains the benefit of the remaining 15% of the applicable tax savings.

As of June 30, 2022 and December 31, 2021, the Company had a liability of $510,024 and $528,107, respectively, related to its projected obligations under the tax benefit arrangements. During the three and six months ended June 30, 2022, the Company reduced its tax benefit arrangement liability and recognized a gain of $83 and $3,871, respectively, on the remeasurement of our tax benefit arrangements due to changes in our deferred state rate. Projected future payments under the tax benefit arrangements are as follows:

|  |  |  |
| --- | --- | --- |
|  |  | **Amount** |
|  |  |  |
| Remainder of 2022 | $ | 6,090 |
| 2023 |  | 33,877 |
| 2024 |  | 45,591 |
| 2025 |  | 55,529 |
| 2026 |  | 55,861 |
| Thereafter |  | 313,076 |
| Total | $ | 510,024 |
|  |  |  |

During the six months ended June 30, 2022, 548,175 Holdings Units were exchanged for newly issued shares of Class A common stock, resulting in an increase in the tax basis of the net assets of Pla-Fit Holdings. As a result of the change in Planet Fitness, Inc.’s ownership percentage of Pla-Fit Holdings, we recorded an increase to our net deferred tax assets of $1,416 during the six months ended June 30, 2022. As a result of these exchanges, during the six months ended June 30, 2022, we also recognized deferred tax assets in the amount of $16,170 as a result of the increase in tax basis. These exchanges were not made by TRA holders and did not result in an increase in the tax benefit arrangement liability. The offset to the entries recorded in connection with exchanges was to additional paid in capital within stockholders’ deficit.

**(13) Commitments and contingencies**

From time to time, and in the ordinary course of business, the Company is subject to various claims, charges, and litigation, such as employment-related claims and slip and fall cases.

On May 27, 2022, the Company and other defendants, including an officer of the Company who is a related party, received a final judgment after appeal to the joint and several judgment against them in a civil action brought by a former employee. As of June 30, 2022, the Company has estimated its obligation related to this matter to be approximately $3,176, which is included in other current liabilities on the condensed consolidated balance sheet. In connection with 2012 acquisition of Pla-Fit Holdings on November 8, 2012, the sellers are obligated to indemnify the Company related to this specific matter. The Company has therefore recorded an offsetting indemnification receivable of $3,176 in other receivables on the Company’s condensed consolidated balance sheet, for which it has determined to record a full reserve as a result of potential uncertainty around collectability. Due to the joint and several nature of the judgment, the Company has determined that the amount of estimated obligation recorded constitutes a related party transaction. The Company has incurred, and may incur in the future, legal costs

24



**Table of Contents**

**Planet Fitness, Inc. and subsidiaries**

**Notes to Condensed Consolidated financial statements**

**(Unaudited)**

**(Amounts in thousands, except share and per share amounts)**

on behalf of the defendants in the case, which include a related party. These costs have not been and are not expected to be material in the future. ***Mexico Acquisition***

On March 19, 2020, a franchisee in Mexico exercised a put option that requires the Company to acquire their franchisee-owned stores in Mexico. The transaction has not closed as of June 30, 2022 as the parties are in dispute over the final terms of the transaction and related matters. The Company analyzed the contract and estimates that the purchase price will approximate fair value of the acquired assets.

The Company is not currently aware of any other legal proceedings or claims that the Company believes will have, individually or in the aggregate, a material adverse effect on the Company’s financial position or result of operations.

**(14) Segments**

The Company has three reportable segments: (i) Franchise; (ii) Corporate-owned stores; and (iii) Equipment.

The Company’s operations are organized and managed by type of products and services and segment information is reported accordingly. The Company’s chief operating decision maker (the “CODM”) is its Chief Executive Officer. The CODM reviews financial performance and allocates resources by reportable segment. There have been no operating segments aggregated to arrive at the Company’s reportable segments.

The Franchise segment includes operations related to the Company’s franchising business in the United States, Puerto Rico, Canada, Panama, Mexico and Australia, including revenues and expenses from the NAF. The Corporate-owned stores segment includes operations with respect to all corporate-owned stores throughout the United States and Canada. The Equipment segment primarily includes the sale of equipment to franchisee-owned stores.

The accounting policies of the reportable segments are the same as those described in Note 2. The Company evaluates the performance of its segments and allocates resources to them based on revenue and earnings before interest, taxes, depreciation, and amortization, referred to as Segment EBITDA. Revenues for all operating segments include only transactions with unaffiliated customers and include no intersegment revenues.

The tables below summarize the financial information for the Company’s reportable segments for the three and six months ended June 30, 2022 and 2021. The “Corporate and other” category, as it relates to Segment EBITDA, primarily includes corporate overhead costs, such as payroll and related benefit costs and professional services which are not directly attributable to any individual segment.

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three months ended** | | | |  |  | **Six months ended** | | | |
|  |  | **June 30,** | | |  |  |  | **June 30,** | | |  |
|  |  | **2022** |  |  | **2021** |  |  | **2022** |  |  | **2021** |
| Revenue |  |  |  |  |  |  |  |  |  |  |  |
| Franchise segment revenue - U.S. | $ | 80,304 | $ | | 72,402 | $ | | 158,738 |  | $ | 135,746 |
| Franchise segment revenue - International |  | 2,239 |  |  | 447 |  |  | 3,889 |  |  | 1,164 |
| Franchise segment total |  | 82,543 |  |  | 72,849 |  |  | 162,627 |  |  | 136,910 |
| Corporate-owned stores - U.S. |  | 100,314 |  |  | 40,507 |  |  | 175,715 |  |  | 78,307 |
| Corporate-owned stores - International |  | 1,139 |  |  | 72 |  |  | 1,895 |  |  | 149 |
| Corporate-owned stores total |  | 101,453 |  |  | 40,579 |  |  | 177,610 |  |  | 78,456 |
| Equipment segment - U.S. |  | 34,040 |  |  | 23,336 |  |  | 63,830 |  |  | 33,275 |
| Equipment segment - International |  | 6,406 |  |  | 487 |  |  | 7,051 |  |  | 487 |
| Equipment segment total |  | 40,446 |  |  | 23,823 |  |  | 70,881 |  |  | 33,762 |
| Total revenue | $ | 224,442 | $ | | 137,251 | $ | | 411,118 |  | $ | 249,128 |
|  |  |  |  |  |  |  |  |  |  |  |  |

Franchise segment revenue includes franchise revenue, NAF revenue, and commission income.

Franchise revenue includes revenue generated from placement services of $3,387 and $1,712 for the three months ended June 30, 2022 and 2021, respectively, and $5,726 and $2,491 for the six months June 30, 2022 and 2021, respectively.

25



**Table of Contents**

**Planet Fitness, Inc. and subsidiaries**

**Notes to Condensed Consolidated financial statements**

**(Unaudited)**

**(Amounts in thousands, except share and per share amounts)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three months ended** | | | | |  | **Six months ended** | | | |  |
|  |  | **June 30,** | | |  |  |  | **June 30,** | | |  |  |
|  |  | **2022** |  |  | **2021** |  |  | **2022** |  |  | **2021** |  |
| Segment EBITDA |  |  |  |  |  |  |  |  |  |  |  |  |
| Franchise | $ | 54,329 |  | $ | 51,756 |  | $ | 114,435 |  | $ | 92,936 |  |
| Corporate-owned stores |  | 39,477 |  |  | 10,372 |  |  | 62,841 |  |  | 21,062 |  |
| Equipment |  | 10,182 |  |  | 5,608 |  |  | 18,835 |  |  | 7,438 |  |
| Corporate and other |  | (16,670) |  |  | (12,595) |  |  | (30,601) |  |  | (21,250) |  |
| Total Segment EBITDA | $ | 87,318 |  | $ | 55,141 |  | $ | 165,510 |  | $ | 100,186 |  |
| The following table reconciles total Segment EBITDA to income before taxes: |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **Three months ended** | | | | |  | **Six months ended** | | | |  |
|  |  | **June 30,** | | |  |  |  | **June 30,** | | |  |  |
|  |  | **2022** |  |  | **2021** |  |  | **2022** |  |  | **2021** |  |
| Total Segment EBITDA | $ | 87,318 |  | $ | 55,141 |  | $ | 165,510 |  | $ | 100,186 |  |
| Less: |  |  |  |  |  |  |  |  |  |  |  |  |
| Depreciation and amortization |  | 32,172 |  |  | 15,036 |  |  | 57,855 |  |  | 30,510 |  |
| Other income (expense) |  | 148 |  |  | (147) |  |  | 4,238 |  |  | 18 |  |
| Equity earnings (losses) of unconsolidated entities, net of tax |  | (94) |  |  | — | |  | (332) |  |  | — |  |
| Income from operations |  | 55,092 |  |  | 40,252 |  |  | 103,749 |  |  | 69,658 |  |
| Interest income |  | 474 |  |  | 195 |  |  | 683 |  |  | 412 |  |
| Interest expense |  | (21,979) |  |  | (20,125) |  |  | (44,610) |  |  | (40,369) |  |
| Other income (expense) |  | 148 |  |  | (147) |  |  | 4,238 |  |  | 18 |  |
| Income before income taxes | $ | 33,735 |  | $ | 20,175 |  | $ | 64,060 |  | $ | 29,719 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |

The following table summarizes the Company’s assets by reportable segment:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **June 30, 2022** | |  | **December 31, 2021** |
|  |  |  |  |  |  |
| Franchise | $ | 178,555 |  | $ | 172,822 |
| Corporate-owned stores |  | 1,616,078 |  |  | 516,714 |
| Equipment |  | 197,857 |  |  | 193,983 |
| Unallocated |  | 891,596 |  |  | 1,132,464 |
| Total consolidated assets | $ | 2,884,086 |  | $ | 2,015,983 |
|  |  |  |  |  |  |

The table above includes $1,115 and $1,203 of long-lived assets located in the Company’s international corporate-owned stores as of June 30, 2022 and December 31, 2021, respectively. All other assets are located in the U.S.

