

**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 March 31, 2019  
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

(State or Other Jurisdiction of Incorporation or Organization)

38-3942097

(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:**

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

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

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

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

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

As of April 26, 2019 there were 84,479,402 shares of the Registrant's Class A Common Stock, par value \$0.0001 per share, outstanding and 8,588,920 shares of the Registrant's Class B Common Stock, par value \$0.0001 per share, outstanding.

**PLANET FITNESS, INC.**  
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## 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; 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, the following:

- our dependence on the operational and financial results of, and our relationships with, our franchisees and the success of their new and existing stores;
- risks relating to damage to our brand and reputation;
- our ability to successfully implement our growth strategy;
- technical, operational and regulatory risks related to our third-party providers’ systems and our own information systems;
- our and our franchisees’ ability to attract and retain members;
- the high level of competition in the health club industry generally;
- our reliance on a limited number of vendors, suppliers and other third-party service providers;
- our substantial increased indebtedness as a result of our refinancing and securitization transactions and our ability to incur additional indebtedness or refinance that indebtedness in the future;
- our future financial performance and our ability to pay principal and interest on our indebtedness;
- risks relating to our corporate structure and tax receivable agreements; 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, 2018 filed with the Securities and Exchange Commission on March 1, 2019, and elsewhere in this Quarterly Report on Form 10-Q.

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.

**PART I-FINANCIAL INFORMATION****1. Financial Statements**

**Planet Fitness, Inc. and subsidiaries**  
**Condensed consolidated balance sheets**  
**(Unaudited)**  
**(Amounts in thousands, except per share amounts)**

	<u>March 31,</u>	<u>December 31,</u>
	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 335,961	\$ 289,431
Restricted cash	30,645	30,708
Accounts receivable, net of allowance for bad debts of \$86 and \$84 at March 31, 2019 and December 31, 2018, respectively	18,919	38,960
Inventory	3,445	5,122
Deferred expenses – national advertising fund	6,530	—
Prepaid expenses	7,254	4,947
Other receivables	9,805	12,548
Other current assets	4,877	6,824
Total current assets	<u>417,436</u>	<u>388,540</u>
Property and equipment, net of accumulated depreciation of \$59,029, as of March 31, 2019 and \$53,086 as of December 31, 2018	114,676	114,367
Right-of-use assets, net	115,745	—
Intangible assets, net	228,663	234,330
Goodwill	199,513	199,513
Deferred income taxes	431,947	414,841
Other assets, net	1,612	1,825
Total assets	<u>\$ 1,509,592</u>	<u>\$ 1,353,416</u>
<b>Liabilities and stockholders' deficit</b>		
Current liabilities:		
Current maturities of long-term debt	\$ 12,000	\$ 12,000
Accounts payable	23,060	30,428
Accrued expenses	23,679	32,384
Equipment deposits	12,502	7,908
Restricted liabilities – national advertising fund	30	—
Deferred revenue, current	25,920	23,488
Payable pursuant to tax benefit arrangements, current	24,765	24,765
Other current liabilities	12,519	430
Total current liabilities	<u>134,475</u>	<u>131,403</u>
Long-term debt, net of current maturities	1,158,483	1,160,127
Deferred rent, net of current portion	—	10,083
Lease liabilities, net of current portion	114,470	—
Deferred revenue, net of current portion	27,652	26,374
Deferred tax liabilities	1,798	2,303
Payable pursuant to tax benefit arrangements, net of current portion	424,725	404,468
Other liabilities	2,031	1,447
Total noncurrent liabilities	<u>1,729,159</u>	<u>1,604,802</u>
Commitments and contingencies (Note 12)		
Stockholders' equity (deficit):		
Class A common stock, \$.0001 par value - 300,000 authorized, 84,463 and 83,584 shares issued and outstanding as of March 31, 2019 and December 31, 2018, respectively	9	9
Class B common stock, \$.0001 par value - 100,000 authorized, 8,589 and 9,448 shares issued and outstanding as of March 31, 2019 and December 31, 2018, respectively	1	1
Accumulated other comprehensive income	148	94
Additional paid in capital	22,576	19,732
Accumulated deficit	<u>(368,714)</u>	<u>(394,410)</u>
Total stockholders' deficit attributable to Planet Fitness Inc.	<u>(345,980)</u>	<u>(374,574)</u>

Non-controlling interests	(8,062)	(8,215)
Total stockholders' deficit	(354,042)	(382,789)
Total liabilities and stockholders' deficit	\$ 1,509,592	\$ 1,353,416

*See accompanying notes to condensed consolidated financial statements*

**Planet Fitness, Inc. and subsidiaries**  
**Condensed consolidated statements of operations**  
**(Unaudited)**  
**(Amounts in thousands, except per share amounts)**

	For the three months ended March 31,	
	2019	2018
<b>Revenue:</b>		
Franchise	\$ 52,956	\$ 42,162
Commission income	994	1,989
National advertising fund revenue	11,812	10,461
Corporate-owned stores	38,044	32,708
Equipment	45,011	34,013
Total revenue	148,817	121,333
<b>Operating costs and expenses:</b>		
Cost of revenue	34,486	26,500
Store operations	20,905	18,356
Selling, general and administrative	18,154	17,623
National advertising fund expense	11,812	10,461
Depreciation and amortization	9,907	8,465
Other loss	368	1,010
Total operating costs and expenses	95,632	82,415
Income from operations	53,185	38,918
<b>Other expense, net:</b>		
Interest income	1,798	37
Interest expense	(14,749)	(8,771)
Other income (expense)	(3,318)	192
Total other expense, net	(16,269)	(8,542)
Income before income taxes	36,916	30,376
Provision for income taxes	5,277	6,883
Net income	31,639	23,493
Less net income attributable to non-controlling interests	4,230	3,613
Net income attributable to Planet Fitness, Inc.	\$ 27,409	\$ 19,880
<b>Net income per share of Class A common stock:</b>		
Basic	\$ 0.33	\$ 0.23
Diluted	\$ 0.32	\$ 0.23
<b>Weighted-average shares of Class A common stock outstanding:</b>		
Basic	83,806	87,434
Diluted	84,425	87,698

*See accompanying notes to condensed consolidated financial statements.*

**Planet Fitness, Inc. and subsidiaries**  
**Condensed consolidated statements of comprehensive income (loss)**  
**(Unaudited)**  
**(Amounts in thousands)**

	For the three months ended March 31,	
	2019	2018
Net income including non-controlling interests	\$ 31,639	\$ 23,493
Other comprehensive income (loss), net:		
Unrealized gain on interest rate caps, net of tax	—	366
Foreign currency translation adjustments	54	(29)
Total other comprehensive income, net	54	337
Total comprehensive income including non-controlling interests	31,693	23,830
Less: total comprehensive income attributable to non-controlling interests	4,230	3,671
Total comprehensive income attributable to Planet Fitness, Inc.	\$ 27,463	\$ 20,159

*See accompanying notes to condensed consolidated financial statements.*

**Planet Fitness, Inc. and subsidiaries**  
**Condensed consolidated statements of cash flows**  
**(Unaudited)**  
**(Amounts in thousands)**

	For the three months ended March 31,	
	2019	2018
<b>Cash flows from operating activities:</b>		
Net income	\$ 31,639	\$ 23,493
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	9,907	8,465
Amortization of deferred financing costs	1,356	484
Amortization of favorable leases	—	92
Amortization of asset retirement obligations	221	1
Amortization of interest rate caps	—	195
Deferred tax expense	2,165	4,909
Loss (gain) on re-measurement of tax benefit arrangement	3,373	(396)
Provision for bad debts	2	(14)
Loss on reacquired franchise rights	—	350
Loss on disposal of property and equipment	—	650
Equity-based compensation	1,315	998
Changes in operating assets and liabilities, excluding effects of acquisitions:		
Accounts receivable	20,032	18,637
Due to and due from related parties	(269)	165
Inventory	1,677	(1,364)
Other assets and other current assets	(2,648)	(1,341)
National advertising fund	(6,500)	(4,586)
Accounts payable and accrued expenses	(14,640)	(16,758)
Other liabilities and other current liabilities	214	83
Income taxes	1,768	1,898
Equipment deposits	4,594	7,784
Deferred revenue	3,668	3,536
Leases and deferred rent	60	853
Net cash provided by operating activities	<u>57,934</u>	<u>48,134</u>
<b>Cash flows from investing activities:</b>		
Additions to property and equipment	(7,471)	(2,036)
Acquisition of franchises	—	(28,503)
Proceeds from sale of property and equipment	21	40
Net cash used in investing activities	<u>(7,450)</u>	<u>(30,499)</u>
<b>Cash flows from financing activities:</b>		
Principal payments on capital lease obligations	(12)	(11)
Repayment of long-term debt	(3,000)	(1,796)
Proceeds from issuance of Class A common stock	607	242
Dividend equivalent payments	(20)	(20)
Distributions to Continuing LLC Members	(1,842)	(1,734)
Net cash used in financing activities	<u>(4,267)</u>	<u>(3,319)</u>
Effects of exchange rate changes on cash and cash equivalents	250	(250)
Net increase in cash, cash equivalents and restricted cash	<u>46,467</u>	<u>14,066</u>
Cash, cash equivalents and restricted cash, beginning of period	320,139	113,080
Cash, cash equivalents and restricted cash, end of period	<u>\$ 366,606</u>	<u>\$ 127,146</u>
<b>Supplemental cash flow information:</b>		
Net cash paid for income taxes	\$ 1,479	\$ 106
Cash paid for interest	\$ 13,477	\$ 8,146
<b>Non-cash investing activities:</b>		
Non-cash additions to property and equipment	\$ 4,151	\$ 453



**Planet Fitness, Inc. and subsidiaries**  
**Condensed consolidated statements of changes in equity (deficit)**  
**(Unaudited)**  
**(Amounts in thousands)**

	Class A common stock		Class B common stock		Accumulated other comprehensive (loss) income	Additional paid- in capital	Accumulated deficit	Non- controlling interests	Total (deficit) equity
	Shares	Amount	Shares	Amount					
Balance at December 31, 2018	83,584	\$ 9	9,448	\$ 1	\$ 94	\$ 19,732	\$ (394,410)	\$ (8,215)	\$ (382,789)
Net income	—	—	—	—	—	—	27,409	4,230	31,639
Equity-based compensation expense	—	—	—	—	—	1,315	—	—	1,315
Exchanges of Class B common stock	859	—	(859)	—	—	(1,172)	—	1,172	—
Exercise of stock options, vesting of restricted share units and ESPP share purchase	20	—	—	—	—	505	—	—	505
Tax benefit arrangement liability and deferred taxes arising from exchanges of Class B common stock	—	—	—	—	—	2,196	—	—	2,196
Non-cash adjustments to VIEs	—	—	—	—	—	—	—	(3,407)	(3,407)
Distributions paid to members of Pla-Fit Holdings	—	—	—	—	—	—	—	(1,842)	(1,842)
Cumulative effect adjustment, net of tax (Note 16)	—	—	—	—	—	—	(1,713)	—	(1,713)
Other comprehensive income	—	—	—	—	54	—	—	—	54
Balance at March 31, 2019	84,463	\$ 9	8,589	\$ 1	\$ 148	\$ 22,576	\$ (368,714)	\$ (8,062)	\$ (354,042)

	Class A common stock		Class B common stock		Accumulated other comprehensive (loss) income	Additional paid- in capital	Accumulated deficit	Non- controlling interests	Total (deficit) equity
	Shares	Amount	Shares	Amount					
Balance at December 31, 2017	87,188	\$ 9	11,193	\$ 1	\$ (648)	\$ 12,118	\$ (130,966)	\$ (17,451)	\$ (136,937)
Net income	—	—	—	—	—	—	19,880	3,613	23,493
Equity-based compensation expense	—	—	—	—	—	998	—	—	998
Exchanges of Class B common stock	300	—	(300)	—	(1)	(673)	—	674	—
Exercise of stock options and vesting of restricted share units	17	—	—	—	—	242	—	—	242
Tax benefit arrangement liability and deferred taxes arising from exchanges of Class B common stock	—	—	—	—	—	326	—	—	326
Forfeiture of dividend equivalents	—	—	—	—	—	—	33	—	33
Distributions paid to members of Pla-Fit Holdings	—	—	—	—	—	—	—	(1,734)	(1,734)
Cumulative effect adjustment - ASC 606	—	—	—	—	—	—	(9,192)	—	(9,192)
Other comprehensive income	—	—	—	—	279	—	—	58	337
Balance at March 31, 2018	87,505	\$ 9	10,893	\$ 1	\$ (370)	\$ 13,011	\$ (120,245)	\$ (14,840)	\$ (122,434)

*See accompanying notes to condensed consolidated financial statements.*

**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 13.6 million members and 1,806 owned and franchised locations (referred to as stores) in 50 states, the District of Columbia, Puerto Rico, Canada, the Dominican Republic, Panama and Mexico as of March 31, 2019.

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. 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 March 31, 2019, Planet Fitness, Inc. held 100.0% of the voting interest and 90.8% 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 9.2% 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 months ended March 31, 2019 and 2018 are unaudited. The condensed consolidated balance sheet as of December 31, 2018 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, 2018 (the “Annual Report”) filed with the SEC on March 1, 2019. Operating results for the interim periods are not necessarily indicative of the results that may be expected for the full year.