The following table summarizes the Company’s goodwill by reportable segment:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | **June 30, 2022** | |  | **December 31, 2021** |
|  |  |  |  |  |  |
| Franchise | $ | 16,938 |  | $ | 16,938 |
| Corporate-owned stores |  | 604,549 |  |  | 118,965 |
| Equipment |  | 92,666 |  |  | 92,666 |
| Consolidated goodwill | $ | 714,153 |  | $ | 228,569 |
|  |  |  |  |  |  |

26



**Table of Contents**

**Planet Fitness, Inc. and subsidiaries**

**Notes to Condensed Consolidated financial statements**

**(Unaudited)**

**(Amounts in thousands, except share and per share amounts)**

**(15) Corporate-Owned and Franchisee-Owned Stores**

The following table shows changes in our corporate-owned and franchisee-owned stores for the three and six months ended June 30, 2022 and 2021:

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **For the three months ended** | | | | | **For the six months ended** | | | |  |
|  | **June 30,** | | |  |  | **June 30,** | | |  |  |
|  | **2022** |  |  | **2021** |  | **2022** |  |  | **2021** |  |
| **Franchisee-owned stores:** |  |  |  |  |  |  |  |  |  |  |
| Stores operated at beginning of period | 2,062 |  |  | 2,043 |  | 2,142 |  |  | 2,021 |  |
| New stores opened | 30 |  |  | 21 |  | 64 |  |  | 43 |  |
| Stores debranded, sold, closed, or consolidated(1) | (1) |  |  | — | | (115) |  |  | — |  |
| Stores operated at end of period | 2,091 |  |  | 2,064 |  | 2,091 |  |  | 2,064 |  |
| **Corporate-owned stores:** |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Stores operated at beginning of period | 229 |  |  | 103 |  | 112 |  |  | 103 |  |
| New stores opened | 4 |  |  | 3 |  | 7 |  |  | 3 |  |
| Stores acquired from franchisees | — | | | — | | 114 |  |  | — |  |
| Stores operated at end of period | 233 |  |  | 106 |  | 233 |  |  | 106 |  |
| **Total stores:** |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| Stores operated at beginning of period | 2,291 |  |  | 2,146 |  | 2,254 |  |  | 2,124 |  |
| New stores opened | 34 |  |  | 24 |  | 71 |  |  | 46 |  |
| Stores acquired, debranded, sold or consolidated(1) | (1) |  |  | — | | (1) |  |  | — |  |
| Stores operated at end of period | 2,324 |  |  | 2,170 |  | 2,324 |  |  | 2,170 |  |
|  |  |  |  |  |  |  |  |  |  |  |

1. The term “debrand” refers to a franchisee-owned store whose right to use the Planet Fitness brand and marks has been terminated in accordance with the franchise agreement. The Company retains the right to prevent debranded stores from continuing to operate as fitness centers. The term “consolidated” refers to the combination of a franchisee’s store with another store located in close proximity with our prior approval. This often coincides with an enlargement, re-equipment and/or refurbishment of the remaining store.

27



Table of Contents

**ITEM 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

*Unless the context requires otherwise, references in this report to the “Company,” “we,” “us” and “our” refer to Planet Fitness, Inc. and its consolidated subsidiaries.*

**Overview**

We are one of the largest and fastest-growing franchisors and operators of fitness centers in the United States by number of members and locations, with a highly recognized national brand. Our mission is to enhance people’s lives by providing a high-quality fitness experience in a welcoming, non-intimidating environment, which we call the Judgement Free Zone, where anyone—and we mean anyone—can feel they belong. Our bright, clean stores are typically 20,000 square feet, with a large selection of high-quality, purple and yellow Planet Fitness-branded cardio, circuit- and weight-training equipment and friendly staff trainers who offer unlimited free fitness instruction to all our members in small groups through our PE@PF program. We offer this differentiated fitness experience at only $10 per month for our standard membership in the United States. This exceptional value proposition is designed to appeal to a broad population, including occasional gym users and the approximately 80% of the U.S. and Canadian populations over age 14 who are not gym members, particularly those who find the traditional fitness club setting intimidating and expensive. We and our franchisees fiercely protect Planet Fitness’ community atmosphere—a place where you do not need to be fit before joining and where progress toward achieving your fitness goals (big or small) is supported and applauded by our staff and fellow members.

As of June 30, 2022, we had more than 16.5 million members and 2,324 stores in all 50 states, the District of Columbia, Puerto Rico, Canada, Panama, Mexico and Australia. Of our 2,324 stores, 2,091 are franchised and 233 are corporate-owned. As of June 30, 2022, we had commitments to open more than 1,000 new stores under existing ADAs.

**Our segments**

We operate and manage our business in three business segments: Franchise, Corporate-owned stores and Equipment. Our Franchise segment includes operations related to our franchising business in the United States, Puerto Rico, Canada, Panama, Mexico and Australia, including revenues and expenses from the NAF. Our Corporate-owned stores segment includes operations with respect to all corporate-owned stores throughout the United States and Canada. The Equipment segment primarily includes the sale of equipment to our United States franchisee-owned stores. We evaluate the performance of our segments and allocate resources to them based on revenue and earnings before interest, taxes, depreciation and amortization, referred to as Segment EBITDA. Revenue and Segment EBITDA for all operating segments include only transactions with unaffiliated customers and do not include intersegment transactions. The tables below summarize the financial information for our segments for the three and six months ended June 30, 2022 and June 30, 2021. “Corporate and other,” as it relates to Segment EBITDA, primarily includes corporate overhead costs, such as payroll and related benefit costs and professional services that are not directly attributable to any individual segment.

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three months ended** | | | | |  | **Six months ended** | | | |  |
|  |  | **June 30,** | | |  |  |  | **June 30,** | | |  |  |
| **(in thousands)** |  | **2022** |  |  | **2021** |  |  | **2022** |  |  | **2021** |  |
| Revenue |  |  |  |  |  |  |  |  |  |  |  |  |
| Franchise segment | $ | 82,543 |  | $ | 72,849 |  | $ | 162,627 |  | $ | 136,910 |  |
| Corporate-owned stores segment |  | 101,453 |  |  | 40,579 |  |  | 177,610 |  |  | 78,456 |  |
| Equipment segment |  | 40,446 |  |  | 23,823 |  |  | 70,881 |  |  | 33,762 |  |
| Total revenue | $ | 224,442 |  | $ | 137,251 |  | $ | 411,118 |  | $ | 249,128 |  |
| Segment EBITDA |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Franchise | $ | 54,329 |  | $ | 51,756 |  | $ | 114,435 |  | $ | 92,936 |  |
| Corporate-owned stores |  | 39,477 |  |  | 10,372 |  |  | 62,841 |  |  | 21,062 |  |
| Equipment |  | 10,182 |  |  | 5,608 |  |  | 18,835 |  |  | 7,438 |  |
| Corporate and other |  | (16,670) |  |  | (12,595) |  |  | (30,601) |  |  | (21,250) |  |
| Total Segment EBITDA(1) | $ | 87,318 |  | $ | 55,141 |  | $ | 165,510 |  | $ | 100,186 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |

1. Total Segment EBITDA is equal to EBITDA, which is a metric that is not presented in accordance with U.S. GAAP. Refer to “—Non-GAAP financial measures” for a definition of EBITDA and a reconciliation to net income, the most directly comparable U.S. GAAP measure.

28



Table of Contents

A reconciliation of income from operations to Segment EBITDA is set forth below:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **(in thousands)** | |  | **Franchise** | | **Corporate-owned** | | |  | **Equipment** | |  | **Corporate and** | |  | **Total** |  |
|  |  | **stores** | |  |  | **other** | |  |  |
| **Three months ended June 30, 2022** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income (loss) from operations | | $ | 52,523 |  | $ | 14,735 |  | $ | 8,924 |  | $ | (21,090) |  | $ | 55,092 |  |
| Depreciation and amortization | |  | 1,854 |  |  | 24,812 |  |  | 1,260 |  |  | 4,246 |  |  | 32,172 |  |
| Other (expense) income | |  | (48) |  |  | (70) |  |  | (2) |  |  | 268 |  |  | 148 |  |
| Equity earnings (losses) of unconsolidated entities, net of | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| tax | |  | — | |  | — | |  | — | |  | (94) |  |  | (94) |  |
| Segment EBITDA(1) | | $ | 54,329 |  | $ | 39,477 |  | $ | 10,182 |  | $ | (16,670) |  | $ | 87,318 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Three months ended June 30, 2021** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income (loss) from operations | | $ | 49,869 |  | $ | 1,727 |  | $ | 4,347 |  | $ | (15,691) |  | $ | 40,252 |  |
| Depreciation and amortization | |  | 1,887 |  |  | 8,600 |  |  | 1,261 |  |  | 3,288 |  |  | 15,036 |  |
| Other income (expense) | |  | — | |  | 45 |  |  | — | |  | (192) |  |  | (147) |  |
| Segment EBITDA(1) | | $ | 51,756 |  | $ | 10,372 |  | $ | 5,608 |  | $ | (12,595) |  | $ | 55,141 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Six months ended June 30, 2022** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income (loss) from operations | | $ | 110,774 |  | $ | 19,642 |  | $ | 16,316 |  | $ | (42,983) |  | $ | 103,749 |  |
| Depreciation and amortization | |  | 3,709 |  |  | 43,239 |  |  | 2,521 |  |  | 8,386 |  |  | 57,855 |  |
| Other (expense) income | |  | (48) |  |  | (40) |  |  | (2) |  |  | 4,328 |  |  | 4,238 |  |
| Equity earnings (losses) of unconsolidated entities, net of | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| tax | |  | — | |  | — | |  | — | |  | (332) |  |  | (332) |  |
| Segment EBITDA(1) | | $ | 114,435 |  | $ | 62,841 |  | $ | 18,835 |  | $ | (30,601) |  | $ | 165,510 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Six months ended June 30, 2021** | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income (loss) from operations | | $ | 89,154 |  | $ | 3,106 |  | $ | 4,984 |  | $ | (27,586) |  | $ | 69,658 |  |
| Depreciation and amortization | |  | 3,782 |  |  | 17,866 |  |  | 2,522 |  |  | 6,340 |  |  | 30,510 |  |
| Other income (expense) | |  | — | |  | 90 |  |  | (68) |  |  | (4) |  |  | 18 |  |
| Segment EBITDA(1) | | $ | 92,936 |  | $ | 21,062 |  | $ | 7,438 |  | $ | (21,250) |  | $ | 100,186 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

1. Total Segment EBITDA is equal to EBITDA, which is a metric that is not presented in accordance with U.S. GAAP. Refer to “—Non-GAAP Financial Measures” for a definition of EBITDA and a reconciliation to net income (loss), the most directly comparable U.S. GAAP measure.

**How we assess the performance of our business**

In assessing the performance of our business, we consider a variety of performance and financial measures. The key measures for determining how our business is performing include the number of new store openings, same store sales for both corporate-owned and franchisee-owned stores, system-wide sales, EBITDA, Adjusted EBITDA, Segment EBITDA, Adjusted net income and Adjusted net income per share, diluted. See “—Non-GAAP financial measures” below for our definition of EBITDA, Adjusted EBITDA, Adjusted net income, and Adjusted net income per share, diluted and why we present EBITDA, Adjusted EBITDA, Adjusted net income, and Adjusted net income per share, diluted, and for a reconciliation of our EBITDA, Adjusted EBITDA, and Adjusted net income to net income, the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP, and a reconciliation of Adjusted net income per share, diluted to net income per share, diluted, the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP.

*Number of new store openings*

The number of new store openings reflects stores opened during a particular reporting period for both corporate-owned and franchisee-owned stores. Opening new stores is an important part of our growth strategy and we expect the majority of our future new stores will be franchisee-owned. Before we obtain the certificate of occupancy or report any revenue for new corporate-owned stores, we incur pre-opening costs, such as rent expense, labor expense and other operating expenses. Some of our stores open with an initial start-up period of higher than normal marketing and operating expenses, particularly as a percentage of monthly revenue. New stores may not be profitable and their revenue may not follow historical patterns.

29



Table of Contents

The following table shows the change in our corporate-owned and franchisee-owned store base for the three and six months ended June 30, 2022 and 2021:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Three months ended June 30,** | | | |  |  | **Six months ended June 30,** | | |
|  | |  | | |  |  |  |  |  |
|  | **2022** | **2021** | | |  |  | **2022** |  | **2021** |
| **Franchisee-owned stores:** |  |  |  |  |  |  |  |  |  |
| Stores operated at beginning of period | | 2,062 |  |  | 2,043 |  | 2,142 |  | 2,021 |
| New stores opened | | 30 |  |  | 21 |  | 64 |  | 43 |
| Stores debranded, sold or consolidated(1) |  | (1) |  |  | — |  | (115) |  | — |
| Stores operated at end of period | | 2,091 |  |  | 2,064 |  | 2,091 |  | 2,064 |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **Corporate-owned stores:** | |  |  |  |  |  |  |  |  |
| Stores operated at beginning of period | | 229 |  |  | 103 |  | 112 |  | 103 |
| New stores opened | | 4 |  |  | 3 |  | 7 |  | 3 |
| Stores acquired from franchisees |  | — |  |  | — |  | 114 |  | — |
| Stores operated at end of period | | 233 |  |  | 106 |  | 233 |  | 106 |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |
| **Total stores:** | |  |  |  |  |  |  |  |  |
| Stores operated at beginning of period | | 2,291 |  |  | 2,146 |  | 2,254 |  | 2,124 |
| New stores opened | | 34 |  |  | 24 |  | 71 |  | 46 |
| Stores acquired, debranded, sold or consolidated(1) |  | (1) |  |  | — |  | (1) |  | — |
| Stores operated at end of period | | 2,324 |  |  | 2,170 |  | 2,324 |  | 2,170 |
|  |  |  |  |  |  |  |  |  |  |

1. The term “debrand” refers to a franchisee-owned store whose right to use the Planet Fitness brand and marks has been terminated in accordance with the franchise agreement. We retain the right to prevent debranded stores from continuing to operate as fitness centers. The term “consolidated” refers to the combination of a franchisee’s store with another store located in close proximity with our prior approval. This often coincides with an enlargement, re-equipment and/or refurbishment of the remaining store.

*Same store sales*

Same store sales refers to year-over-year sales comparisons for the same store sales base of both corporate-owned and franchisee-owned stores. We define the same store sales base to include those stores that have been open and for which monthly membership dues have been billed for longer than 12 months. We measure same store sales based solely upon monthly dues billed to members of our corporate-owned and franchisee-owned stores.

Several factors affect our same store sales in any given period, including the following:

* the number of stores that have been in operation for more than 12 months;
* the percentage mix and pricing of PF Black Card and standard memberships in any period;
* growth in total net memberships per store;
* consumer recognition of our brand and our ability to respond to changing consumer preferences;
* overall economic trends, particularly those related to consumer spending;
* our ability and our franchisees’ ability to operate stores effectively and efficiently to meet consumer expectations;
* marketing and promotional efforts;
* local competition;
* trade area dynamics; and
* opening of new stores in the vicinity of existing locations.

Consistent with common industry practice, we present same store sales as compared to the same period in the prior year and which is calculated for a given period by including only sales from stores that had sales in the comparable months of both years. Same store sales of our international stores are calculated on a constant currency basis, meaning that we translate the current year’s same store sales of our international stores at the same exchange rates used in the prior year. Since opening new stores will be a significant component of our revenue growth, same store sales is only one measure of how we evaluate our performance.

Stores acquired from or sold to franchisees are removed from the franchisee-owned or corporate-owned same store sales base, as applicable, upon the ownership change and for the 12 months following the date of the ownership change. These stores are included in the corporate-owned or franchisee-owned same store sales base, as applicable, following the 12th month after the acquisition or sale. These stores remain in the system-wide same store sales base in all periods.

30



Table of Contents

As a result of the closure of all of our stores due to COVID-19 in March 2020, a majority of the stores remained temporarily closed for a portion of the three and six months ended June 30, 2020. Because less than 50% of our stores in the same store sales base had membership billings in all of the months included in the three and six months ending June 30, 2020, we are not able to provide same store sales comparisons for prior year periods.

The following table shows our same store sales for the three months ended June 30, 2022 and 2021:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Three months ended June 30,** | | | |  |  | **Six months ended June 30,** | | |
|  | |  | | |  |  | |  | |
|  | **2022** | **2021** | | |  |  | **2022** | **2021** | |
| **Same store sales data** |  |  |  |  |  |  |  |  |  |
| Same store sales growth: | |  |  |  |  |  |  |  |  |
| Franchisee-owned stores | | 13.4 % |  |  | NC | 14.5 % | |  | NC |
| Corporate-owned stores | | 15.7 % |  |  | NC | 16.3 % | |  | NC |
| Total stores | | 13.6 % |  |  | NC | 14.6 % | |  | NC |
| Number of stores in same store sales base: | |  |  |  |  |  |  |  |  |
| Franchisee-owned stores | | 1,909 |  |  |  |  | 1,909 |  |  |
| Corporate-owned stores | | 104 |  |  |  |  | 104 |  |  |
| Total stores | | 2,123 |  |  |  |  | 2,123 |  |  |

*Total monthly dues and annual fees from members (system-wide sales)*

We define system-wide sales as total monthly dues and annual fees billed by us and our franchisees. System-wide sales is an operating measure that includes sales by franchisees that are not revenue realized by the Company in accordance with GAAP, as well as sales by our corporate-owned stores. While we do not record sales by franchisees as revenue, and such sales are not included in our consolidated financial statements, we believe that this operating measure aids in understanding how we derive royalty revenue and is important in evaluating our performance. We review the total amount of dues we collect from our members on a monthly basis, which allows us to assess changes in the performance of our corporate-owned and franchisee-owned stores from period to period, any competitive pressures, local or regional membership traffic patterns and general market conditions that might impact our store performance. We collect monthly dues on or around the 17th of every month. We collect annual fees once per year from each member based upon when the member signed his or her membership agreement. System-wide sales were $1,019 million and $868 million, during the three months ended June 30, 2022 and 2021, respectively, and $1,980 and $1,634 million during the six months ended June 30, 2022 and 2021, respectively.

**Non-GAAP financial measures**

We refer to EBITDA and Adjusted EBITDA as we use these measures to evaluate our operating performance and we believe these measures provide useful information to investors in evaluating our performance. EBITDA and Adjusted EBITDA as presented in this Quarterly Report on Form 10-Q are supplemental measures of our performance that are neither required by, nor presented in accordance with U.S. GAAP. EBITDA and Adjusted EBITDA should not be considered as substitutes for U.S. GAAP metrics such as net income or any other performance measures derived in accordance with U.S. GAAP. Also, in the future we may incur expenses or charges such as those used to calculate Adjusted EBITDA. Our presentation of EBITDA and Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or nonrecurring items. We have also disclosed Segment EBITDA as an important financial metric utilized by the Company to evaluate performance and allocate resources to segments in accordance with ASC 280, *Segment Reporting*. As part of such disclosure in “Our Segments” within Management’s Discussion and Analysis of Financial Condition and Results of Operations, the Company has provided a reconciliation from income from operations to Total Segment EBITDA, which is equal to the Non-GAAP financial metric EBITDA.

We define EBITDA as net income before interest, taxes, depreciation and amortization. We believe that EBITDA, which eliminates the impact of certain expenses that we do not believe reflect our underlying business performance, provides useful information to investors to assess the performance of our segments as well as the business as a whole. Our board of directors also uses EBITDA as a key metric to assess the performance of management. We define Adjusted EBITDA as net income before interest, taxes, depreciation and amortization, adjusted for the impact of certain additional non-cash and other items that we do not consider in our evaluation of ongoing performance of the Company’s core operations. These items include certain purchase accounting adjustments, stock offering-related costs, and certain other charges and gains. We believe that Adjusted EBITDA is an appropriate measure of operating performance in addition to EBITDA because it eliminates the impact of other items that we believe reduce the comparability of our underlying core business performance from period to period and is therefore useful to our investors in comparing the core performance of our business from period to period.

31



Table of Contents

A reconciliation of net income to EBITDA and Adjusted EBITDA is set forth below for the three and six months ended June 30, 2022 and 2021:

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Three months ended June 30,** | | | |  |  |  | **Six months ended June 30,** | | | |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | **2022** |  |  | **2021** |  |  |  | **2022** |  |  | **2021** |
| **(in thousands)** |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Net income | $ | 25,071 |  | $ | 15,016 |  | $ | 43,447 |  | $ | 21,206 |
| Interest income |  | (474) |  |  | (195) |  |  | (683) |  |  | (412) |
| Interest expense(1) |  | 21,979 |  |  | 20,125 |  |  | 44,610 |  |  | 40,369 |
| Provision for income taxes |  | 8,570 |  |  | 5,159 |  |  | 20,281 |  |  | 8,513 |
| Depreciation and amortization |  | 32,172 |  |  | 15,036 |  |  | 57,855 |  |  | 30,510 |
| EBITDA | $ | 87,318 |  | $ | 55,141 |  | $ | 165,510 |  | $ | 100,186 |
| Purchase accounting adjustments-revenue(2) |  | 71 |  |  | 128 |  |  | 129 |  |  | 197 |
| Purchase accounting adjustments-rent(3) |  | 109 |  |  | 97 |  |  | 219 |  |  | 214 |
| Loss on reacquired franchise rights(4) |  | — | |  | — | |  | 1,160 |  |  | — |
| Gain on settlement of preexisting contract with acquiree(5) |  | — | |  | — | |  | (2,059) |  |  | — |
| Transaction fees and acquisition-related costs(6) |  | 525 |  |  | — | |  | 4,948 |  |  | — |
| Loss (gain) on adjustment of allowance for credit losses on held- |  |  |  |  |  |  |  |  |  |  |  |
| to-maturity investments(7) |  | 265 |  |  | — | |  | (1,845) |  |  | — |
| Dividend income on held-to-maturity investments(8) |  | (463) |  |  | — | |  | (914) |  |  | — |
| Pre-opening costs(9) |  | 783 |  |  | 481 |  |  | 1,439 |  |  | 847 |
| Legal matters(10) |  | 898 |  |  | (325) |  |  | 951 |  |  | (2,500) |
| Tax benefit arrangement remeasurement(11) |  | (83) |  |  | — | |  | (3,871) |  |  | (348) |
| Other(12) |  | 500 |  |  | 54 |  |  | 1,600 |  |  | 688 |
| Adjusted EBITDA | $ | 89,923 |  | $ | 55,576 |  | $ | 167,267 |  | $ | 99,284 |
|  |  |  |  |  |  |  |  |  |  |  |  |