As discussed in Note 1, Planet Fitness, Inc. consolidates Pla-Fit Holdings. The Company also consolidates entities in which it has a controlling financial interest, the usual condition of which is ownership of a majority voting interest. The Company also considers for consolidation certain interests where the controlling financial interest may be achieved through arrangements that do not involve voting interests. Such an entity, known as a variable interest entity (“VIE”), is required to be consolidated by its primary beneficiary. The primary beneficiary of a VIE is considered to possess the power to direct the activities of the VIE that most significantly

**Planet Fitness, Inc. and subsidiaries**  
**Notes to Condensed Consolidated financial statements**  
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**(Amounts in thousands, except share and per share amounts)**

impact its economic performance and has the obligation to absorb losses or the rights to receive benefits from the VIE that are significant to it. The principal entities in which the Company possesses a variable interest include franchise entities and certain other entities. The Company is not deemed to be the primary beneficiary for Planet Fitness franchise entities. Therefore, these entities are not consolidated.

The results of the Company have been consolidated with Matthew Michael Realty LLC (“MMR”), PF Melville LLC (“PF Melville”), and Planet Fitness NAF, LLC (the “NAF”) based on the determination that the Company is the primary beneficiary with respect to these VIEs. MMR and PF Melville are real estate holding companies that derive a majority of their financial support from the Company through lease agreements for corporate stores. See Note 3 for further information related to the Company’s VIEs. The NAF is an advertising fund on behalf of which the Company collects 2% of gross monthly membership fees from franchisees, in accordance with the provisions of the franchise agreements, and uses the amounts received to support our national marketing campaigns, our social media platforms and the development of local advertising materials.

**(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 assets and liabilities in connection with acquisitions, valuation of equity-based compensation awards, 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 2(d) and 16).

**(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 long-term debt as of March 31, 2019 and December 31, 2018 were as follows:

	March 31, 2019		December 31, 2018	
	Carrying value	Estimated fair value <sup>(1)</sup>	Carrying value	Estimated fair value <sup>(1)</sup>
Long-term debt	\$ 1,194,000	\$ 1,223,290	\$ 1,197,000	\$ 1,188,985

(1) The estimated fair value of our 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**

In February 2016, the FASB established Topic 842, *Leases*, by issuing ASU No. 2016-02, *Leases*, in February 2016. Topic 842 was subsequently amended by ASU No. 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU No. 2018-10, *Codification Improvements to Topic 842, Leases*; and ASU No. 2018-11, *Targeted Improvements*. This guidance is intended to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The new guidance requires lessees to recognize the assets and liabilities on the balance sheet for the rights and obligations created by leases with lease terms of more than 12 months, amends various other aspects of accounting for leases by lessees and lessors, and requires enhanced disclosures. Leases will be

**Planet Fitness, Inc. and subsidiaries**  
**Notes to Condensed Consolidated financial statements**  
**(Unaudited)**  
**(Amounts in thousands, except share and per share amounts)**

classified as finance or operating, with the classification affecting the pattern and classification of expense recognition within the income statement.

The Company adopted the new standard on January 1, 2019 and used the effective date as our date of initial application. Consequently, financial information has not been updated and the disclosures required under the new standard are not provided for dates and periods before January 1, 2019. The new guidance also provides several practical expedients and policies that companies may elect upon transition. The Company has elected the package of practical expedients under which it did not reassess the classification of its existing leases, reevaluate whether any expired or existing contracts are or contain leases or reassess initial direct costs under the new guidance. The Company did not elect the practical expedient pertaining to land easements, as it is not applicable to its leases. Additionally, the Company elected to use the practical expedient that permits a reassessment of lease terms for existing leases using hindsight.

The new standard also provides practical expedients for an entity's ongoing accounting. The Company elected the short-term lease recognition exemption. This means, for those leases that qualify, the Company will not recognize right-of-use ("ROU") assets or lease liabilities, and this includes not recognizing ROU assets or lease liabilities for existing short-term leases of those assets in transition. The Company also elected the practical expedient to not separate lease and non-lease components.

Upon transition to the new guidance on January 1, 2019, the Company recognized approximately \$130,000 of operating lease liabilities. Additionally, the Company recorded ROU assets in a corresponding amount, net of amounts reclassified from other assets and liabilities, including deferred rent, tenant improvement allowances, and favorable lease assets, as specified by the new lease guidance. In connection with the election of the hindsight practical expedient related to reassessing lease terms for existing leases as of January 1, 2019, the Company recorded a cumulative transition adjustment of \$1,713 through retained earnings, net of tax.

The FASB issued ASU No. 2017-4, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, in January 2017. This guidance eliminates the requirement to calculate the implied fair value, essentially eliminating step two from the goodwill impairment test. The new standard requires goodwill impairment to be based upon the results of step one of the impairment test, which is defined as the excess of the carrying value of a reporting unit over its fair value. The impairment charge will be limited to the amount of goodwill allocated to that reporting unit. This guidance will be effective for fiscal years beginning after December 15, 2019, including interim periods within that year. This new guidance is not expected to have a material impact on the Company's consolidated financial statements.

The FASB issued ASU No. 2018-15, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, in August 2018. The guidance helps align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). This guidance will be effective for fiscal years beginning after December 15, 2019, including interim periods within that year, but allows for early adoption. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

**(3) Variable Interest Entities**

The carrying values of VIEs included in the consolidated financial statements as of March 31, 2019 and December 31, 2018 are as follows:

	March 31, 2019		December 31, 2018	
	Assets	Liabilities	Assets	Liabilities
PF Melville	\$ 2,802	\$ —	\$ 4,787	\$ —
MMR	2,287	—	3,563	—
Total	\$ 5,089	\$ —	\$ 8,350	\$ —

The Company also has variable interests in certain franchisees mainly through the guarantee of lease agreements. The Company's maximum obligation, as a result of its guarantees of leases, is approximately \$5,847 and \$732 as of March 31, 2019 and December 31, 2018, respectively. In 2019, in connection with a real estate partnership, the Company began guaranteeing certain leases of its franchisees up to a maximum period of ten years with earlier expiration dates possible if certain conditions are met.

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The amount of the Company's maximum obligation represents a loss that the Company could incur from the variability in credit exposure without consideration of possible recoveries through insurance or other means. In addition, the amount bears no relation to the ultimate settlement anticipated to be incurred from the Company's involvement with these entities, which is estimated at \$0 .

#### **(4) Acquisition**

##### **Colorado Acquisition**

On August 10, 2018, the Company purchased from one of its franchisees certain assets associated with four franchisee-owned stores in Colorado for a cash payment of \$17,249 . As a result of the transaction, the Company incurred a loss on unfavorable reacquired franchise rights of \$10 , which has been reflected in other operating costs in the statement of operations. The loss incurred reduced the net purchase price to \$17,239 . The Company financed the purchase through cash on hand. The acquired stores are included in the Corporate-owned stores segment.

The preliminary purchase consideration was allocated as follows:

	<b>Amount</b>
Fixed assets	3,873
Reacquired franchise rights	4,610
Customer relationships	140
Favorable leases, net	80
Other assets	143
Goodwill	8,476
Liabilities assumed, including deferred revenues	(83)
	<u>17,239</u>

The goodwill created through the purchase is attributable to the assumed future value of the cash flows from the stores acquired. The goodwill is amortizable and deductible for tax purposes over 15 years.

The acquisition was not material to the results of operations of the Company.

##### **Long Island Acquisition**

On January 1, 2018, the Company purchased from one of its franchisees certain assets associated with six franchisee-owned stores in New York for a cash payment of \$28,503 . As a result of the transaction, the Company incurred a loss on unfavorable reacquired franchise rights of \$350 , which has been reflected in other operating costs in the statement of operations. The loss incurred reduced the net purchase price to \$28,153 . The Company financed the purchase through cash on hand. The acquired stores are included in the Corporate-owned stores segment.

The purchase consideration was allocated as follows:

	<b>Amount</b>
Fixed assets	\$ 4,672
Reacquired franchise rights	7,640
Customer relationships	1,150
Favorable leases, net	520
Reacquired area development rights	150
Other assets	275
Goodwill	14,056
Liabilities assumed, including deferred revenues	(310)
	<u>\$ 28,153</u>

The goodwill created through the purchase is attributable to the assumed future value of the cash flows from the stores acquired. The goodwill is amortizable and deductible for tax purposes over 15 years.

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The acquisition was not material to the results of operations of the Company.

**(5) Goodwill and Intangible Assets**

A summary of goodwill and intangible assets at March 31, 2019 and December 31, 2018 is as follows:

<b>March 31, 2019</b>	<b>Weighted average amortization period (years)</b>	<b>Gross carrying amount</b>	<b>Accumulated amortization</b>	<b>Net carrying Amount</b>
Customer relationships	11.0	\$ 173,063	(102,647)	\$ 70,416
Noncompete agreements	5.0	14,500	(14,500)	—
Order backlog	0.4	3,400	(3,400)	—
Reacquired franchise rights	7.0	21,350	(9,403)	11,947
		<u>212,313</u>	<u>(129,950)</u>	<u>82,363</u>
Indefinite-lived intangible:				
Trade and brand names	N/A	146,300	—	146,300
Total intangible assets		<u>\$ 358,613</u>	<u>\$ (129,950)</u>	<u>\$ 228,663</u>
Goodwill		<u>\$ 199,513</u>	<u>\$ —</u>	<u>\$ 199,513</u>

<b>December 31, 2018</b>	<b>Weighted average amortization period (years)</b>	<b>Gross carrying amount</b>	<b>Accumulated amortization</b>	<b>Net carrying Amount</b>
Customer relationships	11.0	\$ 173,063	\$ (99,439)	\$ 73,624
Noncompete agreements	5.0	14,500	(14,500)	—
Favorable leases	8.0	4,017	(2,345)	1,672
Order backlog	0.4	3,400	(3,400)	—
Reacquired franchise rights	7.0	21,349	(8,615)	12,734
		<u>216,329</u>	<u>(128,299)</u>	<u>88,030</u>
Indefinite-lived intangible:				
Trade and brand names	N/A	146,300	—	146,300
Total intangible assets		<u>\$ 362,629</u>	<u>\$ (128,299)</u>	<u>\$ 234,330</u>
Goodwill		<u>\$ 199,513</u>	<u>\$ —</u>	<u>\$ 199,513</u>

In connection with the adoption of ASC 842, as of January 1, 2019, the Company has derecognized the favorable leases intangible asset, and the favorable leases balance is now included in the ROU asset, net balance (Note 16). The Company determined that no impairment charges were required during any periods presented and the increase to goodwill was due to the acquisition of six franchisee-owned stores on January 1, 2018, and the acquisition of four franchisee-owned stores on August 10, 2018 (Note 4).

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Amortization expense related to the intangible assets totaled \$4,005 and \$3,966 for the three months ended March 31, 2019 and 2018, respectively. Included within total amortization expense for the three months ended March 31, 2018 is \$93 related to amortization of favorable leases. Amortization of favorable leases is recorded within store operations as a component of rent expense in the consolidated statements of operations. The anticipated annual amortization expense related to intangible assets to be recognized in future years as of March 31, 2019 is as follows:

	Amount
Remainder of 2019	\$ 11,864
2020	14,052
2021	14,124
2022	14,317
2023	14,155
Thereafter	13,851
Total	\$ 82,363

**(6) Long-Term Debt**

Long-term debt as of March 31, 2019 and December 31, 2018 consists of the following:

	March 31, 2019	December 31, 2018
Class A-2-I notes	\$ 572,125	\$ 573,563
Class A-2-II notes	621,875	623,437
Total debt, excluding deferred financing costs	1,194,000	1,197,000
Deferred financing costs, net of accumulated amortization	(23,517)	(24,873)
Total debt	1,170,483	1,172,127
Current portion of long-term debt and line of credit	12,000	12,000
Long-term debt, net of current portion	\$ 1,158,483	\$ 1,160,127

Future annual principal payments of long-term debt as of March 31, 2019 are as follows:

	Amount
Remainder of 2019	\$ 9,000
2020	12,000
2021	12,000
2022	562,563
2023	6,250
Thereafter	592,187
Total	\$ 1,194,000

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 "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 "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 "Class A-2-II Notes" and, together with the Class A-2-I Notes, the "Class A-2 Notes") with an initial principal amount of \$625,000. In connection with the issuance of the Class A-2 Notes, the Master Issuer also entered into a revolving financing facility that allows for the issuance of up to \$75,000 in Series 2018-1 Variable Funding Senior Notes, Class A-1 (the "Variable Funding Notes" and together with the Class A-2 Notes, the "Series 2018-1 Senior Notes"), and certain letters of credit, all of which was undrawn as of both March 31, 2019 and December 31, 2018. The Series 2018-1 Senior Notes were issued in a securitization transaction 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,

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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 Series 2018-1 Senior Notes and that have pledged substantially all of their assets to secure the Series 2018-1 Senior Notes.

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

The Variable Funding Notes will accrue interest at a variable interest rate based on (i) the prime rate, (ii) overnight federal funds rates, (iii) the London interbank offered rate 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 Variable Funding Note agreement. There is a commitment fee on the unused portion of the Variable Funding Notes of 0.5% based on utilization. It is anticipated that the principal and interest on the Variable Funding Notes will be repaid in full on or prior to September 2023, subject to two additional one -year extensions. Following the anticipated repayment date (and any extensions thereof) additional interest will accrue on the Variable Funding Notes equal to 5.0% per year.

In connection with the issuance of the Series 2018-1 Senior Notes, the Company incurred debt issuance costs of \$ 27,133 . The debt issuance costs are being amortized to "Interest expense" through the Anticipated Repayment Dates of the Class A-2 Notes utilizing the effective interest rate method.

The Series 2018-1 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 Series 2018-1 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 Class A-2 Notes under certain circumstances, (iii) certain indemnification payments in the event, among other things, the assets pledged as collateral for the Series 2018-1 Senior Notes are in stated ways defective or ineffective, and (iv) covenants relating to recordkeeping, access to information and similar matters. The Series 2018-1 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, and the failure to repay or refinance the Class A-2 Notes on the applicable scheduled Anticipated Repayment Dates. The Series 2018-1 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 Series 2018-1 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 Company's Series 2018-1 Senior Notes. As of March 31, 2019 , the Company had restricted cash held by the Trustee of \$ 30,645 . 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.