1. Includes a $1,583 loss on extinguishment of debt in the six months ended June 30, 2022.
2. Represents the impact of revenue-related purchase accounting adjustments associated with the acquisition of Pla-Fit Holdings on November 8, 2012 by TSG (the “2012 Acquisition”). At the time of the 2012 Acquisition, the Company maintained a deferred revenue account, which consisted of deferred area development agreement fees, deferred franchise fees, and deferred enrollment fees that the Company billed and collected up-front but recognizes for U.S. GAAP purposes at a later date. In connection with the 2012 Acquisition, it was determined that the carrying amount of deferred revenue was greater than the fair value assessed in accordance with ASC 805—Business Combinations, which resulted in a write-down of the carrying value of the deferred revenue balance upon application of acquisition push-down accounting under ASC 805. These amounts represent the additional revenue that would have been recognized in these periods if the write-down to deferred revenue had not occurred in connection with the application of acquisition pushdown accounting.
3. Represents the impact of rent-related purchase accounting adjustments. In accordance with guidance in ASC 805 – Business Combinations, in connection with the 2012 Acquisition, the Company’s deferred rent liability was required to be written off as of the acquisition date and rent was recorded on a straight-line basis from the acquisition date through the end of the lease term. This resulted in higher overall recorded rent expense each period than would have otherwise been recorded had the deferred rent liability not been written off as a result of the acquisition push down accounting applied in accordance with ASC 805. Adjustments of $45, $33, $90 and $82 in the three and six months ended June 30, 2022 and 2021, respectively, reflect the difference between the higher rent expense recorded in accordance with U.S. GAAP since the acquisition and the rent expense that would have been recorded had the 2012 Acquisition not occurred. Adjustments of $64, $64, $129, and $132 in the three and six months ended June 30, 2022 and 2021, respectively, are due to the amortization of favorable and unfavorable leases. All of the rent related purchase accounting adjustments are adjustments to rent expense which is included in store operations on our consolidated statements of operations.
4. Represents the impact of a non-cash loss recorded in accordance with ASC 805 – Business Combinations related to our acquisition of franchisee-owned stores. The loss recorded under U.S. GAAP represents the difference between the fair value and the contractual terms of the reacquired franchise rights and is included in other (gains) losses, net on our consolidated statement of operations.
5. Represents a gain on settlement of deferred revenue from existing contracts with acquired franchisee-stores recorded in accordance with ASC 805 – Business Combinations, and is included in other (gains) losses, net on our consolidated statement of operations.

32



Table of Contents

1. Represents transaction fees and acquisition-related costs incurred in connection with our acquisition of franchisee-owned stores.
2. Represents a loss (gain) on the adjustment of the allowance for credit losses on the Company’s held-to-maturity investments.
3. Represents dividend income on held-to-maturity investments.
4. Represents costs associated with new corporate-owned stores incurred prior to the store opening, including payroll-related costs, rent and occupancy expenses, marketing and other store operating supply expenses.
5. In the three and six months ended June 30, 2022, the amounts represent a reserve against an indemnification receivable related to a legal matter. In the three and six months ended June 30, 2021, the amounts represent an insurance recovery of previously recognized expenses related to the settlement of legal claims.
6. Represents gains related to the adjustment of our tax benefit arrangements primarily due to changes in our deferred state tax rate.
7. Represents certain other charges and gains that we do not believe reflect our underlying business performance.

33



Table of Contents

Our presentation of Adjusted net income and Adjusted net income per share, diluted, assumes that all net income is attributable to Planet Fitness, Inc., which assumes the full exchange of all outstanding Holdings Units for shares of Class A common stock of Planet Fitness, Inc., adjusted for certain non-recurring items that we do not believe directly reflect our core operations. Adjusted net income per share, diluted, is calculated by dividing Adjusted net income by the total shares of Class A common stock outstanding plus any dilutive options and restricted stock units as calculated in accordance with U.S. GAAP and assuming the full exchange of all outstanding Holdings Units and corresponding Class B common stock as of the beginning of each period presented. Adjusted net income and Adjusted net income per share, diluted, are supplemental measures of operating performance that do not represent, and should not be considered, alternatives to net income and earnings per share, as calculated in accordance with U.S. GAAP. We believe Adjusted net income and Adjusted net income per share, diluted, supplement U.S. GAAP measures and enable us to more effectively evaluate our performance period-over-period. A reconciliation of Adjusted net income to net income, the most directly comparable U.S. GAAP measure, and the computation of Adjusted net income per share, diluted, are set forth below.

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Three months ended June 30,** | | | |  |  |  | **Six months ended June 30,** | | | |  |
| **(in thousands, except per share amounts)** |  |  |  |  |  |  |  |  |  |  |  |  |
| **2022** |  |  | **2021** |  |  |  | **2022** |  |  | **2021** |  |
| Net income | $ | 25,071 |  | $ | 15,016 |  | $ | 43,447 |  | $ | 21,206 |  |
| Provision for income taxes, as reported |  | 8,570 |  |  | 5,159 |  |  | 20,281 |  |  | 8,513 |  |
| Purchase accounting adjustments-revenue(1) |  | 71 |  |  | 128 |  |  | 129 |  |  | 197 |  |
| Purchase accounting adjustments-rent(2) |  | 109 |  |  | 97 |  |  | 219 |  |  | 214 |  |
| Loss on reacquired franchise rights(3) |  | — | |  | — | |  | 1,160 |  |  | — |  |
| Gain on settlement of preexisting contract with acquiree(4) |  | — | |  | — | |  | (2,059) |  |  | — |  |
| Transaction fees and acquisition-related costs(5) |  | 525 |  |  | — | |  | 4,948 |  |  | — |  |
| Loss on extinguishment of debt(6) |  | — | |  | — | |  | 1,583 |  |  | — |  |
| Loss (gain) on adjustment of allowance for credit losses on held- |  |  |  |  |  |  |  |  |  |  |  |  |
| to-maturity investments(7) |  | 265 |  |  | — | |  | (1,845) |  |  | — |  |
| Dividend income on held-to-maturity investments(8) |  | (463) |  |  | — | |  | (914) |  |  | — |  |
| Pre-opening costs(9) |  | 783 |  |  | 481 |  |  | 1,439 |  |  | 847 |  |
| Legal matters(10) |  | 898 |  |  | (325) |  |  | 951 |  |  | (2,500) |  |
| Tax benefit arrangement remeasurement(11) |  | (83) |  |  | — | |  | (3,871) |  |  | (348) |  |
| Other(12) |  | 500 |  |  | 54 |  |  | 1,600 |  |  | 688 |  |
| Purchase accounting amortization(13) |  | 10,781 |  |  | 4,159 |  |  | 19,299 |  |  | 8,318 |  |
| Adjusted income before income taxes | $ | 47,027 |  | $ | 24,769 |  | $ | 86,367 |  | $ | 37,135 |  |
| Adjusted income tax expense(14) |  | 12,556 |  |  | 6,589 |  |  | 23,060 |  |  | 9,878 |  |
| Adjusted net income | $ | 34,471 |  | $ | 18,180 |  | $ | 63,307 |  | $ | 27,257 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Adjusted net income per share, diluted | $ | 0.38 |  | $ | 0.21 |  | $ | 0.70 |  | $ | 0.31 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| Adjusted weighted-average shares outstanding(15) |  | 91,343 |  |  | 87,200 |  |  | 90,503 |  |  | 87,188 |  |

1. Represents the impact of revenue-related purchase accounting adjustments associated with the 2012 Acquisition. At the time of the 2012 Acquisition, the Company maintained a deferred revenue account, which consisted of deferred area development agreement fees, deferred franchise fees, and deferred enrollment fees that the Company billed and collected up-front but recognizes for U.S. GAAP purposes at a later date. In connection with the 2012 Acquisition, it was determined that the carrying amount of deferred revenue was greater than the fair value assessed in accordance with ASC 805—Business Combinations, which resulted in a write-down of the carrying value of the deferred revenue balance upon application of acquisition push-down accounting under ASC 805. These amounts represent the additional revenue that would have been recognized in these periods if the write-down to deferred revenue had not occurred in connection with the application of acquisition pushdown accounting.
2. Represents the impact of rent-related purchase accounting adjustments. In accordance with guidance in ASC 805 – Business Combinations, in connection with the 2012 Acquisition, the Company’s deferred rent liability was required to be written off as of the acquisition date and rent was recorded on a straight-line basis from the acquisition date through the end of the lease term. This resulted in higher overall recorded rent expense each period than would have otherwise been recorded had the deferred rent liability not been written off as a result of the acquisition push down accounting applied in accordance with ASC 805. Adjustments of $45, $33, $90 and $82 in the three and six months ended June 30, 2022 and 2021, respectively, reflect the difference between the higher rent expense recorded in accordance with U.S.

34



Table of Contents

GAAP since the acquisition and the rent expense that would have been recorded had the 2012 Acquisition not occurred. Adjustments of $64, $64, $129, and $132 in the three and six months ended June 30, 2022 and 2021, respectively, are due to the amortization of favorable and unfavorable leases. All of the rent related purchase accounting adjustments are adjustments to rent expense which is included in store operations on our consolidated statements of operations.

1. Represents the impact of a non-cash loss recorded in accordance with ASC 805 – Business Combinations related to our acquisition of franchisee-owned stores. The loss recorded under U.S. GAAP represents the difference between the fair value and the contractual terms of the reacquired franchise rights and is included in other (gains) losses, net on our consolidated statement of operations.
2. Represents a gain on settlement of deferred revenue from existing contracts with acquired franchisee-stores recorded in accordance with ASC 805 – Business Combinations, and is included in other (gains) losses, net on our consolidated statement of operations.
3. Represents transactions fees and acquisition-related costs incurred in connection with our acquisition of franchisee-owned stores.
4. Represents a loss on extinguishment of debt in the six months ended June 30, 2022.
5. Represents a loss (gain) on the adjustment of the allowance for credit losses on the Company’s held-to-maturity investments.
6. Represents dividend income on held-to-maturity investments.
7. Represents costs associated with new corporate-owned stores incurred prior to the store opening, including payroll-related costs, rent and occupancy expenses, marketing and other store operating supply expenses.
8. In the three and six months ended June 30, 2022, the amounts represent a reserve against an indemnification receivable related to a legal matter. In the three and six months ended June 30, 2021, the amounts represent an insurance recovery of previously recognized expenses related to the settlement of legal claims.
9. Represents gains related to the adjustment of our tax benefit arrangements primarily due to changes in our deferred state tax rate.
10. Represents certain other charges and gains that we do not believe reflect our underlying business performance.
11. Includes $3,096, $3,096, $6,192 and $6,192 of amortization of intangible assets, for the three and six months ended June 30, 2022 and 2021, recorded in connection with the 2012 Acquisition, and $7,685, $1,063, $13,107, and $2,216 of amortization of intangible assets for the three and six months ended June 30, 2022 and 2021, respectively, recorded in connection with historical acquisitions of franchisee-owned stores. The adjustment represents the amount of actual non-cash amortization expense recorded, in accordance with U.S. GAAP, in each period.
12. Represents corporate income taxes at an assumed blended tax rate of 26.7% for the three and six months ended June 30, 2022 and 26.6% for the three and six months ended June 30, 2021, applied to adjusted income before income taxes.
13. Assumes the full exchange of all outstanding Holdings Units and corresponding shares of Class B common stock for shares of Class A common stock of Planet Fitness, Inc.

A reconciliation of net income per share, diluted, to Adjusted net income per share, diluted is set forth below for the three and six months ended June 30, 2022 and 2021:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **For the three months ended** | | | | | | |  | **For the three months ended** | | | | | |  |
|  |  |  |  | **June 30, 2022** | |  |  |  |  |  |  | **June 30, 2021** | |  |  |  |
|  |  |  |  | **Weighted** | |  | **Net income** |  |  |  |  | **Weighted** | |  | **Net income** |  |
|  |  | **Net income** |  | **Average** | |  | **per share,** | |  | **Net income** |  | **Average** | |  | **per share,** |  |
| **(in thousands, except per share amounts)** |  |  | **Shares** | |  | **diluted** | |  |  | **Shares** | |  | **diluted** |  |
| Net income attributable to Planet Fitness, Inc.(1) | $ | 22,342 |  | 85,197 |  | $ | 0.26 |  | $ | 14,010 |  | 83,837 |  | $ | 0.17 |  |
| Assumed exchange of shares(2) |  | 2,729 | 6,146 | |  |  |  |  |  | 1,006 | 3,363 | |  |  |  |  |
| Net income |  | 25,071 |  |  |  |  |  |  |  | 15,016 |  |  |  |  |  |  |
| Adjustments to arrive at adjusted |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| income before income taxes(3) |  | 21,956 |  |  |  |  |  |  |  | 9,753 |  |  |  |  |  |  |
| Adjusted income before income taxes |  | 47,027 |  |  |  |  |  |  |  | 24,769 |  |  |  |  |  |  |
| Adjusted income tax expense(4) |  | 12,556 |  |  |  |  |  |  |  | 6,589 |  |  |  |  |  |  |
| Adjusted net income | $ | 34,471 | 91,343 | |  | $ | 0.38 |  | $ | 18,180 | 87,200 | |  | $ | 0.21 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

1. Represents net income attributable to Planet Fitness, Inc. and the associated weighted average shares, diluted of Class A common stock outstanding.
2. Assumes the full exchange of all outstanding Holdings Units and corresponding shares of Class B common stock for shares of Class A common stock of Planet Fitness, Inc. Also assumes the addition of net income attributable to non-controlling interests corresponding with the assumed exchange of Holdings Units and Class B common shares for shares of Class A common stock.

35



Table of Contents

1. Represents the total impact of all adjustments identified in the adjusted net income table above to arrive at adjusted income before income taxes.
2. Represents corporate income taxes at an assumed blended tax rate of 26.7% and 26.6% for the three months ended June 30, 2022 and 2021, respectively, applied to adjusted income before income taxes.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **For the six months ended** | | | | |  |  |  | **For the six months ended** | | | | |  |  |
|  |  |  |  | **June 30, 2022** | |  |  |  |  |  |  | **June 30, 2021** | |  |  |  |
|  |  |  |  | **Weighted** | | **Net income per** | | |  |  |  | **Weighted** | | **Net income per** | |  |
|  |  | **Net income** |  | **Average** | |  | **Net income** |  |  |
| **(in thousands, except per share amounts)** |  |  | **Shares** | | **share, diluted** | | |  |  | **Average Shares** | | **share, diluted** | |  |
| Net income attributable to Planet Fitness, Inc.(1) | $ | 38,806 |  | 84,919 |  | $ | 0.46 |  | $ | 19,591 |  | 83,771 |  | $ | 0.23 |  |
| Assumed exchange of shares(2) |  | 4,641 | 5,584 | |  |  |  |  |  | 1,615 | 3,417 | |  |  |  |  |
| Net income |  | 43,447 |  |  |  |  |  |  |  | 21,206 |  |  |  |  |  |  |
| Adjustments to arrive at adjusted |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| income before income taxes(3) |  | 42,920 |  |  |  |  |  |  |  | 15,929 |  |  |  |  |  |  |
| Adjusted income before income taxes |  | 86,367 |  |  |  |  |  |  |  | 37,135 |  |  |  |  |  |  |
| Adjusted income tax expense(4) |  | 23,060 |  |  |  |  |  |  |  | 9,878 |  |  |  |  |  |  |
| Adjusted net income | $ | 63,307 | 90,503 | |  | $ | 0.70 |  | $ | 27,257 | 87,188 | |  | $ | 0.31 |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

1. Represents net income attributable to Planet Fitness, Inc. and the associated weighted average shares, diluted of Class A common stock outstanding.
2. Assumes the full exchange of all outstanding Holdings Units and corresponding shares of Class B common stock for shares of Class A common stock of Planet Fitness, Inc. Also assumes the addition of net income attributable to non-controlling interests corresponding with the assumed exchange of Holdings Units and Class B common shares for shares of Class A common stock.
3. Represents the total impact of all adjustments identified in the adjusted net income table above to arrive at adjusted income before income taxes.
4. Represents corporate income taxes at an assumed blended tax rate of 26.7% and 26.6% for the six months ended June 30, 2022 and 2021, respectively, applied to adjusted income before income taxes.

36



Table of Contents

**Results of operations**

The following table sets forth our condensed consolidated statements of operations as a percentage of total revenue for the three and six months ended June 30, 2022 and 2021:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Three months ended June 30,** | | | | **Six months ended June 30,** | | |
|  |  |  |  |  |  |  |  |
|  | **2022** |  | **2021** |  | **2022** |  | **2021** |
| Revenue: |  |  |  |  |  |  |  |
| Franchise revenue | 30.3 % |  | 43.5 % |  | 32.5 % |  | 44.9 % |
| Commission income | — % | | 0.1 % |  | 0.1 % |  | 0.1 % |
| National advertising fund revenue | 6.5 % |  | 9.4 % |  | 6.9 % |  | 9.9 % |
| Franchise segment | 36.8 % |  | 53.0 % |  | 39.5 % |  | 54.9 % |
| Corporate-owned stores | 45.2 % |  | 29.6 % |  | 43.3 % |  | 31.5 % |
| Equipment | 18.0 % |  | 17.4 % |  | 17.2 % |  | 13.6 % |
| Total revenue | 100.0 % |  | 100.0 % |  | 100.0 % |  | 100.0 % |
| Operating costs and expenses: |  |  |  |  |  |  |  |
| Cost of revenue | 14.5 % |  | 13.5 % |  | 13.4 % |  | 10.6 % |
| Store operations | 25.1 % |  | 20.7 % |  | 25.3 % |  | 21.8 % |
| Selling, general and administrative | 12.6 % |  | 15.9 % |  | 14.4 % |  | 17.8 % |
| National advertising fund expense | 8.4 % |  | 9.9 % |  | 8.1 % |  | 10.5 % |
| Depreciation and amortization | 14.3 % |  | 11.0 % |  | 14.1 % |  | 12.2 % |
| Other (gains) losses, net | 0.5 % |  | (0.2)% |  | (0.4)% |  | (1.0)% |
| Total operating costs and expenses | 75.4 % |  | 70.8 % |  | 74.9 % |  | 71.9 % |
| Income from operations | 24.6 % |  | 29.2 % |  | 25.1 % |  | 28.1 % |
| Other income (expense), net: |  |  |  |  |  |  |  |
| Interest income | 0.2 % |  | 0.1 % |  | 0.2 % |  | 0.2 % |
| Interest expense | (9.8)% |  | (14.7)% |  | (10.9)% |  | (16.2)% |
| Other income (expense) | 0.1 % |  | (0.1)% |  | 1.0 % |  | — % |
| Total other expense, net | (9.5)% |  | (14.7)% |  | (9.7)% |  | (16.0)% |
| Income before income taxes | 15.1 % |  | 14.5 % |  | 15.4 % |  | 12.1 % |
| Equity earnings (losses) of unconsolidated entities, net of tax | — % | | — % | | (0.1)% |  | — % |
| Provision for income taxes | 3.8 % |  | 3.8 % |  | 4.9 % |  | 3.4 % |
| Net income | 11.3 % |  | 10.7 % |  | 10.5 % |  | 8.7 % |
| Less net income attributable to non-controlling interests | 1.2 % |  | 0.7 % |  | 1.1 % |  | 0.6 % |
| Net income attributable to Planet Fitness, Inc. | 10.1 % |  | 10.0 % |  | 9.4 % |  | 8.1 % |
|  |  |  |  |  |  |  |  |

37



Table of Contents

The following table sets forth a comparison of our condensed consolidated statements of operations for the three and six months ended June 30, 2022 and 2021:

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Three months ended June 30,** | | | | |  | **Six months ended June 30,** | | | |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  |  | **2022** |  |  | **2021** |  |  | **2022** |  |  | **2021** |
| **(in thousands)** |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Revenue: |  |  |  |  |  |  |  |  |  |  |  |
| Franchise revenue | $ | 67,917 |  | $ | 59,758 |  | $ | 133,531 |  | $ | 111,938 |
| Commission income |  | 41 |  |  | 70 |  |  | 544 |  |  | 342 |
| National advertising fund revenue |  | 14,585 |  |  | 13,021 |  |  | 28,552 |  |  | 24,630 |
| Franchise segment |  | 82,543 |  |  | 72,849 |  |  | 162,627 |  |  | 136,910 |
| Corporate-owned stores |  | 101,453 |  |  | 40,579 |  |  | 177,610 |  |  | 78,456 |
| Equipment |  | 40,446 |  |  | 23,823 |  |  | 70,881 |  |  | 33,762 |
| Total revenue |  | 224,442 |  |  | 137,251 |  |  | 411,118 |  |  | 249,128 |
| Operating costs and expenses: |  |  |  |  |  |  |  |  |  |  |  |
| Cost of revenue |  | 32,544 |  |  | 18,497 |  |  | 54,905 |  |  | 26,482 |
| Store operations |  | 56,362 |  |  | 28,430 |  |  | 103,897 |  |  | 54,337 |
| Selling, general and administrative |  | 28,202 |  |  | 21,789 |  |  | 59,028 |  |  | 44,279 |
| National advertising fund expense |  | 18,889 |  |  | 13,529 |  |  | 33,436 |  |  | 26,282 |
| Depreciation and amortization |  | 32,172 |  |  | 15,036 |  |  | 57,855 |  |  | 30,510 |
| Other (gains) losses, net |  | 1,181 |  |  | (282) |  |  | (1,752) |  |  | (2,420) |
| Total operating costs and expenses |  | 169,350 |  |  | 96,999 |  |  | 307,369 |  |  | 179,470 |
| Income from operations |  | 55,092 |  |  | 40,252 |  |  | 103,749 |  |  | 69,658 |
| Other income (expense), net: |  |  |  |  |  |  |  |  |  |  |  |
| Interest income |  | 474 |  |  | 195 |  |  | 683 |  |  | 412 |
| Interest expense |  | (21,979) |  |  | (20,125) |  |  | (44,610) |  |  | (40,369) |
| Other income (expense) |  | 148 |  |  | (147) |  |  | 4,238 |  |  | 18 |
| Total other expense, net |  | (21,357) |  |  | (20,077) |  |  | (39,689) |  |  | (39,939) |
| Income before income taxes |  | 33,735 |  |  | 20,175 |  |  | 64,060 |  |  | 29,719 |
| Equity earnings (losses) of unconsolidated entities, net of tax |  | (94) |  |  | — | |  | (332) |  |  | — |
| Provision for income taxes |  | 8,570 |  |  | 5,159 |  |  | 20,281 |  |  | 8,513 |
| Net income |  | 25,071 |  |  | 15,016 |  |  | 43,447 |  |  | 21,206 |
| Less net income attributable to non-controlling interests |  | 2,729 |  |  | 1,006 |  |  | 4,641 |  |  | 1,615 |
| Net income attributable to Planet Fitness, Inc. | $ | 22,342 |  | $ | 14,010 |  | $ | 38,806 |  | $ | 19,591 |
|  |  |  |  |  |  |  |  |  |  |  |  |

***Comparison of the three months ended June 30, 2022 and three months ended June 30, 2021*** *Revenue*

Total revenues were $224.4 million in the three months ended June 30, 2022, compared to $137.3 million in the three months ended June 30, 2021, an increase of $87.2 million, or 63.5%.