The proceeds from the issuance of the Class A-2 Notes were used to repay all amounts outstanding on the Term Loan B under the Company's prior credit facility. As a result, the Company recorded a loss on early extinguishment of debt of \$ 4,570 in August 2018, primarily consisting of the write-off of deferred costs related to the prior credit facility. In connection with the repayment of the Term Loan B, the Company terminated the related interest rate caps with notional amounts totaling \$219,837 , which had been designated as a cash flow hedge. See Note 7 for more information on the interest rate caps.

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**(7) Derivative Instruments and Hedging Activities**

Prior to the refinancing transactions described in Note 6, the Company used interest-rate-related derivative instruments to manage its exposure related to changes in interest rates on its variable-rate debt instruments. The Company does not enter into derivative instruments for any purpose other than cash flow hedging. The Company does not speculate using derivative instruments.

In order to manage the market risk arising from the previously outstanding term loans, the Company entered into a series of interest rate caps. As of March 31, 2019, the Company had no interest rate cap agreements outstanding. In connection with the issuance of the Class A-2 Notes, the Company terminated the interest rate caps it had entered into in order to hedge interest expense on its previously outstanding term loans.

The company had no amounts related to interest rate caps recorded within other assets in the condensed consolidated balance sheets as of March 31, 2019 and December 31, 2018. The Company recorded an increase to the value of its interest rate caps of \$366, net of tax of \$125, within other comprehensive income (loss) during the three months ended March 31, 2018.

**(8) Related Party Transactions**

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

	For the three months ended March 31,	
	2019	2018
Franchise revenue	\$ 523	\$ 882
Equipment revenue	—	591
Total revenue from related parties	\$ 523	\$ 1,473

Additionally, the Company had deferred area development agreement revenue from related parties of \$325 and \$779 as of March 31, 2019 and December 31, 2018, respectively.

The Company had payables to related parties pursuant to tax benefit arrangements of \$54,676 and \$ 59,458, as of March 31, 2019 and December 31, 2018, respectively (see Note 11).

The Company provides administrative services to Planet Fitness NAF, LLC (“NAF”) and 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 \$674 and \$640 for the three months ended March 31, 2019 and 2018, respectively.

**(9) Stockholder’s 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 cancelled.

During the three months ended March 31, 2019, certain existing holders of Holdings Units exercised their exchange rights and exchanged 858,810 Holdings Units for 858,810 newly-issued shares of Class A common stock. Simultaneously, and in connection with these exchanges, 858,810 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 858,810 Holdings Units, increasing its total ownership interest in Pla-Fit Holdings.

As a result of the above transactions, as of March 31, 2019:

- Holders of our Class A common stock owned 84,462,761 shares of our Class A common stock, representing 90.8% of the voting power in the Company and, through the Company, 84,462,761 Holdings Units representing 90.8% of the economic interest in Pla-Fit Holdings; and

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- the Continuing LLC Owners collectively owned 8,588,920 Holdings Units, representing 9.2% of the economic interest in Pla-Fit Holdings, and 8,588,920 shares of our Class B common stock, representing 9.2% of the voting power in the Company.

***Share repurchase program***

On August 3, 2018, our board of directors approved an increase to the total amount of the previously approved share repurchase program to \$ 500,000 .

On November 13, 2018, the Company entered into a \$ 300,000 accelerated share repurchase agreement (the “ASR Agreement”) with Citibank, N.A. (“the Bank”). Pursuant to the terms of the ASR Agreement, on November 14, 2018, the Company paid the Bank \$ 300,000 upfront in cash and received 4,607,410 shares of the Company’s Class A common stock, which were retired, and the Company elected to record as a reduction to retained earnings of \$ 240,000 . The final number of shares to be repurchased will be determined based on the volume-weighted average stock price of our common stock during the term of the transaction, less a discount and subject to adjustments pursuant to the terms and conditions of the ASR Agreement, and will also be retired upon delivery to us. This had been evaluated as an unsettled forward contract indexed to our own stock, with \$ 60,000 classified as a reduction to retained earnings. Final settlement of the ASR Agreement occurred after the March 31, 2019 balance sheet date on April 30, 2019. At final settlement, the Bank delivered 524,124 shares of the Company’s Class A common stock.

The timing of the purchases and the amount of stock repurchased pursuant to its remaining share repurchase authorization is subject to the Company’s discretion and depends on 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 Series 2018-1 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. Planet Fitness is not obligated under the program to acquire any particular amount of stock and can suspend or terminate the program at any time.

**(10) 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.

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

	<b>Three months ended March 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Numerator</b>		
Net income	\$ 31,639	\$ 23,493
Less: net income attributable to non-controlling interests	4,230	3,613
Net income attributable to Planet Fitness, Inc.	\$ 27,409	\$ 19,880
<b>Denominator</b>		
Weighted-average shares of Class A common stock outstanding - basic	83,805,545	87,434,384
Effect of dilutive securities:		
Stock options	569,864	255,527
Restricted stock units	49,866	7,774
Weighted-average shares of Class A common stock outstanding - diluted	84,425,275	87,697,685
<b>Earnings per share of Class A common stock - basic</b>	<b>\$ 0.33</b>	<b>\$ 0.23</b>
<b>Earnings per share of Class A common stock - diluted</b>	<b>\$ 0.32</b>	<b>\$ 0.23</b>

Weighted average shares of Class B common stock of 9,238,948 and 10,953,521 for the three months ended March 31, 2019 and 2018 , respectively, were evaluated under the if-converted method for potential dilutive effects and were not determined to be dilutive. Weighted average stock options outstanding of 29,285 and 0 for the three months ended March 31, 2019 and 2018 , respectively, were evaluated under the treasury stock method for potential dilutive effects and were determined to be anti-dilutive.

**(11) 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 14.3% and 22.7% for the three months ended March 31, 2019 and 2018 , respectively. The effective tax rate for the three months ended March 31, 2019 differed from the U.S. federal statutory rate of 21% primarily due the recognition of a tax benefit from the remeasurement of the Company's net deferred tax assets, and income attributable to non-controlling interest, offset by state and local taxes. The effective tax rate for the three months ended March 31, 2018 differed from the U.S. federal statutory rate of 21% primarily due to state and local taxes, offset by income attributable to non-controlling interest. The Company was also subject to taxes in foreign jurisdictions. Undistributed earnings of foreign operations were not material for the three months ended March 31, 2019 and 2018 .

Net deferred tax assets of \$ 430,149 and \$ 412,538 as of March 31, 2019 and December 31, 2018 , 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. As of March 31, 2019 , the Company does not have any material net operating loss carryforwards.

As of March 31, 2019 and December 31, 2018 , the total liability related to uncertain tax positions was \$ 370 and \$ 300 , respectively. The Company recognizes interest accrued and penalties, if applicable, related to unrecognized tax benefits in income tax expense. Interest and penalties for the three months ended March 31, 2019 and 2018 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

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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.

During the three months ended March 31, 2019, 858,810 Holdings Units were exchanged by the TRA Holders 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 subject to the provisions of the tax receivable agreements. As a result of the change in Planet Fitness, Inc.'s ownership percentage of Pla-Fit Holdings that occurred in conjunction with the exchanges, we recorded a decrease to our net deferred tax assets of \$666 during the three months ended March 31, 2019. As a result of these exchanges, during the three months ended March 31, 2019, we also recognized deferred tax assets in the amount of \$19,766, and corresponding tax benefit arrangement liabilities of \$16,904, representing approximately 85% of the tax benefits due to the TRA Holders. The offset to the entries recorded in connection with exchanges was to equity.

As of March 31, 2019 and December 31, 2018, the Company had a liability of \$ 449,490 and \$ 429,233, respectively, related to its projected obligations under the tax benefit arrangements. Projected future payments under the tax benefit arrangements are as follows:

	Amount
Remainder of 2019	\$ 24,765
2020	26,284
2021	26,744
2022	27,276
2023	27,790
Thereafter	316,631
Total	<u>\$ 449,490</u>

### **(12) 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. The Company is not currently aware of any 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.

### **(13) 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, the Dominican Republic, Panama and Mexico, including revenues and expenses from the NAF beginning on January 1, 2018 (see Note 15). The Corporate-owned stores segment includes operations with respect to all Corporate-owned stores throughout the United States and Canada. The Equipment segment 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.

**Planet Fitness, Inc. and subsidiaries**  
**Notes to Condensed Consolidated financial statements**  
**(Unaudited)**  
**(Amounts in thousands, except share and per share amounts)**

The tables below summarize the financial information for the Company's reportable segments for the three months ended March 31, 2019 and 2018. 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 March 31,	
	2019	2018
Revenue		
Franchise segment revenue - U.S.	\$ 64,396	\$ 53,445
Franchise segment revenue - International	1,366	1,167
Franchise segment total	65,762	54,612
Corporate-owned stores - U.S.	36,949	31,573
Corporate-owned stores - International	1,095	1,135
Corporate-owned stores total	38,044	32,708
Equipment segment - U.S.	45,011	34,013
Equipment segment total	45,011	34,013
Total revenue	\$ 148,817	\$ 121,333

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

Franchise revenue includes revenue generated from placement services of \$2,765 and \$2,097 for the three months ended March 31, 2019 and 2018, respectively.

	Three months ended March 31,	
	2019	2018
Segment EBITDA		
Franchise	\$ 47,360	\$ 36,677
Corporate-owned stores	15,569	12,170
Equipment	10,407	7,469
Corporate and other	(13,562)	(8,741)
Total Segment EBITDA	\$ 59,774	\$ 47,575

The following table reconciles total Segment EBITDA to income before taxes:

	Three months ended March 31,	
	2019	2018
Total Segment EBITDA	\$ 59,774	\$ 47,575
Less:		
Depreciation and amortization	9,907	8,465
Other income (expense)	(3,318)	192
Income from operations	53,185	38,918
Interest income	1,798	37
Interest expense	(14,749)	(8,771)
Other income (expense)	(3,318)	192
Income before income taxes	\$ 36,916	\$ 30,376

**Planet Fitness, Inc. and subsidiaries**  
**Notes to Condensed Consolidated financial statements**  
**(Unaudited)**  
**(Amounts in thousands, except share and per share amounts)**

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

	March 31, 2019	December 31, 2018
Franchise	\$ 332,811	\$ 319,422
Corporate-owned stores	354,606	243,221
Equipment	201,705	210,462
Unallocated	620,470	580,311
<b>Total consolidated assets</b>	<b>\$ 1,509,592</b>	<b>\$ 1,353,416</b>

The table above includes \$1,823 and \$1,892 of long-lived assets located in the Company's corporate-owned stores in Canada as of March 31, 2019 and December 31, 2018, respectively. All other assets are located in the U.S.

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

	March 31, 2019	December 31, 2018
Franchise	\$ 16,938	\$ 16,938
Corporate-owned stores	89,909	89,909
Equipment	92,666	92,666
<b>Consolidated goodwill</b>	<b>\$ 199,513</b>	<b>\$ 199,513</b>

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

The following table shows changes in our corporate-owned and franchisee-owned stores for the three months ended March 31, 2019 and 2018 :

	For the three months ended March 31,	
	2019	2018
<b>Franchisee-owned stores:</b>		
Stores operated at beginning of period	1,666	1,456
New stores opened	65	47
Stores debranded, sold or consolidated <sup>(1)</sup>	(1)	(6)
<b>Stores operated at end of period</b>	<b>1,730</b>	<b>1,497</b>
<b>Corporate-owned stores:</b>		
Stores operated at beginning of period	76	62
Stores acquired from franchisees	—	6
<b>Stores operated at end of period</b>	<b>76</b>	<b>68</b>
<b>Total stores:</b>		
Stores operated at beginning of period	1,742	1,518
New stores opened	65	47
Stores acquired, debranded, sold or consolidated <sup>(1)</sup>	(1)	—
<b>Stores operated at end of period</b>	<b>1,806</b>	<b>1,565</b>

(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.

**Planet Fitness, Inc. and subsidiaries**  
**Notes to Condensed Consolidated financial statements**  
**(Unaudited)**  
**(Amounts in thousands, except share and per share amounts)**

**(15) Revenue recognition****Contract Liabilities**

Contract liabilities consist of deferred revenue resulting from initial and renewal franchise fees and 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. 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, 2018 and March 31, 2019 .

	Contract liabilities
Balance at December 31, 2018	\$ 49,862
Revenue recognized that was included in the contract liability at the beginning of the year	(11,678)
Increase, excluding amounts recognized as revenue during the period	15,388
Balance at March 31, 2019	\$ 53,572

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 March 31, 2019 . 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.

<b>Contract liabilities to be recognized in:</b>	Amount
Remainder of 2019	\$ 23,208
2020	5,026
2021	2,674
2022	2,559
2023	2,479
Thereafter	17,626
Total	\$ 53,572

**(16) Leases**

The Company leases space to operate corporate-owned stores, equipment, office, and warehouse space. Leases with an initial term of 12 months or less are not recorded on the balance sheet; we recognize lease expense for these leases on a straight-line basis over the lease term. For leases beginning in 2019 and later, we account for fixed lease and non-lease components together as a single, combined lease component. Variable lease costs, which may include common area maintenance, insurance, and taxes are not included in the lease liability and are expensed in the period incurred.

Our corporate-owned store leases generally have remaining terms of one to ten years , and typically include one or more renewal options, with renewal terms that can generally extend the lease term from three to ten years or more. The exercise of lease renewal options is at our sole discretion. The Company includes options to renew in the expected term when they are reasonably certain to be exercised. The depreciable life of assets and leasehold improvements are limited by the expected lease term.