Franchise segment revenue was $82.5 million in the three months ended June 30, 2022, compared to $72.8 million in the three months ended June 30, 2021, an increase of $9.7 million, or 13.3%.

Franchise revenue was $67.9 million in the three months ended June 30, 2022 compared to $59.8 million in the three months ended June 30, 2021, an increase of $8.2 million or 13.7%. Included in franchise revenue is royalty revenue of $58.7 million, franchise and other fees of $5.8 million, and placement revenue of $3.4 million for the three months ended June 30, 2022, compared to royalty revenue of $52.5 million, franchise and other fees of $5.5 million, and placement revenue of $1.7 million for the three months ended June 30, 2021. Of the $6.2 million increase in royalty revenue, $5.9 million was attributable to a same store sales increase of 13.4% in franchisee-owned stores, $1.9 million was attributable to new stores opened since April 1, 2021 or stores that were not open for all of the prior year period due to COVID-related temporary closures, and $0.8 million was from higher royalties on annual fees. Partially offsetting the royalty revenue increases was a decrease of approximately $3.1 million as a result of the stores acquired in the Sunshine Acquisition becoming corporate-owned stores. The $1.7 million increase in placement revenue was primarily driven by higher new and replacement equipment placements in the three months ended June 30, 2022 compared to the three months ended June 30, 2021.

38



Table of Contents

National advertising fund revenue was $14.6 million in the three months ended June 30, 2022, compared to $13.0 million in the three months ended June 30, 2021. The $1.6 million increase in national advertising fund revenue was primarily due to higher same store sales, new stores opened since April 1, 2021 and stores that were not open for all of the prior year period due to COVID-related temporary closures.

Revenue from our corporate-owned stores segment was $101.5 million in the three months ended June 30, 2022, compared to $40.6 million in the three months ended June 30, 2021, an increase of $60.9 million, or 150.0%. Of the increase, $49.5 million was attributable to the acquisition of 114 stores in the Sunshine Acquisition, $5.3 million was from the corporate-owned store same store sales increase of 15.7%, $4.0 million was from new stores opened since April 1, 2021 and stores that were not open for all of the prior year period due to COVID-related temporary closures, and the remainder is primarily due to higher annual fee revenue.

Equipment segment revenue was $40.4 million in the three months ended June 30, 2022, compared to $23.8 million in the three months ended June 30, 2021, an increase of $16.6 million, or 69.8%. The increase was driven by higher equipment sales to new and existing franchisee-owned stores in the three months ended June 30, 2022 compared to the three months ended June 30, 2021. In the three months ended June 30, 2022, we had equipment sales to 26 new franchisee-owned stores compared to 19 in the prior year period.

*Cost of revenue*

Cost of revenue was $32.5 million in the three months ended June 30, 2022 compared to $18.5 million in the three months ended June 30, 2021, an increase of $14.0 million, or 75.9%. Cost of revenue, which primarily relates to our equipment segment, increased as a result of higher equipment sales to new and existing franchisee-owned stores in the three months ended June 30, 2022 compared to the three months ended June 30, 2021, as described above.

*Store operations*

Store operation expenses, which relate to our corporate-owned stores segment, were $56.4 million in the three months ended June 30, 2022 compared to $28.4 million in the three months ended June 30, 2021, an increase of $27.9 million, or 98.2%. The increase was primarily attributable to the acquisition of 114 stores in the Sunshine Acquisition, from new stores opened since April 1, 2021 and stores that were not open for all of the prior year period due to COVID related temporary closures.

*Selling, general and administrative*

Selling, general and administrative expenses were $28.2 million in the three months ended June 30, 2022 compared to $21.8 million in the three months ended June 30, 2021, an increase of $6.4 million, or 29.4%. The $6.4 million increase was primarily driven by $3.2 million of expense from the Sunshine Acquisition, in addition to higher travel expense and higher insurance expense during the three months ended June 30, 2022 compared to the prior year quarter.

*National advertising fund expense*

National advertising fund expense was $18.9 million in the three months ended June 30, 2022 compared to $13.5 million in the three months ended June 30, 2021, due to higher advertising and marketing expenditures in 2022 as compared to 2021.

*Depreciation and amortization*

Depreciation and amortization expense consists of the depreciation of property and equipment, including leasehold and building improvements and equipment. Amortization expense consists of amortization related to our intangible assets, including customer relationships and non-compete agreements.

Depreciation and amortization expense was $32.2 million in the three months ended June 30, 2022 compared to $15.0 million in the three months ended June 30, 2021, an increase of $17.1 million, or 114.0%. The increase was primarily attributable to the acquisition of 114 stores in the Sunshine Acquisition.

*Other (gains) losses, net*

Other (gains) losses, net was a loss of $1.2 million in the three months ended June 30, 2022 compared to a gain of $0.3 million in the three months ended June 30, 2021. In the three months ended June 30, 2022, other (gains) losses, net included a $0.9 million reserve against an indemnification receivable related to a legal matter.

*Interest income*

Interest income was $0.5 million in the three months ended June 30, 2022, compared to $0.2 million in the three months ended June 30, 2021, primarily as a result of higher interest rates in the three months ended June 30, 2022 compared to the three months ended June 30, 2021.

39



Table of Contents

*Interest expense*

Interest expense primarily consists of interest on long-term debt as well as the amortization of deferred financing costs.

Interest expense was $22.0 million in the three months ended June 30, 2022 and $20.1 million in the three months ended June 30, 2021. The increase in interest expense is due to higher interest expense from the increased principal balance as a result of the debt refinancing completed on February 10, 2022.

*Other income (expense)*

Other income was $0.1 million in the three months ended June 30, 2022 compared to expense of $0.1 million in the three months ended June 30, 2021.

*Provision for income taxes*

Provision for income taxes was $8.6 million in the three months ended June 30, 2022, compared to $5.2 million in the three months ended June 30, 2021, an increase of $3.4 million. The increase in the provision for income taxes was primarily attributable to higher income before income taxes in the three months ended June 30, 2022 as compared to the three months ended June 30, 2021.

***Segment results***

*Franchise*

Segment EBITDA for the franchise segment was $54.3 million in the three months ended June 30, 2022 compared to $51.8 million in the three months ended June 30, 2021, an increase of $2.6 million. The franchise segment EBITDA increase in the three months ended June 30, 2022 as compared to the three months ended June 30, 2021 was primarily due to the franchise revenue increases as described above partially offset by higher NAF expenses of $5.4 million in the three months ended June 30, 2022. Depreciation and amortization was $1.9 million for both the three months ended June 30, 2022 and 2021.

*Corporate-owned stores*

Segment EBITDA for the corporate-owned stores segment was $39.5 million in the three months ended June 30, 2022 compared to $10.4 million in the three months ended June 30, 2021, an increase of $29.1 million. Of the increase, $20.7 million was attributable to the corporate-owned stores acquired in the Sunshine Acquisition, $9.8 million was attributable to the same store sales increase of 15.7%, and $1.6 million was from new stores opened since April 1, 2021 and stores that were not open for all of the prior year period due to COVID-related temporary closures. Partially offsetting these increases was higher selling general and administrative expense of $3.2 million, primarily as a result of the Sunshine Acquisition. Depreciation and amortization was $24.8 million and $8.6 million for the three months ended June 30, 2022 and 2021, respectively. The increase in depreciation and amortization was primarily attributable to the Sunshine Acquisition, and the opening of new stores since April 1, 2021.

*Equipment*

Segment EBITDA for the equipment segment was $10.2 million in the three months ended June 30, 2022 compared to $5.6 million in the three months ended June 30, 2021, an increase of $4.6 million. The increase was driven by higher equipment sales to new and existing franchisee-owned stores in the three months ended June 30, 2022 compared to the three months ended June 30, 2021. Depreciation and amortization was $1.3 million for both the three months ended June 30, 2022 and 2021.

***Comparison of the six months ended June 30, 2022 and six months ended June 30, 2021*** *Revenue*

Total revenues were $411.1 million in the six months ended June 30, 2022, compared to $249.1 million in the six months ended June 30, 2021, an increase of $162.0 million, or 65.0%.

Franchise segment revenue was $162.6 million in the six months ended June 30, 2022, compared to $136.9 million in the six months ended June 30, 2021, an increase of $25.7 million, or 18.8%.

Franchise revenue was $133.5 million in the six months ended June 30, 2022 compared to $111.9 million in the six months ended June 30, 2021, an increase of $21.6 million or 19.3%. Included in franchise revenue is royalty revenue of $115.2 million, franchise and other fees of $12.6 million, and placement revenue of $5.7 million for the six months ended June 30, 2022, compared to royalty revenue of $99.1 million, franchise and other fees of $10.3 million, and placement revenue of $2.5 million for the six months ended June 30, 2021. Of the $16.0 million increase in royalty revenue, $11.6 million was attributable to a same store sales increase of 14.5% in franchisee-owned stores, $6.4 million was attributable to new stores opened since January 1, 2021 or stores that were not open for all of the prior year period due to COVID-related temporary closures, and $2.1 million was from higher royalties on annual fees. Partially offsetting the royalty revenue increases was a decrease of approximately

40



Table of Contents

$4.8 million as a result of the stores acquired in the Sunshine Acquisition becoming corporate-owned stores. The $3.2 million increase in placement revenue was primarily driven by higher new and replacement equipment placements and the $2.3 million increase in franchise and other fees was primarily attributable to higher online join fees.

Commission income, which is included in our franchise segment, was $0.5 million in the six months ended June 30, 2022 compared to $0.3 million in the six months ended June 30, 2021.

National advertising fund revenue was $28.6 million in the six months ended June 30, 2022, compared to $24.6 million in the six months ended June 30, 2021. The increase in national advertising fund revenue in the six months ended June 30, 2022 compared to the six months ended June 30, 2021 was primarily due to higher same store sales, new stores opened since January 1, 2021 and stores that were not open for all of the prior year period due to COVID-related temporary closures.

Revenue from our corporate-owned stores segment was $177.6 million in the six months ended June 30, 2022, compared to $78.5 million in the six months ended June 30, 2021, an increase of $99.2 million, or 126.4%. Of the increase, $78.1 million was attributable to the acquisition of 114 stores in the Sunshine Acquisition, $10.1 million was from the corporate-owned store same store sales increase of 16.3%, $9.3 million was from new stores opened since January 1, 2021 and stores that were not open for all of the prior year period due to COVID-related temporary closures, and the remainder is primarily due to higher annual fee revenue.