Operating lease assets and liabilities are recognized at the lease commencement date. Operating lease liabilities represent the present value of lease payments not yet paid. Operating lease ROU assets represent our right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs and lease incentives. To determine the present value of lease payments not yet paid, we estimate incremental secured borrowing rates corresponding to the maturities of the leases based upon interpolated rates using our Class A-2 Notes.

The Company has certain non-real estate leases that are accounted for as finance leases under ASC 842, which is similar to the accounting for capital leases under the previous standard. These leases are immaterial, and therefore the Company has not included them in them in the tables below, except for their location on the consolidated balance sheet.

**Planet Fitness, Inc. and subsidiaries**  
**Notes to Condensed Consolidated financial statements**  
**(Unaudited)**  
**(Amounts in thousands, except share and per share amounts)**

Our leases typically contain rent escalations over the lease term. We recognize expense for these leases on a straight-line basis over the lease term. Additionally, tenant incentives used to fund leasehold improvements are recognized when earned and reduce our ROU asset related to the lease. These tenant incentives are amortized as reduction of rent expense over the lease term.

Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

For periods prior to January 1, 2019, the Company recognized rent expense related to leases on a straight-line basis over the term of the lease. The difference between rent expense and rent paid, if any, as a result of escalation provisions and lease incentives, such as tenant improvements provided by lessors, was recorded as deferred rent in the Company's consolidated balance sheets.

Leases	Classification	March 31, 2019
<b>Assets</b>		
Operating lease assets	Right of use asset, net	\$ 115,745
Finance lease assets	Property and equipment, net of accumulated depreciation	123
Total lease assets		<u>\$ 115,868</u>
<b>Liabilities</b>		
Current:		
Operating	Other current liabilities	\$ 12,519
Noncurrent:		
Operating	Lease liabilities, net of current portion	114,470
Financing	Other liabilities	121
Total lease liabilities		<u>\$ 127,110</u>
Weighted-average remaining lease term (years) - operating leases		8.5
Weighted-average discount rate - operating leases		5.0%

During the three months ended March 31, 2019, the components of lease cost were as follows:

	Amount
Operating lease cost	\$ 4,845
Variable lease cost	1,941
Total lease cost	<u>\$ 6,786</u>

The Company's costs related to short-term leases, those with a duration between one and 12 months, were immaterial.

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

	Three months ended March 31, 2019
Cash paid for lease liabilities	\$ 4,647
Operating assets obtained in exchange for operating lease liabilities	<u>—</u>

**Planet Fitness, Inc. and subsidiaries**  
**Notes to Condensed Consolidated financial statements**  
**(Unaudited)**  
**(Amounts in thousands, except share and per share amounts)**

As of March 31, 2019, maturities of lease liabilities were as follows:

	Amount
Remainder of 2019	\$ 13,944
2020	19,055
2021	19,488
2022	19,165
2023	18,008
Thereafter	67,802
Total lease payments	\$ 157,462
Less: imputed interest	30,352
Present value of lease liabilities	\$ 127,110

As of March 31, 2019, operating lease payments exclude approximately \$21,027 of legally binding minimum lease payments for leases signed by not yet commenced.

As of December 31, 2018, under the previous accounting guidance for leases, approximate annual future commitments under noncancelable operating leases were as follows:

	Amount
2019	\$ 15,911
2020	15,219
2021	13,454
2022	12,561
2023	11,133
Thereafter	45,324
Total	\$ 113,602

**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. 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 March 31, 2019, we had more than 13.6 million members and 1,806 stores in all 50 states, the District of Columbia, Puerto Rico, Canada, the Dominican Republic, Panama, and Mexico. Of our 1,806 stores, 1,730 are franchised and 76 are corporate-owned. As of March 31, 2019, 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, the Dominican Republic, Panama and Mexico, 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 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 months ended March 31, 2019 and 2018. “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.

(in thousands)	Three months ended March 31,	
	2019	2018
<b>Revenue</b>		
Franchise segment	\$ 65,762	\$ 54,612
Corporate-owned stores segment	38,044	32,708
Equipment segment	45,011	34,013
Total revenue	<u>\$ 148,817</u>	<u>\$ 121,333</u>
<b>Segment EBITDA</b>		
Franchise	\$ 47,360	\$ 36,677
Corporate-owned stores	15,569	12,170
Equipment	10,407	7,469
Corporate and other	(13,562)	(8,741)
Total Segment EBITDA <sup>(1)</sup>	<u>\$ 59,774</u>	<u>\$ 47,575</u>

(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.

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

(in thousands)	Franchise	Corporate-owned stores	Equipment	Corporate and other	Total
<b>Three months ended March 31, 2019</b>					
Income from operations	\$ 45,365	\$ 9,652	\$ 9,148	\$ (10,980)	\$ 53,185
Depreciation and amortization	1,996	5,713	1,259	939	9,907
Other income (expense)	(1)	204	—	(3,521)	(3,318)
Segment EBITDA <sup>(1)</sup>	<u>\$ 47,360</u>	<u>\$ 15,569</u>	<u>\$ 10,407</u>	<u>\$ (13,562)</u>	<u>\$ 59,774</u>
<b>Three months ended March 31, 2018</b>					
Income from operations	\$ 34,697	\$ 7,605	\$ 6,213	\$ (9,597)	\$ 38,918
Depreciation and amortization	1,992	4,777	1,256	440	8,465
Other income (expense)	(12)	(212)	—	416	192
Segment EBITDA <sup>(1)</sup>	<u>\$ 36,677</u>	<u>\$ 12,170</u>	<u>\$ 7,469</u>	<u>\$ (8,741)</u>	<u>\$ 47,575</u>

(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.

### 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 includes the number of new store openings, same store sales for both corporate-owned and franchisee-owned stores, 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.

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The following table shows the change in our corporate-owned and franchisee-owned store base for the three months ended March 31, 2019 and 2018 :

	Three months ended March 31,	
	2019	2018
<b>Franchisee-owned stores:</b>		
Stores operated at beginning of period	1,666	1,456
New stores opened	65	47
Stores debranded, sold or consolidated <sup>(1)</sup>	(1)	(6)
Stores operated at end of period	1,730	1,497
<b>Corporate-owned stores:</b>		
Stores operated at beginning of period	76	62
Stores acquired from franchisees	—	6
Stores operated at end of period	76	68
<b>Total stores:</b>		
Stores operated at beginning of period	1,742	1,518
New stores opened	65	47
Stores acquired, debranded, sold or consolidated <sup>(1)</sup>	(1)	—
Stores operated at end of period	1,806	1,565

- (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 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 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. 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 12 th month after the acquisition or sale. These stores remain in the system-wide same store sales base in all periods.

The following table shows our same store sales for the three months ended March 31, 2019 and 2018 :

	Three months ended March 31,	
	2019	2018
<b>Same store sales data</b>		
Same store sales growth:		
Franchisee-owned stores	10.3%	11.4%
Corporate-owned stores	8.0%	5.0%
Total stores	10.2%	11.1%
Number of stores in same store sales base:		
Franchisee-owned stores	1,476	1,285
Corporate-owned stores	68	58
Total stores	1,548	1,349

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

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 17<sup>th</sup> 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 \$798 million and \$670 million, during the three months ended March 31, 2019 and 2018, 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. Four-wall EBITDA is an assessment of store-level profitability for stores included in the same-store-sales base, which adjusts for certain administrative and other items that we do not consider in our evaluation of individual store-level performance.

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A reconciliation of net income to EBITDA and Adjusted EBITDA is set forth below for the three months ended March 31, 2019 and 2018 :

	Three months ended March 31,	
	2019	2018
<b>(in thousands)</b>		
Net income	\$ 31,639	\$ 23,493
Interest income	(1,798)	(37)
Interest expense	14,749	8,771
Provision for income taxes	5,277	6,883
Depreciation and amortization	9,907	8,465
EBITDA	\$ 59,774	\$ 47,575
Purchase accounting adjustments-revenue <sup>(1)</sup>	74	443
Purchase accounting adjustments-rent <sup>(2)</sup>	123	182
Loss on reacquired franchise rights <sup>(3)</sup>	—	350
Pre-opening costs <sup>(4)</sup>	1	21
Tax benefit arrangement remeasurement <sup>(5)</sup>	3,373	(396)
Other <sup>(6)</sup>	14	597
Adjusted EBITDA	\$ 63,359	\$ 48,772

- (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 ADA fees, deferred franchise fees, and deferred enrollment fees that the Company billed and collected upfront 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 \$44 and \$90 in the three months ended March 31, 2019 and 2018 , 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 \$79 and \$92 in the three months ended March 31, 2019 and 2018 , respectively, are due to the amortization of favorable and unfavorable lease intangible assets. 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.
- (3) Represents the impact of a non-cash loss recorded in accordance with ASC 805 - Business Combinations related to our acquisition of six franchisee-owned stores on January 1, 2018. The loss recorded under GAAP represents the difference between the fair value of the reacquired franchise rights and the contractual terms of the reacquired franchise rights and is included in other (gain) loss on our consolidated statements of operations.
- (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) Represents gains and losses related to the adjustment of our tax benefit arrangements primarily due to changes in our effective tax rate.
- (6) Represents certain other charges and gains that we do not believe reflect our underlying business performance. In the three months ended March 31, 2018 , this amount includes expense of \$590 related to the write off of certain assets that were being tested for potential use across the system.

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

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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.

(in thousands, except per share amounts)	Three months ended March 31,	
	2019	2018
Net income	\$ 31,639	\$ 23,493
Provision for income taxes, as reported	5,277	6,883
Purchase accounting adjustments-revenue <sup>(1)</sup>	74	443
Purchase accounting adjustments-rent <sup>(2)</sup>	123	182
Loss on reacquired franchise rights <sup>(3)</sup>	—	350
Pre-opening costs <sup>(4)</sup>	1	21
Tax benefit arrangement remeasurement <sup>(5)</sup>	3,373	(396)
Other <sup>(6)</sup>	14	597
Purchase accounting amortization <sup>(7)</sup>	3,999	3,921
Adjusted income before income taxes	\$ 44,500	\$ 35,494
Adjusted income taxes <sup>(8)</sup>	11,837	9,335
Adjusted net income	\$ 32,663	\$ 26,159
Adjusted net income per share, diluted	\$ 0.35	\$ 0.27
Adjusted weighted-average shares outstanding <sup>(9)</sup>	93,664	98,651

- (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 ADA fees, deferred franchise fees, and deferred enrollment fees that the Company billed and collected upfront 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 \$44 and \$90 in the three months ended March 31, 2019 and 2018 , 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 \$79 and \$92 for the three months ended March 31, 2019 and 2018 , respectively, are due to the amortization of favorable and unfavorable lease intangible assets. 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.
- (3) Represents the impact of a non-cash loss recorded in accordance with ASC 805 - Business Combinations related to our acquisition of six franchisee-owned stores on January 1, 2018. The loss recorded under GAAP represents the difference between the fair value of the reacquired franchise rights and the contractual terms of the reacquired franchise rights and is included in other (gain) loss on our consolidated statements of operations.
- (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) Represents gains and losses related to the adjustment of our tax benefit arrangements primarily due to changes in our effective tax rate.

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- (6) Represents certain other charges and gains that we do not believe reflect our underlying business performance. In the three months ended March 31, 2018, this amount includes expense of \$590 related to the write off of certain assets that were being tested for potential use across the system.
- (7) Includes \$3,096 and \$3,096 of amortization of intangible assets, other than favorable leases, for the three months ended March 31, 2019 and 2018, respectively, recorded in connection with the 2012 Acquisition, and \$903 and \$825 of amortization of intangible assets for the three months ended March 31, 2019 and 2018, respectively, recorded in connection with prior 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.
- (8) Represents corporate income taxes at an assumed effective tax rate of 26.6% and 26.3% for the three months ended March 31, 2019 and 2018, respectively, applied to adjusted income before income taxes.
- (9) 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 three months ended March 31, 2019 and 2018 :

(in thousands, except per share amounts)	For the three months ended March 31, 2019			For the three months ended March 31, 2018		
	Net income	Weighted Average Shares	Net income per share, diluted	Net income	Weighted Average Shares	Net income per share, diluted
Net income attributable to Planet Fitness, Inc. <sup>(1)</sup>	\$ 27,409	84,425	\$ 0.32	\$ 19,880	87,698	\$ 0.23
Assumed exchange of shares <sup>(2)</sup>	4,230	9,239		3,613	10,953	
Net Income	31,639			23,493		
Adjustments to arrive at adjusted income before income taxes <sup>(3)</sup>	12,861			12,001		
Adjusted income before income taxes	44,500			35,494		
Adjusted income taxes <sup>(4)</sup>	11,837			9,335		
Adjusted Net Income	<u>\$ 32,663</u>	93,664	\$ 0.35	<u>\$ 26,159</u>	98,651	\$ 0.27

- (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 effective tax rate of 26.6% and 26.3% for the three months ended March 31, 2019 and 2018, respectively, applied to adjusted income before income taxes.

**Results of operations**

The following table sets forth our condensed consolidated statements of operations as a percentage of total revenue for the three months ended March 31, 2019 and 2018 :

	Three months ended March 31,	
	2019	2018
<b>Revenue:</b>		
Franchise revenue	35.6 %	34.8 %
Commission income	0.7 %	1.6 %
National advertising fund revenue	7.9 %	8.6 %
Franchise segment	44.2 %	45.0 %
Corporate-owned stores	25.6 %	27.0 %
Equipment	30.2 %	28.0 %
Total revenue	100.0 %	100.0 %
<b>Operating costs and expenses:</b>		
Cost of revenue	23.2 %	21.8 %
Store operations	14.0 %	15.1 %
Selling, general and administrative	12.2 %	14.5 %
National advertising fund expense	7.9 %	8.6 %
Depreciation and amortization	6.7 %	7.0 %
Other loss	0.2 %	0.8 %
Total operating costs and expenses	64.2 %	67.8 %
Income from operations	35.8 %	32.2 %
<b>Other income (expense), net:</b>		
Interest income	1.2 %	— %
Interest expense	(9.9)%	(7.2)%
Other income (expense)	(2.2)%	0.2 %
Total other expense, net	(10.9)%	(7.0)%
Income before income taxes	24.9 %	25.2 %
Provision for income taxes	3.5 %	5.7 %
Net income	21.4 %	19.5 %
Less net income attributable to non-controlling interests	2.8 %	3.0 %
Net income attributable to Planet Fitness, Inc.	18.6 %	16.5 %

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The following table sets forth a comparison of our condensed consolidated statements of operations for the three months ended March 31, 2019 and 2018 :

(in thousands)	Three months ended March 31,	
	2019	2018
<b>Revenue:</b>		
Franchise revenue	\$ 52,956	\$ 42,162
Commission income	994	1,989
National advertising fund revenue	11,812	10,461
Franchise segment	65,762	54,612
Corporate-owned stores	38,044	32,708
Equipment	45,011	34,013
Total revenue	148,817	121,333
<b>Operating costs and expenses:</b>		
Cost of revenue	34,486	26,500
Store operations	20,905	18,356
Selling, general and administrative	18,154	17,623
National advertising fund expense	11,812	10,461
Depreciation and amortization	9,907	8,465
Other loss	368	1,010
Total operating costs and expenses	95,632	82,415
Income from operations	53,185	38,918
<b>Other income (expense), net:</b>		
Interest income	1,798	37
Interest expense	(14,749)	(8,771)
Other income (expense)	(3,318)	192
Total other expense, net	(16,269)	(8,542)
Income before income taxes	36,916	30,376
Provision for income taxes	5,277	6,883
Net income	31,639	23,493
Less net income attributable to non-controlling interests	4,230	3,613
Net income attributable to Planet Fitness, Inc.	\$ 27,409	\$ 19,880

**Comparison of the three months ended March 31, 2019 and three months ended March 31, 2018**

*Revenue*

Total revenues were \$ 148.8 million in the three months ended March 31, 2019 , compared to \$ 121.3 million in the three months ended March 31, 2018 , an increase of \$ 27.5 million, or 22.7% .

Franchise segment revenue was \$ 65.8 million in the three months ended March 31, 2019 , compared to \$ 54.6 million in the three months ended March 31, 2018 , an increase of \$ 11.2 million, or 20.4% .

Franchise revenue was \$ 53.0 million in the three months ended March 31, 2019 compared to \$ 42.2 million in the three months ended March 31, 2018 , an increase of \$ 10.8 million or 25.6% . Included in franchise revenue is royalty revenue of \$ 44.7 million, franchise and other fees of \$ 5.4 million, and placement revenue of \$ 2.8 million for the three months ended March 31, 2019 , compared to royalty revenue of \$ 34.4 million, franchise and other fees of \$ 5.7 million, and placement revenue of \$ 2.1 million for the three months ended March 31, 2018 . The \$ 10.3 million increase in royalty revenue was primarily driven by a \$ 4.0 million increase attributable to a same store sales increase of 10.3% in franchisee-owned stores and \$ 3.0 million was attributable to royalties from new stores in 2019 , as well as stores that opened in 2018 that were not included in the same store sales base. Additionally, \$ 2.3 million was due to higher royalty rates on monthly dues and \$ 1.1 million due to higher royalties on annual fees, primarily as a result of the franchise agreements that were amended to increase royalty rates by 1.59%, offset by a corresponding decrease in franchise and other fees as well as reduced commission income (the "Rebate to Royalty Amendment").

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Commission income, which is included in our franchise segment, was \$ 1.0 million in the three months ended March 31, 2019 compared to \$ 2.0 million in the three months ended March 31, 2018 . The \$ 1.0 million decrease was primarily attributable to the Rebate to Royalty Amendment mentioned above.

National advertising fund revenue was \$ 11.8 million in the three months ended March 31, 2019 , compared to \$ 10.5 million in the three months ended March 31, 2018 , as a result of the higher store count and same store sales growth. This revenue is offset by national advertising fund expenses below.

Revenue from our corporate-owned stores segment was \$ 38.0 million in the three months ended March 31, 2019 , compared to \$ 32.7 million in the three months ended March 31, 2018 , an increase of \$ 5.3 million, or 16.3% . The increase was due to higher revenue of \$ 2.4 million from new corporate-owned stores opened or acquired since January 1, 2018, higher same store sales from corporate-owned stores which increased 8.0% in the three months ended March 31, 2019 and contributed incremental revenues of \$ 2.0 million, and higher annual fee revenue of \$ 0.9 million.

Equipment segment revenue was \$ 45.0 million in the three months ended March 31, 2019 , compared to \$ 34.0 million in the three months ended March 31, 2018 , an increase of \$ 11.0 million, or 32.3% . The increase was driven by higher equipment sales to new franchisee-owned stores related to 15 additional new equipment sales in the three months ended March 31, 2019 , as compared to the three months ended March 31, 2018 , as well as an increase in replacement equipment sales to existing franchisee-owned stores in the three months ended March 31, 2019 compared to the three months ended March 31, 2018 .

### *Cost of revenue*

Cost of revenue was \$ 34.5 million in the three months ended March 31, 2019 compared to \$ 26.5 million in the three months ended March 31, 2018 , an increase of \$ 8.0 million, or 30.1% . Cost of revenue, which relates to our equipment segment, increase d due to 15 additional equipment sales to new franchisee-owned stores, in addition to an increase in replacement equipment sales to existing franchisee-owned stores in the three months ended March 31, 2019 , as compared to the three months ended March 31, 2018 .

### *Store operations*

Store operation expenses, which relate to our corporate-owned stores segment, were \$ 20.9 million in the three months ended March 31, 2019 compared to \$ 18.4 million in the three months ended March 31, 2018 , an increase of \$ 2.5 million, or 13.9% . The increase was primarily attributable to the acquisition of four franchisee-owned stores on August 10, 2018, and the opening of four new corporate-owned stores since January 1, 2018.

### *Selling, general and administrative*

Selling, general and administrative expenses were \$ 18.2 million in the three months ended March 31, 2019 compared to \$ 17.6 million in the three months ended March 31, 2018 , an increase of \$ 0.5 million, or 3.0% . The \$ 0.5 million increase was primarily due to additional expenses incurred during the three months ended March 31, 2019 to support our growing operations, including additional headcount, higher variable and equity-based compensation, partially offset by lower costs associated with our franchisee conference held in the first quarter of 2018 and which we hold every approximately 18 months. With respect to our growing operations, we anticipate that our selling, general and administrative expenses will continue to increase as our franchisee-owned store count continues to grow.

### *National advertising fund expense*

National advertising fund expense was \$ 11.8 million in the three months ended March 31, 2019 compared to \$ 10.5 million in the three months ended March 31, 2018 , as a result of the higher store count and same store sales growth. This expense is offset by national advertising fund revenue as described above.

### *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 \$ 9.9 million in the three months ended March 31, 2019 compared to \$ 8.5 million in the three months ended March 31, 2018 , an increase of \$ 1.4 million, or 17.0% . The increase was primarily attributable to the acquisition and opening of corporate-owned stores since January 1, 2018 as well as higher depreciation expense related to certain information technology capital investments.

### *Other loss*

Other loss was \$ 0.4 million in the three months ended March 31, 2019 compared to \$ 1.0 million in the three months ended March 31, 2018 . Included in other loss in the three months ended March 31, 2018 was the write off of \$0.6 million of certain assets that were being tested for potential use across the system.

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### *Interest income*

Interest income was \$1.8 million in the three months ended March 31, 2019, compared to \$0 in the three months ended March 31, 2018. The increase was due to the increase in the cash and restricted cash balances on our condensed consolidated balance sheets.

### *Interest expense*

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

Interest expense was \$14.7 million in the three months ended March 31, 2019 compared to \$8.8 million in the three months ended March 31, 2018. The increase in interest expense is due to higher interest expense related to the issuance of \$1.2 billion of Class A-2 Notes.

### *Other income (expense)*

Other expense was \$3.3 million in the three months ended March 31, 2019 compared to income of \$0.2 million in the three months ended March 31, 2018, a decrease of \$3.5 million. The \$3.3 million of expense in the three months ended March 31, 2019, was primarily due to the remeasurement of our tax benefit arrangements due to changes in our effective tax rate.

### *Provision for income taxes*

Income tax expense was \$5.3 million in the three months ended March 31, 2019, compared to \$6.9 million in the three months ended March 31, 2018, a decrease of \$1.6 million. The decrease in the provision for income taxes was primarily attributable to a \$3.8 million deferred tax benefit from the remeasurement of our net deferred tax assets in the three months ended March 31, 2019.

## **Segment results**

### *Franchise*

Segment EBITDA for the franchise segment was \$47.4 million in the three months ended March 31, 2019 compared to \$36.7 million in the three months ended March 31, 2018, an increase of \$10.7 million, or 29.1%. This increase was primarily the result of growth in our franchise segment revenue of \$4.0 million attributable to a same store sales increase of 10.3% in franchisee-owned stores and \$3.0 million was attributable to royalties from new stores in 2019, as well as stores that opened in 2018 that were not included in the same store sales base. Additionally, as a result of the Rebate to Royalty Amendment, \$2.3 million was due to higher royalty rates on monthly dues and \$1.1 million was due to higher royalties on annual fees. Also contributing to the increase in segment EBITDA was \$0.9 million of lower franchise segment selling general and administrative expense associated with the timing of our franchisee conference and \$0.7 million of higher equipment placement revenue. The increase in EBITDA was partially offset by \$1.0 million of lower commission income in connection with the Rebate to Royalty Amendment. Depreciation and amortization was \$2.0 million and \$2.0 million for the three months ended March 31, 2019 and 2018, respectively.

### *Corporate-owned stores*

Segment EBITDA for the corporate-owned stores segment was \$15.6 million in the three months ended March 31, 2019 compared to \$12.2 million in the three months ended March 31, 2018, an increase of \$3.4 million, or 27.9%. Of this increase, \$2.2 million was from stores included in our same store sales base in the three months ended March 31, 2019, compared to the three months ended March 31, 2018. An additional \$0.3 million increase was attributable to the stores acquired and opened since January 1, 2018. Also contributing to the higher EBITDA in the three months ended March 31, 2019 was write off of \$0.6 million of certain assets that were being tested for potential use across the system during the three months ended March 31, 2018. Depreciation and amortization was \$5.7 million and \$4.8 million for the three months ended March 31, 2019 and 2018, respectively. The increase in depreciation and amortization was primarily attributable to the stores acquired and opened since January 1, 2018.

### *Equipment*

Segment EBITDA for the equipment segment was \$10.4 million in the three months ended March 31, 2019 compared to \$7.5 million in the three months ended March 31, 2018, an increase of \$2.9 million, or 39.3%, primarily driven by 15 additional equipment sales to new franchisee-owned stores in the three months ended March 31, 2019 compared to the three months ended March 31, 2018, in addition to an increase in replacement equipment sales to existing franchisee-owned stores in the three months ended March 31, 2019 compared to the three months ended March 31, 2018. Depreciation and amortization was \$1.3 million and \$1.3 million for the three months ended March 31, 2019 and 2018, respectively.

**Liquidity and capital resources**

As of March 31, 2019 , we had \$ 336.0 million of cash and cash equivalents. In addition, as of March 31, 2019 , we had borrowing capacity of \$75.0 million under our Variable Funding Note.

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 and anticipated growth, we believe that with the available cash balance, the cash generated from our operations, and amounts available under our Variable Funding Note 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 no growth in sales or profits. 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 and elsewhere in this Quarterly Report on Form 10-Q. There can be no assurance, however, that our business will generate sufficient cash flows from operations or that future borrowings will be available under our Variable Funding Note or otherwise to enable us to service our indebtedness, including our Class A-2 Notes, or to make anticipated capital expenditures. Our future operating performance and our ability to service, extend or refinance the senior secured credit facility will be subject to future economic conditions and to financial, business and other factors, many of which are beyond our control.

The following table presents summary cash flow information for the three months ended March 31, 2019 and 2018 :

( in thousands )	Three months ended March 31,	
	2019	2018
Net cash (used in) provided by:		
Operating activities	\$ 57,934	\$ 48,134
Investing activities	(7,450)	(30,499)
Financing activities	(4,267)	(3,319)
Effect of foreign exchange rates on cash	250	(250)
Net increase in cash	\$ 46,467	\$ 14,066

**Operating activities**

For the three months ended March 31, 2019 , net cash provided by operating activities was \$ 57.9 million compared to \$ 48.1 million in the three months ended March 31, 2018 , an increase of \$ 9.8 million. Of the increase , \$ 10.8 million was due to higher net income after adjustments to reconcile net income to net cash provided by operating activities, and \$ 1.0 million was due to lower cash used for working capital in the three months ended March 31, 2019 as compared to the three months ended March 31, 2018 .

**Investing activities**

For the three months ended March 31, 2019 and 2018 , cash flow used in investing activities related to the following capital expenditures:

( in thousands )	Three months ended March 31,	
	2019	2018
New corporate-owned stores and corporate-owned stores not yet opened	\$ 883	\$ —
Existing corporate-owned stores	2,613	1,604
Information systems	3,936	337
Corporate and all other	39	95
Total capital expenditures	\$ 7,471	\$ 2,036

For the three months ended March 31, 2019 , net cash used in investing activities was \$7.5 million compared to \$30.5 million in the three months ended March 31, 2018 , a decrease of \$23.0 million, and was primarily related to the acquisition of six franchisee-owned stores on January 1, 2018 for \$28.5 million, partially offset by \$ 5.4 million higher cash used for additions to property, plant and equipment.