Equipment segment revenue was $70.9 million in the six months ended June 30, 2022, compared to $33.8 million in the six months ended June 30, 2021, an increase of $37.1 million, or 109.9%. The increase was driven by higher equipment sales to new and existing franchisee-owned stores in the six months ended June 30, 2022 compared to the six months ended June 30, 2021. In the six months ended June 30, 2022, we had equipment sales to 59 new franchisee-owned stores compared to 37 in the prior year period.

*Cost of revenue*

Cost of revenue was $54.9 million in the six months ended June 30, 2022 compared to $26.5 million in the six months ended June 30, 2021, an increase of $28.4 million, or 107.3%. Cost of revenue, which primarily relates to our equipment segment, increased as a result of higher equipment sales to new and existing franchisee-owned stores in the six months ended June 30, 2022 compared to the six months ended June 30, 2021 as described above.

*Store operations*

Store operation expenses, which relate to our corporate-owned stores segment, were $103.9 million in the six months ended June 30, 2022 compared to $54.3 million in the six months ended June 30, 2021, a increase of $49.6 million, or 91.2%. The increase was primarily attributable to the stores acquired in the Sunshine Acquisition, from new stores opened since January 1, 2021 and stores that were not open for all of the prior year period due to COVID related temporary closures.

*Selling, general and administrative*

Selling, general and administrative expenses were $59.0 million in the six months ended June 30, 2022 compared to $44.3 million in the six months ended June 30, 2021, an increase of $14.7 million, or 33.3%. Of the $14.7 million increase, $5.1 million was attributable to higher selling general and administrative expense from the Sunshine Acquisition, $4.9 million of transaction related costs incurred in connection with the Sunshine Acquisition, in addition to higher compensation expense, travel expense and insurance expense during the six months ended June 30, 2022 compared to the prior year quarter. Partially offsetting these increases was higher spend in the prior year period to support reopening efforts as a result of COVID-19.

*National advertising fund expense*

National advertising fund expense was $33.4 million in the six months ended June 30, 2022 compared to $26.3 million in the six months ended June 30, 2021, due to higher advertising and marketing expenditures in 2022 as compared to 2021.

*Depreciation and amortization*

Depreciation and amortization expense consists of the depreciation of property and equipment, including leasehold and building improvements and equipment. Amortization expense consists of amortization related to our intangible assets, including customer relationships and non-compete agreements.

Depreciation and amortization expense was $57.9 million in the six months ended June 30, 2022 compared to $30.5 million in the six months ended June 30, 2021, an increase of $27.3 million, or 89.6%. The increase was primarily attributable to the stores acquired in the Sunshine Acquisition.

41



Table of Contents

*Other (gains) losses, net*

Other (gains) losses, net was a gain of $1.8 million in the six months ended June 30, 2022 compared to a gain of $2.4 million in the six months ended June 30, 2021. In the six months ended June 30, 2022, this includes a $1.8 million gain from the reduction in the Company’s allowance for credit losses and a $2.1 million gain from the settlement of preexisting contracts in connection with the Sunshine Acquisition, partially offset by the $1.2 million loss on unfavorable reacquired franchise rights in connection with the Sunshine Acquisition and a $0.9 million reserve against an indemnification receivable related to a legal matter. In the six months ended June 30, 2021, the amount primarily consisted of a $2.2 million gain from a probable insurance recovery related to the settlement of legal claims.

*Interest income*

Interest income was $0.7 million in the six months ended June 30, 2022 compared to $0.4 million in the six months ended June 30, 2021, primarily as a result of higher interest rates in the six months ended June 30, 2022 compared to the six months ended June 30, 2021.

*Interest expense*

Interest expense primarily consists of interest on long-term debt as well as the amortization of deferred financing costs.

Interest expense was $44.6 million in the six months ended June 30, 2022 compared to $40.4 million in the six months ended June 30, 2021. The increase in interest expense is due to higher interest expense from the increased principal balance and a $1.6 million loss on extinguishment of debt from the write-off of remaining deferred financing costs, both as a result of the debt refinancing completed on February 10, 2022.

*Other income (expense)*

Other income was $4.2 million in the six months ended June 30, 2022 and zero in the six months ended June 30, 2021. Other income was primarily attributable to a gain on the remeasurement of our tax benefit arrangements due to changes in our effective tax rate in the six months ended June 30, 2022.

*Provision for income taxes*

The provision for income taxes was $20.3 million in the six months ended June 30, 2022, compared to $8.5 million in the six months ended June 30, 2021. The increase in the provision for income taxes was primarily attributable to higher income before income taxes in the six months ended June 30, 2022 as compared to the six months ended June 30, 2021, and a $4.3 million increase to the provision as a result of a remeasurement of our deferred tax assets due to changes in our effective tax rate.

***Segment results***

*Franchise*

Segment EBITDA for the franchise segment was $114.4 million in the six months ended June 30, 2022 compared to $92.9 million in the six months ended June 30, 2021, an increase of $21.5 million, or 23.1%. The franchise segment EBITDA increase in the six months ended June 30, 2022 compared to the six months ended June 30, 2021 was primarily due to the franchise revenue increases as described above and lower franchise segment marketing expense related to COVID-related reopening advertising in the prior year period, partially offset by higher NAF expenses of $7.2 million. Depreciation and amortization was $3.7 million and $3.8 million in the six months ended June 30, 2022 and 2021, respectively.

*Corporate-owned stores*

Segment EBITDA for the corporate-owned stores segment was $62.8 million in the six months ended June 30, 2022 compared to $21.1 million in the six months ended June 30, 2021, an increase of $41.8 million, or 198.4%. Of the increase, $38.1 million was attributable to corporate-owned stores acquired in the Sunshine Acquisition, $9.0 million was attributable to the same store sales increase of 16.3%, and $1.3 million was from new stores opened since January 1, 2021 and stores that were not open for all of the prior year period due to COVID-related temporary closures. Partially offsetting these increases was higher selling, general and administrative expense of $6.6 million primarily as a result of the Sunshine Acquisition. Depreciation and amortization was $43.2 million and $17.9 million for the six months ended June 30, 2022 and 2021, respectively. The increase in depreciation and amortization was primarily attributable the Sunshine Acquisition.

*Equipment*

Segment EBITDA for the equipment segment was $18.8 million in the six months ended June 30, 2022 compared to $7.4 million in the six months ended June 30, 2021, an increase of $11.4 million, or 153.2%, driven by higher equipment sales to new and existing franchisee-owned stores in the six months ended June 30, 2022 compared to the six months ended June 30, 2021. Depreciation and amortization was $2.5 million for both the six months ended June 30, 2022 and 2021.

42



Table of Contents

**Liquidity and capital resources**

As of June 30, 2022, we had $383.5 million of cash and cash equivalents.

We require cash principally to fund day-to-day operations, to finance capital investments, to service our outstanding debt and tax benefit arrangements and to address our working capital needs. Based on our current level of operations, we believe that with the available cash balance, the cash generated from our operations, and amounts available under our 2022 Variable Funding Notes will be adequate to meet our anticipated debt service requirements and obligations under the tax benefit arrangements, capital expenditures and working capital needs for at least the next 12 months. We believe that we will be able to meet these obligations even if we experience impacts to sales and profits as a result of the COVID-19 pandemic. Our ability to continue to fund these items and continue to reduce debt could be adversely affected by the occurrence of any of the events described under “Risk Factors” in the Annual Report. There can be no assurance that our business will generate sufficient cash flows from operations or otherwise to enable us to service our indebtedness, including our Securitized Senior Notes, or to make anticipated capital expenditures. Our future operating performance and our ability to service, extend or refinance our indebtedness will be subject to future economic conditions and to financial, business and other factors, many of which are beyond our control, including potential future impacts related to the COVID-19 pandemic.

The following table presents summary cash flow information for the six months ended June 30, 2022 and 2021:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **Six months ended June 30,** | | | |  |
| (**in thousands**) |  |  |  |  |  |  |
|  | **2022** |  |  | **2021** |  |
| Net cash provided by (used in): |  |  |  |  |  |  |
| Operating activities | $ | 110,263 |  | $ | 74,266 |  |
| Investing activities |  | (466,303) |  |  | (54,394) |  |
| Financing activities |  | 198,591 |  |  | (8,421) |  |
| Effect of foreign exchange rates on cash |  | (219) |  |  | 120 |  |
| Net decrease in cash | $ | (157,668) |  | $ | 11,571 |  |
|  |  |  |  |  |  |  |

***Operating activities***

For the six months ended June 30, 2022, net cash provided by operating activities was $110.3 million compared to $74.3 million in the six months ended June 30, 2021, an increase of $36.0 million. Of the increase, $59.3 million is due to higher net income after adjustments to reconcile net income to net cash provided by operating activities in the six months ended June 30, 2022 as compared to the six months ended June 30, 2021, and $23.3 million is due to unfavorable changes in working capital primarily from payments made under tax benefit arrangements, a larger decrease in accounts payable and accrued expenses as a result of the Sunshine Acquisition, and higher other assets, partially offset by a larger increase in equipment deposits and deferred revenue in the current year period.

***Investing activities***

For the six months ended June 30, 2022, net cash used in investing activities was $466.3 million compared to $54.4 million in the six months ended June 30, 2021, an increase of $411.9 million. The primary driver for the increase in cash used in investing activities was $424.9 million of net cash used for the Sunshine Acquisition in the six months ended June 30, 2022, and $22.0 million of higher capital expenditures in the current year period as shown in the table below, partially offset by $35.0 million of cash used for investments in the prior year period.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | **Six months ended June 30,** | | | |  |
| (**in thousands**) |  |  |  |  |  |  |
|  | **2022** |  |  | **2021** |  |
| New corporate-owned stores and corporate-owned stores not yet opened | $ | 16,962 |  | $ | 4,801 |  |
| Existing corporate-owned stores |  | 16,552 |  |  | 7,813 |  |
| Information systems |  | 7,909 |  |  | 6,653 |  |
| Corporate and all other |  | — | |  | 128 |  |
| Total capital expenditures | $ | 41,423 |  | $ | 19,395 |  |
|  |  |  |  |  |  |  |

43



Table of Contents

***Financing activities***

For the six months ended June 30, 2022, net cash provided by financing activities was $198.6 million compared to net cash used in financing activities of $8.4 million in the six months ended June 30, 2021. The primary drivers of the net cash provided by financing activities in the six months ended June 30, 2022, was $244.4 million of net cash provided from long-term debt, consisting of $975 million of borrowings, $714.4 million of principal payments and $16.2 million of deferred financing costs incurred, in addition to share repurchases of $44.3 million.