### ***Financing activities***

For the three months ended March 31, 2019, net cash used in financing activities was \$4.3 million compared to cash used of \$3.3 million in the three months ended March 31, 2018, an increase of \$0.9 million. The increase was primarily due higher quarterly principal payments under the Company's securitized financing facility during the three months ended March 31, 2019 as compared to its Term Loan B financing facility during the three months ended March 31, 2018.

### **2018 Refinancing**

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 "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 "Class A-2-I Notes") with an initial principal amount of \$575 million and Series 2018-1 4.666% Fixed Rate Senior Secured Notes, Class A-2-II (the "Class A-2-II Notes" and, together with the Class A-2-I Notes, the "Class A-2 Notes") with an initial principal amount of \$625 million. In connection with the issuance of the Class A-2 Notes, the Master Issuer also entered into a revolving financing facility that allows for the issuance of up to \$75 million in Series 2018-1 Variable Funding Senior Notes, Class A-1 (the "Variable Funding Notes" and together with the Class A-2 Notes, the "Series 2018-1 Senior Notes"), and certain letters of credit, all of which is currently undrawn. The Series 2018-1 Senior Notes were issued in a securitization transaction 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 Series 2018-1 Senior Notes and that have pledged substantially all of their assets to secure the Series 2018-1 Senior Notes.

The legal final maturity date of the Class A-2 Notes is in August 2048, but it is anticipated that, unless earlier prepaid to the extent permitted under the Indenture, the Class A-2-I Notes will be repaid in August 2022 and the Class A-2-II Notes will be repaid in August 2025.

A portion of the proceeds of the Class A-2 Notes was used to repay the remaining \$705.9 million of principal outstanding on the then-existing senior secured credit facility. The additional proceeds, net of transaction costs, are being used for general corporate purposes, and may include a return of capital to the Company's shareholders. See Note 6 for further information related to the Company's refinancing.

### **Off-balance sheet arrangements**

As of March 31, 2019, our off-balance sheet arrangements consisted of certain guarantees. In a limited number of cases, we have guaranteed certain leases and debt agreements of entities related through common ownership. These guarantees relate to leases for operating space, equipment and other operating costs of franchises operated by the related entities. Our maximum total commitment under these agreements is approximately \$ 5.8 million and would only require payment upon default by the primary obligor. The estimated fair value of these guarantees at March 31, 2019 was not material, and no accrual has been recorded for our potential obligation under these arrangements. In 2019, in connection with a real estate partnership, the Company began guaranteeing certain leases of its franchisees up to a maximum period of ten years with earlier expiration dates possible if certain conditions are met.

### **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 Notes which are comprised of fixed interest rate notes and the Variable Funding Notes which allow for the issuance of up to \$75.0 million of 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 is exposed to interest rate increases on future borrowings under the Variable Funding Notes.

#### ***Foreign exchange risk***

We are exposed to fluctuations in exchange rates between the U.S. dollar and the Canadian dollar, which is the functional currency of our Canadian entities. Our sales, costs and expenses of our Canadian subsidiaries, when translated into U.S. dollars, can fluctuate

due to exchange rate movement. As of March 31, 2019 , a 10% increase or decrease in the exchange rate of the U.S. and Canadian dollar would increase or decrease net income by a negligible amount.

***Inflation risk***

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-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.

## **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 March 31, 2019, 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**

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.

**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.**

For a discussion of our potential risks and uncertainties, see the information under the heading "Risk Factors" in the Annual Report.

**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 March 31, 2019 .

Period	Issuer Purchases of Equity Securities			
	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs <sup>(1,2)</sup>	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs <sup>(1,2)</sup>
01/01/19 - 01/31/19	—	—	—	\$157,910,178
02/01/19 - 02/28/19	—	\$ —	—	\$157,910,178
03/01/19 - 03/31/19	—	\$ —	—	\$157,910,178
Total	—	\$ —	—	\$157,910,178

<sup>(1)</sup> On August 3, 2018, our board of directors approved an increase to the total amount of the previously announced share repurchase program from \$100,000,000 to \$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.

<sup>(2)</sup> On November 13, 2018, the Company entered into a \$300 million accelerated share repurchase ("ASR") agreement (the "ASR Agreement") with Citibank, N.A. (the "Bank"). Pursuant to the terms of the ASR Agreement, on November 14, 2018, the Company paid the Bank \$300 million in cash and received 4,607,410 shares of the Company's Class A common stock. At final settlement, the Bank may be required to deliver additional shares to the Company, or, under certain circumstances, the Company may be required to deliver shares of its Class A common stock or may elect to make a cash payment to the Bank, based generally on the average of the daily volume-weighted average prices of the Company's Class A common stock during the term of the ASR Agreement. The ASR Agreement contains provisions customary for agreements of this type, including provisions for adjustments to the transaction terms, the circumstances generally under which the ASR Agreement may be accelerated, extended or terminated early by the Bank and various acknowledgments, representations and warranties made by the parties to one another. Final settlement of the ASR Agreement occurred on April 30, 2019. At final settlement, the Bank delivered 524,124 shares of the Company's Class A common stock.

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.**

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None.

**ITEM 5. Other Information.**

None.

**ITEM 6. Exhibits**

Exhibit Number	Exhibit Description	Description of Exhibit Incorporated Herein by Reference			Exhibit Number	Filed Herewith
		Form	File No.	Filing Date		
10.1	<a href="#">Employment Agreement with Craig Miller.</a>					X
10.2	<a href="#">Employment Agreement with Roger Chacko.</a>					X
10.3	<a href="#">Form of Confidentiality, Inventions and Non-competition Agreement</a>					X
10.4	<a href="#">Form of Restricted Stock Unit and Performance Stock Unit Award Agreement</a>					X
31.1	<a href="#">Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>					X
31.2	<a href="#">Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>					X
32.1	<a href="#">Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>					X
32.2	<a href="#">Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>					X
101	Interactive Data Files pursuant to Rule 405 of regulation S-T (XBRL)					X

**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.

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(Registrant)

Date: May 8, 2019

/s/ Dorvin Lively

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Dorvin Lively

*President and Chief Financial Officer*

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

July 27, 2017

Craig Miller  
*Via Electronic Delivery*

Dear Craig,

We are delighted to offer you the opportunity to join the Planet Fitness Executive Team. This letter will confirm our offer of employment to you with Pla-Fit Franchise, LLC (the “Company”), under the terms and conditions that follow:

1. **Position and Duties.** Effective August 7, 2017 you will be employed by the Company, on a full-time basis, as the Chief Digital and Information Officer . You agree to perform the duties of your position and such other duties as may reasonably be assigned to you. You also agree to comply at all times with the Company’s policies, practices and procedures, including, but not limited to, the Planet Fitness Code of Ethics.

2. **Compensation and Benefits.** The Company will pay you a bi-weekly salary of \$13,461.54 (\$350,000 annualized) subject to applicable withholdings. Your salary shall be payable in accordance with the regular payroll practices of the Company and subject to adjustment from time to time by the Company in its discretion.

(a) **Bonus Compensation** . You are eligible to participate in the Planet Fitness Corporate Bonus Plan. You shall be eligible to earn an annual bonus, the amount of any such bonus to be determined by the Company in its sole discretion, initially set at 50% of your Base Salary. The final calculation of your bonus is based upon achievement of Company goals and an Individual Goal Plan for the performance period, prorated per active service within the plan year. In order to be eligible for a bonus payout, you must be employed by the Company on the date that the bonus is paid. The Company retains the right to modify its bonus plans at any time.

(b) **Long Term Incentive Award** . On your date of hire you will be granted an option to purchase a certain number of PLNT shares based upon a target fair value of approximately \$175,000 (50% of base pay amount) with the exercise price of such options to be determined by the closing share price on such date. This grant is governed by our 2015 Omnibus Incentive Plan and is subject to vesting of 25% annually over a period of four years beginning on your date of hire.

You are eligible to receive an annual long term incentive award, up to 50% of your annual base pay amount, beginning in 2018 in accordance with the terms of the 2015 Omnibus Incentive Plan subject to company guidelines, stock ownership requirements and Board approval. Annual grant awards are subject to vesting of 25% annually over a period of four years and are determined at

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the discretion of the Board of Directors. Under the terms of the plan, annual grant eligibility and award is subject to final review and approval by the Board of Directors.

(c) Relocation Assistance. The company will provide relocation expense assistance for your relocation to the Hampton, New Hampshire area up to a maximum reimbursement of \$65,000. Relocation assistance will be paid per documentation of relocation expenses and are subject to all terms and conditions of the Relocation Assistance Agreement provided herewith.

(d) Participation in Employee Benefit Plans. You will be entitled to participate in all employee benefit plans in effect from time to time for employees of the Company generally, except to the extent such plans are duplicative of benefits otherwise provided you under this Agreement. Your participation will be subject to the terms of the applicable plan documents and generally applicable Company policies.

(e) Paid Vacation Time. You are eligible for a vacation benefit of four (4) weeks of vacation time per calendar year, prorated per your date of hire and accrued on a bi-weekly basis. In addition, you are eligible for five floating holidays per calendar year. The company's Paid Time-Off Policy is available upon request.

(f) Business Expenses. The Company will reimburse you for all reasonable business related expenses incurred or paid by you in the performance of your duties and responsibilities for the Company, subject to policies established by the Company.

3. **Confidential Information and Restricted Activities**. Planet Fitness believes in the protection of confidential and proprietary information. Consequently, you will be required, as a condition of your employment with the Company, to sign the Company's standard Confidentiality, Non-Competition and Inventions Agreement, a copy of which is attached for your review and signature.

4. **At-Will Employment**. By signing below, you acknowledge that you will be employed by the Company on an at-will basis which means that both you and the Company will retain the right to terminate the employment relationship at any time, with or without notice or cause. This offer letter is not meant to constitute a contract of employment for a specific duration or term. Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at will" nature of your employment may only be changed in an express written agreement signed by you and a duly authorized officer of the Company.

5. **Termination of Employment - Severance Payments**. In the event of an involuntary termination of your employment, in addition to any Final Compensation, for a period of six (6) months following the date of such termination, the Company will pay you (i) your Base

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Salary plus (ii) an amount equal to the Company's monthly share of the premium payments for your participation in the group health insurance plans of the Company as of immediately prior to the date of termination (the "Severance Payments").

(a) Conditions to and Timing of Severance Payments. Any obligation of the Company to provide you the Severance Payments is conditioned, however, on your signing and returning to the Company a timely and effective separation agreement containing a release of claims and other customary terms in the form provided to you by the Company at the time your employment terminates (the "Separation Agreement"). The Separation Agreement must become effective, if at all, by the sixtieth (60<sup>th</sup>) calendar day following the date your employment terminates. Any Severance Payments to which you are entitled will be provided in the form of salary continuation, payable in accordance with the normal payroll practices of the Company. The first payment will be made on the next regularly scheduled payroll date that follows the expiration of sixty (60) days from the date your employment terminates; but that first payment shall be retroactive to the date immediately following the date your employment terminates.

(b) Benefits Termination. Except for any right you may have under the federal law known as "COBRA" to continued participation in the Company's group health and dental plans at your cost, your participation in all employee benefit plans shall terminate in accordance with the terms of the applicable benefit plans based on the date of termination of your employment, without regard to any payment of the Severance Payments or any other payment to you following termination and you shall not be eligible to earn vacation or other paid time off following the termination of your employment.

6. **Work Eligibility.** Your offer is contingent upon proof of eligibility to work legally in the United States. Furthermore, by signing this letter agreement, you confirm to the Company that you have no contractual commitments or other legal obligations that would prohibit you from performing your duties for Planet Fitness.

If the foregoing is acceptable to you, please sign this letter in the space provided and return it to Karen Ahern, VP of Human Resources by August 31, 2017. We look forward to having you as part of the Planet Fitness team! Welcome!

Sincerely yours,

PLA-FIT FRANCHISE, LLC

Accepted and Agreed:

By: /s/ Richard Moore  
Richard Moore  
Chief Administrative Officer  
General Counsel

Signature: /s/ Craig Miller  
Craig Miller  
Date: August 2, 2017

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By: /s/ Dorvin Lively  
Dorvin Lively  
President and Chief Financial Officer

July 31, 2018

Roger Chacko  
*Via Electronic Delivery*

Dear Roger,

We are delighted to offer you the opportunity to join the Planet Fitness Executive Team. This letter will confirm our offer of employment to you with Pla-Fit Franchise, LLC (the “Company”), under the terms and conditions that follow:

1. **Position and Duties.** Effective July 31, 2018 you will be employed by the Company, on a full-time basis, as the Chief Commercial Officer . You agree to perform the duties of your position and such other duties as may reasonably be assigned to you. You also agree to comply at all times with the Company’s policies, practices and procedures, including, but not limited to, the Planet Fitness Code of Ethics.

2. **Compensation and Benefits.** The Company will pay you a bi-weekly salary of \$19,230 (\$500,000 annualized) subject to applicable withholdings. Your salary shall be payable in accordance with the regular payroll practices of the Company and subject to adjustment from time to time by the Company in its discretion.

(a) **Bonus Compensation** . You are eligible to participate in the Planet Fitness Corporate Bonus Plan. You shall be eligible to earn an annual bonus, the amount of any such bonus to be determined by the Company in its sole discretion, initially set at 50% of your Base Salary. The final calculation of your bonus to be based upon achievement of Company goals for the performance period. The bonus calculation for the 2018 performance year will capture a service calculation for the entire plan year and will not be subject to proration. You must be employed by the Company on the date that the bonus is paid to receive the bonus payout. The Company retains the right to modify its bonus plans at any time.

(b) **Long Term Incentive Award – Initial Grant on Date of Hire.** On your date of hire you will be granted two distinct long term incentive awards as follows:

(i) An award based upon a target fair value of approximately \$500,000 (100% of base pay amount) comprised of 50% restricted stock units and 50% stock options with the restricted stock unit and exercise price of options to be determined by the closing share price on such date. This grant is governed by our 2015 Omnibus Incentive Plan and is subject to vesting of 25% annually over a period of four years beginning on your date of hire.

(ii) An award based upon a target fair value of approximately \$1,000,000 (200% of base pay amount) comprised of 50% restricted stock units and 50% stock

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options with the restricted stock unit and exercise price of options to be determined by the closing share price on such date. This grant is governed by our 2015 Omnibus Incentive Plan and is subject to vesting, in its entirety at 100%, upon the completion of three years of service commencing on your date of hire.

(iii) Within two days of the initial grants, you will receive official grant documentation for each of the four initial grants referenced herein:

- Restricted Stock Unit grant valued at \$250,000 to vest at a rate of 25% annually over a period of four years beginning on the date of hire.
- Stock Option grant valued at \$250,000 to vest at a rate of 25% annually over a period of four years beginning on the date of hire.
- Restricted Stock Unit grant valued at \$500,000 to vest at 100% upon completion of three years of service commencing on the date of hire.
- Stock Option grant valued at \$500,000 to vest at 100% upon completion of three years of service commencing on the date of hire.

(c) Long Term Incentive Award – Annual Award. You are eligible to receive an annual long term incentive award, up to 50% of your annual base pay amount, beginning in 2019 in accordance with the terms of the 2015 Omnibus Incentive Plan subject to company guidelines, stock ownership requirements and Board approval. Annual grant awards are subject to vesting of 25% annually over a period of four years and are determined at the discretion of the Board of Directors. Under the terms of the plan, annual grant eligibility and award is subject to final review and approval by the Board of Directors.

(d) Relocation Assistance. The company will provide relocation expense assistance for your relocation to the Hampton, New Hampshire area up to a maximum reimbursement of \$200,000. Relocation assistance payments are subject to all terms and conditions of the Relocation Assistance Agreement effective September 1, 2018 and provided herewith. Prior to the effective date of the Relocation Assistance Agreement of September 1, 2018, the company will reimburse you for all transitional housing and travel expenses incurred through August 31, 2018 via the normal business expense reimbursement program.

(e) Participation in Employee Benefit Plans. You will be entitled to participate in all employee benefit plans in effect from time to time for employees of the Company generally, except to the extent such plans are duplicative of benefits otherwise provided you under this Agreement. Your participation will be subject to the terms of the applicable plan documents and generally applicable Company policies.

(f) Paid Vacation Time. You are eligible for a vacation benefit of four (4) weeks of vacation time per calendar year, prorated per your date of hire and accrued on a bi-weekly basis. In addition, you are eligible for five floating holidays per calendar year. The company's Paid Time-Off Policy is available upon request.

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(g) Business Expenses. The Company will reimburse you for all reasonable business related expenses incurred or paid by you in the performance of your duties and responsibilities for the Company, subject to policies established by the Company.

3. **Confidential Information and Restricted Activities**. Planet Fitness believes in the protection of confidential and proprietary information. Consequently, you will be required, as a condition of your employment with the Company, to sign the Company's standard Confidentiality, Non-Competition and Inventions Agreement, a copy of which is attached for your review and signature.

4. **At-Will Employment**. By signing below, you acknowledge that you will be employed by the Company on an at-will basis which means that both you and the Company will retain the right to terminate the employment relationship at any time, with or without notice or cause. This offer letter is not meant to constitute a contract of employment for a specific duration or term. Although your job duties, title, compensation and benefits, as well as the Company's personnel policies and procedures, may change from time to time, the "at will" nature of your employment may only be changed in an express written agreement signed by you and a duly authorized officer of the Company.

5. **Termination of Employment - Severance Payments** . In the event of an involuntary termination of your employment, for a reason other than Cause, as defined herein, in addition to any Final Compensation, for a period of six (6) months following the date of such termination, the Company will pay you (i) your Base Salary plus (ii) an amount equal to the Company's monthly share of the premium payments for your participation in the group health insurance plans of the Company as of immediately prior to the date of termination (the "Severance Payments").

(a) Conditions to and Timing of Severance Payments . Any obligation of the Company to provide you the Severance Payments is conditioned, however, on your signing and returning to the Company a timely and effective separation agreement containing a release of claims and other customary terms in the form provided to you by the Company at the time your employment terminates (the "Separation Agreement"). The Separation Agreement must become effective, if at all, by the sixtieth (60<sup>th</sup>) calendar day following the date your employment terminates. Any Severance Payments to which you are entitled will be provided in the form of salary continuation, payable in accordance with the normal payroll practices of the Company. The first payment will be made on the next regularly scheduled payroll date that follows the expiration of sixty (60) days from the date your employment terminates; but that first payment shall be retroactive to the date immediately following the date your employment terminates.

(b) Termination for Cause . The following, as determined by the Company in its reasonable judgment, shall constitute "Cause" for purposes of this Agreement: (i) the

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Employee's substantial failure to perform (other than by reason of disability), or gross negligence in the performance of, his or her duties and responsibilities to the Company; (ii) the Employee's commission of a felony or other crime involving moral turpitude; or (iii) other conduct by the Employee that is or could be reasonably be expected to be harmful to the business interests or reputation of the Company.

(c) Benefits Termination. Except for any right you may have under the federal law known as "COBRA" to continued participation in the Company's group health and dental plans at your cost, your participation in all employee benefit plans shall terminate in accordance with the terms of the applicable benefit plans based on the date of termination of your employment, without regard to any payment of the Severance Payments or any other payment to you following termination and you shall not be eligible to earn vacation or other paid time off following the termination of your employment.

6. **Work Eligibility.** Your offer is contingent upon proof of eligibility to work legally in the United States. Furthermore, by signing this letter agreement, you confirm to the Company that you have no contractual commitments or other legal obligations that would prohibit you from performing your duties for Planet Fitness.

If the foregoing is acceptable to you, please sign this letter in the space provided and return it to Karen Ahern, VP of People and Culture by August 6, 2018. We look forward to having you as part of the Planet Fitness team! Welcome!

Sincerely yours,

PLA-FIT FRANCHISE, LLC                      Accepted and Agreed:

By: /s/ Chris Rondeau                      Signature: /s/ Roger Chacko  
Chris Rondeau Roger Chacko              Date: July 31, 2018  
Chief Executive Officer

By: /s/ Karen Ahern  
Karen Ahern  
VP People and Culture

**CONFIDENTIALITY, INVENTIONS AND NON-COMPETITION AGREEMENT**

I, the undersigned, acknowledge the importance to **Planet Fitness Holdings, LLC** and its parents, subsidiaries, affiliates or other related companies (collectively referred to as the “Company”), of protecting its confidential information and other legitimate business interests, including without limitation the valuable trade secrets and good will that it has developed or acquired. I also acknowledge that the Company is engaged in a highly competitive business, that its success in the marketplace depends upon the preservation of its confidential information and industry reputation, and that the Company’s practice of obtaining agreements such as this one is both known to me and reasonable. Therefore, in consideration of my initial and/or ongoing employment with the Company and my being granted access to trade secrets and other confidential information of the Company and its Affiliates, I agree as follows:

**1. Loyalty and Conflicts of Interest**

- 1.1. Duty of Loyalty. I agree that, during my employment, I will devote my full working time and my best efforts, business judgment, skill and knowledge to the advancement of the business and interests of the Company and its Affiliates and to the discharge of my duties and responsibilities on their behalf during my shifts.
- 1.2. Compliance with Company Policy. I agree to comply with all policies, practices and procedures of the Company, as these may be implemented and/or changed by the Company from time to time.

**2. Confidentiality**

- 2.1. Non-disclosure and Non-use of Confidential Information. I agree that all Confidential Information, as defined below, which I create or to which I have access as a result of my employment and other associations with the Company and its Affiliates is and shall remain the sole and exclusive property of the Company and its Affiliates. I agree that, except as required for the proper performance of my regular duties for the Company, as expressly authorized in writing in advance by a duly authorized officer of the Company, or as required by applicable law, I will never, directly or indirectly, use or disclose any Confidential Information. I understand and agree that this restriction shall continue to apply after the termination of my employment for any reason. Further, I agree to furnish prompt notice to the Company of any required disclosure of Confidential Information sought pursuant to subpoena, court order or any other legal process or requirement, and agree to provide the Company a reasonable opportunity to seek protection of the Confidential Information prior to any such disclosure.

- 2.2. Use and Return of Documents. I agree that all documents, records and files, in any media of whatever kind and description, relating to the business, present or otherwise, of the Company or any of its Affiliates and any copies or derivatives (including without limitation electronic), in whole or in part, thereof (the “ Documents ” and each individually, a “ Document ”), whether or not prepared by me, shall be the sole and exclusive property of the Company. Except as required

for the proper performance of my regular duties for the Company and/or as expressly authorized in writing in advance by the Company, I will not copy any Documents or remove any Documents or copies or derivatives thereof from the premises of the Company. I will safeguard, and return to the Company immediately upon termination of my employment, and/or at such other times as may be specified by a duly authorized officer of the Company, all Documents and other property of the Company or any of its Affiliates, and all documents, records and files of its customers, subcontractors, vendors and suppliers (“ Third-Party Documents ” and each individually a “ Third-Party Document ”), as well as all other property of such customers, subcontractors, vendors and suppliers, then in my possession or control; provided, however, if a Document or Third-Party Document is on electronic media, I may, in lieu of surrender of the Document or Third-Party Document, provide a copy on electronic media ( e.g. , a properly formatted disk) to the Company and delete and overwrite all other electronic media copies thereof. I further agree that, upon termination of my employment, and/or at such other times as may be specified by a duly authorized officer of the Company, I will disclose all passwords necessary to enable the Company or any of its Affiliates to obtain, or that would assist them in obtaining, access to the Documents and Third-Party Documents.

- 2.3. I acknowledge that I am aware that Confidential Information may relate to publicly traded securities. I am aware of the restrictions imposed by applicable securities laws restricting trading in securities while in possession of material non-public information and on communication of such information when it is reasonably foreseeable that the recipient is likely to trade such securities, in reliance on such information. I agree not to trade, either directly or through other persons or entities based on the Confidential Information in a manner that would violate the securities law of any applicable jurisdiction, including, without limitation, the United States securities laws.
- 2.4. I understand that nothing in this Agreement limits, restricts or in any other way affects my communication with any governmental agency or entity, or communication with any official or staff person of a governmental agency, concerning matters relevant to the governmental agency or entity. In addition, I recognize that an action that would otherwise count as trade secret misappropriation will be immunized if the disclosure (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of

reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

3. **Intellectual Property and Inventions**

I assign and agree to assign to the Company (or as otherwise directed by the Company) my full right, title and interest in and to all Intellectual Property, as defined below. I further agree to waive and hereby do waive all claims to moral and other rights I may have in any Intellectual Property. Any works of authorship created by me in the course of my employment shall be “works made for hire” and shall, upon creation, belong exclusively to the Company.

4. **Restricted Activities**

4.1. While I am employed by the Company I shall not, directly or indirectly, whether as owner, partner, investor, consultant, agent, employee, co-venturer or otherwise, compete with the Company or any of its Affiliates in any geographic area in which the Company does business or undertake any planning for any business competitive with the Company or any of its Affiliates. Specifically, but without limiting the foregoing, I agree not to work or provide services, in any capacity, whether as an employee, independent contractor or otherwise, whether with or without compensation, to any Person that is engaged in any business that is competitive with the business of the Company or its Affiliates, as conducted or in planning during my employment with the Company.

4.2. While I am employed by the Company and during the six (6) month period immediately following termination of my employment, regardless of the reason therefor (the “Restricted Period”):

4.2.1. I will not directly or indirectly (i) solicit or encourage any customer of the Club to terminate or diminish its relationship with it; or (ii) seek to persuade any such customer or prospective customer of the Club to conduct with anyone else any business or activity which such customer or prospective customer conducts or could conduct with the Club; provided, however, that these restrictions shall apply only with respect to those Persons who are or have been a customer of the Club at any time within the immediately preceding two year period or whose business has been solicited on behalf of the Club by any of the officers, employees or agents of the Company or any of its Affiliates within such two year period, other than by form letter, blanket mailing or published advertisement.

4.2.2. I will not, and will not assist any other Person to, (i) hire or solicit for hiring any employee of the Club or seek to persuade any employee of the Club to

discontinue employment or (ii) solicit or encourage any independent contractor providing services to the Club to terminate or diminish its relationship with it. For the purposes of this Agreement, an “employee” or an “independent contractor” of the Club is any person who was such at any time within the two years preceding any such solicitation or hiring.

5. **Enforcement of Covenants**

In signing this Agreement, I give the Company assurance that I have carefully read and considered all the terms and conditions of this Agreement, including the restraints imposed on me under paragraphs 2, 3 and 4. I agree without reservation that these restraints are necessary for the reasonable and proper protection of the Company and its Affiliates, and that each and every one of the restraints is reasonable in respect to subject matter, length of time and geographic area. I further agree that, were I to breach any of the covenants contained in paragraphs 2, 3 or 4, the damage to the Company and its Affiliates would be irreparable. I therefore agree that the Company, in addition to any other remedies available to it, shall be entitled to preliminary and permanent injunctive relief against any breach or threatened breach by me of any of those covenants, without having to post bond, together with an award of its reasonable attorney’s fees incurred in enforcing its rights hereunder. So that the Company may enjoy the full benefit of the covenants contained in paragraph 4, I further agree that the Restricted Period shall be tolled, and shall not run, during the period of any breach by me of any of the covenants contained in paragraph 2 or 4. The Company and I further agree that, in the event that any provision of paragraph 4 is determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities, that provision shall be deemed to be modified to permit its enforcement to the maximum extent permitted by law. It is also agreed that each of the Company’s Affiliates shall have the right to enforce all of my obligations to that Affiliate under this Agreement, including without limitation pursuant to paragraphs 2, 3 and 4. Finally, no claimed breach of this Agreement or other violation of law attributed to the Company shall operate to excuse me from the performance of my obligations under paragraphs 2, 3 and 4.