**Securitized Financing Facility**

Planet Fitness Master Issuer LLC (the “Master Issuer”), a limited-purpose, bankruptcy remote, wholly-owned indirect subsidiary of Pla-Fit Holdings, LLC, is the master issuer of outstanding senior secured notes under a securitized financing facility that was entered into in August 2018. In February 2022, the Master Issuer completed a refinancing transaction with respect to this facility under which the Master Issuer issued the Series 2022-1 Class A-2 Notes with initial principal amounts totaling $900 million. The net proceeds from the sale of the Series 2022-1 Class A-2 Notes were used to repay in full the Master Issuer’s outstanding Series 2018-1 Class A-2-I Notes, including the payment of transaction costs. The remaining funds were used for the Sunshine Acquisition and other general corporate purposes.

In connection with the issuance of the Series 2022-1 Class A-2 Notes, the Master Issuer also issued the Series 2022-1 Class A-1 Notes, which allow for the drawing of up to $75 million of Variable Funding Notes, including a letter of credit facility, which was used to repay the 2018-1 Class A-1 Notes. The 2022 Variable Funding Notes are undrawn as of June 30, 2022 due to repayment in full on May 9, 2022 using cash on hand.

Except as described above, there were no material changes to the terms of any debt obligations since December 31, 2021. The Company was in compliance with its debt covenants as of June 30, 2022. See Note 6 to the Condensed Consolidated Financial Statements contained in Item 1 herein for further information related to our long-term debt obligations.

**Off-balance sheet arrangements**

As of June 30, 2022, our off-balance sheet arrangements consisted of guarantees of lease agreements for certain franchisees up to a maximum period of ten years with earlier expiration dates possible if certain conditions are met. Our maximum total obligation under these lease guarantee agreements is approximately $6.3 million and would require payment only upon default by the primary obligor. The estimated fair value of these guarantees as of June 30, 2022 was not material, and no accrual has been recorded for our potential obligation under these arrangements.

**Critical accounting policies and use of estimates**

There have been no material changes to our critical accounting policies and use of estimates from those described under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our Annual Report.

**ITEM 3. Quantitative and Qualitative Disclosure about Market Risk**

***Interest rate risk***

The securitized financing facility includes the Series 2018-1 Senior Class A-2-II Notes and the Series 2022-1 Senior Class A-2 Notes, which are comprised of fixed interest rate notes, and the 2022 Variable Funding Notes, which allow for the incurrence of up to $75.0 million in revolving loans and/or letters of credit under the 2022 Variable Funding Notes. The issuance of the fixed-rate Class A-2 Notes has reduced the Company’s exposure to interest rate increases that could adversely affect its earnings and cash flows. However, the Company would be exposed to interest rate increases on any borrowings under the 2022 Variable Funding Notes.

***Foreign exchange risk***

We are exposed to fluctuations in exchange rates, primarily those of the Canadian dollar and Mexican peso, which are the functional currencies of our Canadian entities and Mexican entities, respectively. Our sales, costs and expenses of our foreign subsidiaries, when translated into U.S. dollars, can fluctuate due to exchange rate movement. As of June 30, 2022, a 10% increase or decrease in the exchange rate of the U.S. and foreign currencies to which we are exposed would increase or decrease net income by a negligible amount.

***Inflation risk***

Given the recent rise in inflation, there have been and may continue to be increases in materials, shipping, equipment and labor costs, which could impact our profitability and that of our franchisees. Although we do not believe that inflation has had a material effect on our income from continuing operations, we have a substantial number of hourly employees in our corporate-

44



Table of Contents

owned stores that are paid wage rates at or based on the applicable federal or state minimum wage. Any increases in these minimum wages will subsequently increase our labor costs. We may or may not be able to offset cost increases in the future.

45



Table of Contents

**ITEM 4. Controls and Procedures**

**Evaluation of disclosure controls and procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this Quarterly Report on Form 10-Q.

There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their control objectives.

Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of June 30, 2022, our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in the reports it files or submits with the Securities and Exchange Commission is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and is accumulated and communicated to our management, including the principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

**Changes in internal control over financial reporting**

On February 10, 2022, the Company completed its acquisition of Sunshine Fitness. The Company is continuing to integrate Sunshine Fitness into its internal controls over financial reporting. Except for the inclusion of Sunshine Fitness, there have been no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

46



Table of Contents

**PART II-OTHER INFORMATION**

**ITEM 1. Legal Proceedings**

We are currently involved in various claims and legal actions that arise in the ordinary course of business, most of which are covered by insurance. We do not believe that the ultimate resolution of these actions will have a material adverse effect on our business, financial condition, results of operations, liquidity or capital resources nor do we believe that there is a reasonable possibility that we will incur material loss as a result of such actions. However, a significant increase in the number of these claims or an increase in amounts owing under successful claims could have a material adverse effect on our business, financial condition and results of operations.

**ITEM 1A. Risk Factors.**

None.

**ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

The following table provides information regarding purchases of shares of our Class A common stock by us and our “affiliated purchasers” (as defined in Rule 10b-18(a)(3) under the Exchange Act) during the three months ended June 30, 2022.

Period

04/01/22 - 04/30/22 05/01/22 - 05/31/22 06/01/22 - 06/30/22

Total

Issuer Purchases of Equity Securities

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | Total Number of Shares |  | Approximate Dollar Value of |  |
| Total Number of Shares | |  | Average Price Paid Per | | Purchased as Part of |  | Shares that May Yet be |  |
|  | Publicly Announced Plans |  | Purchased Under the Plans or |  |
| Purchased | |  | Share | | or Programs(1) |  | Programs(1) |  |
| — |  | $ | — |  | — |  | $200,000,000 |  |
| — | |  | — | | — | 200,000,000 | |  |
| 697,691 |  |  | 63.48 |  | 697,691 | 155,700,859 | |  |
| 697,691 |  | $ | 63.48 |  | 697,691 |  |  |  |
|  |  |  |  |  |  |  |  |  |



(1)On November 5, 2019, our board of directors approved a share repurchase program of $500,000,000. Purchases may be effected through one or more open market transactions, privately negotiated transactions, transactions structured through investment banking institutions, or a combination of the foregoing. The Company may reinstate or terminate the program at any time.

In connection with our IPO, we and the existing holders of Holdings Units entered into an exchange agreement under which they (or certain permitted transferees) have the right, from time to time and subject to the terms of the exchange agreement, to exchange their Holdings Units, together with a corresponding number of shares of Class B common stock, for shares of our Class A common stock on a one-for-one basis, subject to customary conversion rate adjustments for stock splits, stock dividends, reclassifications and other similar transactions. As an existing holder of Holdings Units exchanges Holdings Units for shares of Class A common stock, the number of Holdings Units held by Planet Fitness, Inc. is correspondingly increased, and a corresponding number of shares of Class B common stock are canceled.

**ITEM 3. Defaults Upon Senior Securities.**

None.

**ITEM 4. Mine Safety Disclosures.**

None.

**ITEM 5. Other Information.**

None.

47



Table of Contents

**ITEM 6. Exhibits**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  | **Description of Exhibit Incorporated** | | |  |
|  |  |  |  |  |  |  |  |  |  |  | **Herein by Reference** |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Exhibit** |  |  |  |  |  |  |  |  |  |  |  | **Exhibit** | **Filed** |
| **Number** | **Exhibit Description** | | | | | | | | **Form** | **File No.** | **Filing Date** | **Number** | **Herewith** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 31.1 | Certification of Principal Executive Officer pursuant to | | | | | | | |  |  |  |  | X |
|  | Section 302 of the Sarbanes-Oxley Act of 2002 | | |  | | | |  |  |  |  |  |  |
| 31.2 | Certification of Principal Financial Officer pursuant to | | | | | | | |  |  |  |  | X |
|  | Section 302 of the Sarbanes-Oxley Act of 2002 | | |  | |  |  | |  |  |  |  |  |
| 32.1 | Certification of Chief Executive Officer pursuant to Section | | | | | | | |  |  |  |  | X |
|  | 906 of the Sarbanes-Oxley Act of 2002 | |  | | | |  | |  |  |  |  |  |
| 32.2 | Certification of Chief Financial Officer pursuant to Section | | | | | | | |  |  |  |  | X |
|  | 906 of the Sarbanes-Oxley Act of 2002 |  | | |  | | | |  |  |  |  |  |
| 101 | The following financial statements from the Company's | | | | | | | |  |  |  |  | X |
|  | Quarterly Report on Form 10-Q for the quarter ended June 30, | | | | | | | |  |  |  |  |  |
|  | 2022 formatted in Inline XBRL: (i) Consolidated Balance | | | | | | | |  |  |  |  |  |
|  | Sheets, (ii) Consolidated Statements of Operations, (iii) | | | | | | | |  |  |  |  |  |
|  | Consolidated Statements of Comprehensive Income (Loss), | | | | | | | |  |  |  |  |  |
|  | (iv) Consolidated Statements of Cash Flows, (v) Consolidated | | | | | | | |  |  |  |  |  |
|  | Statements of Changes in' Equity (Deficit), and (vi) Notes to | | | | | | | |  |  |  |  |  |
|  | Consolidated Financial Statements tagged as blocks of text | | | | | | | |  |  |  |  |  |
|  | and including detailed tags | | | | | | | |  |  |  |  |  |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL | | | | | | | |  |  |  |  | X |
|  | and contained in Exhibit 101) | | | | | | | |  |  |  |  |  |

* Certain exhibits and schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplementally to the SEC a copy of any omitted exhibits or schedules upon request.

48



Table of Contents

**Signatures**

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

Planet Fitness, Inc.



(Registrant)

Date: August 9, 2022 /s/ Thomas Fitzgerald



Thomas Fitzgerald

*Chief Financial Officer*

*(On behalf of the Registrant and as Principal Financial Officer)*

49

**Exhibit 31.1**

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF**

**THE SARBANES-OXLEY ACT OF 2002**

I, Chris Rondeau, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Planet Fitness, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   1. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   2. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   3. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   4. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   1. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   2. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 9, 2022

/s/ Christopher Rondeau



Christopher Rondeau

*Chief Executive Officer*

(Principal Executive Officer)

**Exhibit 31.2**

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF**

**THE SARBANES-OXLEY ACT OF 2002**

I, Thomas Fitzgerald, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Planet Fitness, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   1. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   2. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   3. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   4. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
   1. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   2. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 9, 2022

/s/ Thomas Fitzgerald



Thomas Fitzgerald

*Chief Financial Officer*

(Principal Financial Officer)

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO**

**18 U.S.C. SECTION 1350**

**AS ADOPTED PURSUANT TO SECTION 906**

**OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Planet Fitness, Inc. (the “Company”) on Form 10-Q for the fiscal quarter ended June 30, 2022 filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Chris Rondeau, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: August 9, 2022

/s/ Christopher Rondeau



Christopher Rondeau

*Chief Executive Officer*

(Principal Executive Officer)

**Exhibit 32.2**

**CERTIFICATION PURSUANT TO**

**18 U.S.C. SECTION 1350**

**AS ADOPTED PURSUANT TO SECTION 906**

**OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Planet Fitness, Inc. (the “Company”) on Form 10-Q for the fiscal quarter ended June 30, 2022 filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Thomas Fitzgerald, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: August 9, 2022

/s/ Thomas Fitzgerald



Thomas Fitzgerald

*Chief Financial Officer*

(Principal Financial Officer)