6. **Exit Interview**

I agree that, at the time my employment ends, I will participate in an exit interview conducted by a designated representative of the Company, and that I will otherwise cooperate with the Company to assure a smooth transition of my duties and responsibilities. If requested to do so by the Company, either during or after my employment with the Company, I agree to sign a certificate in which I confirm that I have complied with the requirements of this Agreement and/or that I am aware that certain restrictions imposed upon me by this Agreement continue after the termination of my employment with the Company. I understand, however, that my rights and obligations under this Agreement will continue even if I do not sign such a certificate.

## 7. **Definitions**

Words or phrases which are initially capitalized or are within quotation marks shall have the meanings provided in this paragraph and as provided elsewhere in this Agreement. For purposes of this Agreement, the following definitions apply:

“Affiliates” means all persons and entities directly or indirectly controlling, controlled by or under common control with the Company, where control may be by management authority, equity interest or otherwise.

“Confidential Information” means any and all information of the Company or any of its Affiliates, whether or not in writing, that is not generally known by others with whom the Company or any of its Affiliates competes or does business, or with whom it plans to compete or do business, and any and all information, which, if disclosed, would assist in competition against the Company or any of its Affiliates, including but not limited to (a) all proprietary information of the Company and any of its Affiliates, including but not limited to the products and services, technical data, methods, processes, know-how, developments and inventions of the Company or an Affiliate, (b) the development, research, testing, marketing and financial activities and strategic plans of the Company or an Affiliate, (c) the manner in which the Company or an Affiliate operates, (d) the costs and sources of supply of the Company or an Affiliate, (e) the identity and special needs of the customers, prospective customers and subcontractors of the Company or an Affiliate, and (f) the people and organizations with whom the Company or an Affiliate has business relationships and the substance of those relationships. Confidential Information also includes any information that the Company or an Affiliate may receive or has received from customers, subcontractors, suppliers or others, with any understanding, express or implied, that the information would not be disclosed.

“Intellectual Property” means inventions, discoveries, developments, methods, processes, compositions, works, concepts and ideas (whether or not patentable, copyrightable or constituting trade secrets) conceived, made, created, developed or reduced to practice by me (whether alone or with others, and whether or not during normal business hours or on or off Company premises) during the period of my employment that relate in any way to the business, products or services of the Company or an Affiliate, or to any prospective activity of the Company or an Affiliate, or which make use of the Confidential Information or of facilities or equipment of the Company or an Affiliate.

“Person” means an individual, a corporation, a limited liability company, an association, a partnership, an estate, a trust or any other entity or organization, other than the Company or any of its Affiliates.

## 8. **Compliance with Other Agreements and Obligations**

I represent and warrant that my employment by the Company and the execution and performance of this Agreement will not breach or be in conflict with any other agreement to which I am a party or am bound, and that I am not now subject to any covenants against competition or similar covenants or other obligations to third parties or to any court order, judgment or decree that would affect the performance of my obligations hereunder or my duties and responsibilities to the Company, except as I have disclosed in writing to the Company no later than the time I return an executed copy of this Agreement. I will not disclose to or use on behalf of the Company or an Affiliate, or induce the Company to possess or use, any confidential or proprietary information of any previous employer or other third party without that party's consent.

9. **Entire Agreement; Severability; Modification**

This Agreement sets forth the entire agreement between me and the Company, and supersedes all prior and contemporaneous communications, agreements and understandings, written or oral, with respect to the subject matter hereof; provided, however, that this Agreement shall not terminate or supersede any additional obligations I may have pursuant to any other agreement or under applicable law with respect to confidentiality, assignment of rights to intellectual property or the like. In the event of conflict between this Agreement and any prior agreement between me and the Company, this Agreement shall govern. The provisions of this Agreement are severable. No breach of any provision of this Agreement by the Company, or any other claimed breach of contract or violation of law, shall operate to excuse my obligation to fulfill the requirements of Paragraphs 2, 3 and 4. No deletion, addition, marking, notation or other change to the body of this Agreement shall be of any force or effect, and this Agreement shall be interpreted as if such change had not been made. This Agreement may not be modified or amended, and no breach shall be deemed to be waived, unless agreed to in writing by me and an expressly authorized officer of the Company. If any provision of this Agreement should, for any reason, be held invalid or unenforceable in any respect, it shall not affect any other provisions, and shall be construed by limiting it so as to be enforceable to the maximum extent permissible by law. Provisions of this Agreement shall survive any termination if so provided in this Agreement or if necessary or desirable to accomplish the purpose of other surviving provisions. It is agreed and understood that no changes to the nature or scope of my employment relationship with the Company shall operate to extinguish my obligations hereunder or require that this Agreement be reexecuted.

10. **Assignment**

Neither the Company nor I may make any assignment of this Agreement or any interest in it, by operation of law or otherwise, without the prior written consent of the other; provided, however, the Company may assign its rights and obligations under this Agreement without my consent (a) in the event that I am transferred to a position with one of the Company's Affiliates or (b) in the event that the Company shall hereafter effect a reorganization, consolidate with, or merge into any third party or transfer to any third party all or substantially

all of the business, properties or assets of the Company or any division or line of business of the Company with which I am at any time associated. This Agreement shall inure to the benefit of and be binding upon me and the Company, and each of our respective successors, executors, administrators, heirs, representatives and permitted assigns.

11. **At-Will Employment**

I acknowledge and agree that this Agreement does not in any way obligate the Company to retain my services for a fixed period or at a fixed level of compensation; nor does it in any way restrict my right or that of the Company to terminate my employment at any time, at will, with or without notice or cause.

12. **Successors**

I expressly consent to be bound by the provisions of this Agreement for the benefit of the Company, and any successor or permitted assign to whose employ I may be transferred, without the necessity that this Agreement be re-signed at the time of such transfer.

13. **Choice of Law**

This is a New Hampshire contract and shall be governed by and construed in accordance with the laws of the State of New Hampshire, without regard to the conflict of laws principles thereof. In the event of any alleged breach or threatened breach of this Agreement, the parties hereby consent and submit to the exclusive jurisdiction of the federal and state courts in and of the State of New Hampshire. The parties each agree to bring any lawsuit arising in whole or in part under or in connection with this Agreement only in the courts with jurisdiction over Portsmouth, New Hampshire.

14. **Notice**

Any notices provided for in this Agreement shall be in writing and shall be effective when delivered in person or deposited in the United States mail, postage prepaid, and addressed to you at your last known address on the books of the Company or, in the case of the Company, to it at its principal place of business, attention of the Chief Executive Officer, or to such other address as either party may specify by notice to the other actually received.

15. **Acknowledgement of Understanding**

In signing this Agreement, I give the Company assurance that I received a copy of this Agreement; that I have read and understood all of its terms; that I have had a full and reasonable opportunity to consider its terms and to consult with any person of my choosing before signing; that I have not relied on any agreements or representations, express or implied, that are not set forth expressly in this Agreement; and that I have signed this Agreement knowingly and voluntarily.

Intending to be legally bound hereby, I have signed this Agreement under seal as of the day and year written below.

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Name:	[•]
Target Number of [INSERT TYPE OF UNITS] subject to Award:	[•]
Date of Grant:	[•]

**PLANET FITNESS, INC.  
2015 OMNIBUS INCENTIVE PLAN**

[INSERT PERFORMANCE SHARE UNIT OR RESTRICTED STOCK UNIT, AS APPLICABLE] AGREEMENT

This agreement (this “Agreement”) evidences an award (the “Award”) of [INSERT TYPE OF UNITS] granted by Planet Fitness, Inc. (the “Company”) to the undersigned (the “Grantee”) pursuant to and subject to the terms of the Planet Fitness, Inc. 2015 Omnibus Incentive Plan (as amended from time to time, the “Plan”).

1. Grant of [INSERT TYPE OF UNITS]. On the date of grant set forth above (the “Grant Date”) the Company granted to the Grantee an award consisting of the right to receive, without payment but subject to the terms and conditions provided herein and in the Plan, one share of Stock (a “Share”) with respect to each [INSERT TYPE OF UNITS] forming part of the Award, in each case, subject to adjustment pursuant to Section 7 of the Plan in respect of transactions occurring after the date hereof.

2. Vesting, etc. [INSERT PERFORMANCE BASED OR TIME BASED VESTING CONDITIONS AND SCHEDULE, AS APPLICABLE], subject to the Grantee’s continued service as an employee of the Company through the Vesting Date. If the Grantee’s service as an employee of the Company ceases for any reason prior to the Vesting Date, the Award will be automatically and immediately forfeited.

3. Delivery of Shares. The Company shall, as soon as practicable, and, not later than thirty (30) days following the Vesting Date) effect delivery of the Shares with respect to the [INSERT THE TYPE OF UNITS] to the Grantee. No Shares will be issued pursuant to this Award unless and until all legal requirements applicable to the issuance or transfer of such Shares have been complied with to the satisfaction of the Administrator.

4. Dividends; Other Rights. The Award shall not be interpreted to bestow upon the Grantee any equity interest or ownership in the Company prior to the date on which the Company actually delivers Shares to the Grantee (if any). The Grantee is not entitled to vote any Shares by reason of the granting of this Award or to receive or be credited with any dividends declared and payable on any Share prior to the date on which any such Share is delivered to the Grantee hereunder. The Grantee shall have the rights of a shareholder only as to those Shares, if any, that are actually delivered under this Award.

5. Forfeiture; Recovery of Compensation .

- (a) The Administrator may cancel, rescind, withhold or otherwise limit or restrict the Award at any time if the Grantee is not in compliance with all applicable provisions of the Agreement and the Plan.
- (b) By accepting the Award the Grantee expressly acknowledges and agrees that his or her rights (and those of any permitted transferee) under the Award, including any Shares acquired under the Award or any proceeds from the disposition thereof, are subject to Section 6(a)(5) of the Plan (including any successor provision). Nothing in the preceding sentence shall be construed as limiting the general application of Section 9 of this Agreement.

6. Nontransferability. Neither the Award nor the [INSERT TYPE OF UNITS] may be transferred except in accordance with Section 6(a)(3) of the Plan.

7. Certain Tax Matters .

- (a) The Grantee expressly acknowledges and agrees that the Grantee's rights hereunder, including the right to be issued Shares upon vesting, are subject to the Grantee promptly paying to the Company in cash (or by such other means as may be acceptable to the Administrator in its discretion) all taxes required to be withheld. No Shares will be transferred pursuant to the vesting of the [INSERT TYPE OF UNITS] unless and until the Grantee has remitted to the Company an amount sufficient to satisfy any federal, state or local withholding tax requirements, or has made other arrangements satisfactory to the Administrator with respect to such taxes. The Grantee authorizes the Company and its Affiliates to withhold such amounts from any amounts otherwise owed to the Grantee, but nothing in this sentence shall be construed as relieving the Grantee of any liability for satisfying his or her obligations under the preceding provisions of this Section. The Company shall have no liability or obligation relating to the foregoing.
- (b) The Grantee expressly acknowledges that because this Award consists of an unfunded and unsecured promise by the Company to deliver Shares in the future, subject to the terms hereof, it is not possible to make a so-called "83(b) election" with respect to the Award.
- (c) The Award is intended to be exempt from the requirements of Section 409A and the Plan and this Agreement shall be administered and interpreted in a manner consistent with this intent. Notwithstanding the foregoing, in no event shall the Company or any of its Affiliates be liable for all or any portion

of any taxes, penalties, interest or other expenses that may be incurred by the Grantee on account of non-compliance with Section 409A.

8. Effect on Employment. Neither the grant of the [INSERT TYPE OF UNITS], nor the delivery of Shares upon vesting of the Award, will give the Grantee any right to be retained in the employ or service of the Company or any of its Affiliates, affect the right of the Company or any of its Affiliates to discharge or discipline the Grantee at any time, or affect any right of the Grantee to terminate his or her employment at any time.

9. Provisions of the Plan. This Agreement is subject in its entirety to the provisions of the Plan, which are incorporated herein by reference. A copy of the Plan as in effect on the Grant Date has been furnished to the Grantee. By acceptance of the Award, the Grantee agrees to be bound by the terms of the Plan and this Agreement. In the event of any conflict between the terms of this Agreement and the Plan, the terms of the Plan shall control.

10. Acknowledgements. By accepting the Award, the Grantee agrees to be bound by, and agrees that the Award and the [INSERT THE TYPE OF UNITS] are subject in all respects to, the terms of the Plan. The Grantee further acknowledges and agrees that (i) this Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument; (ii) this Agreement may be executed and exchanged using facsimile, portable document format (PDF) or electronic signature, which, in each case, shall constitute an original signature for all purposes hereunder; and (iii) such signature by the Company will be binding against the Company and will create a legally binding agreement when this Agreement is countersigned by the Grantee.

*[Signature page follows.]*

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer.

PLANET FITNESS, INC.

By: \_\_\_\_\_

Name: Christopher Rondeau

Title: CEO

Dated: [●]

Acknowledged and Agreed:

By: \_\_\_\_\_

Name: [●]

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*[Signature Page to [INSERT TYPE OF UNITS] Agreement]*

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**SCHEDULE A**

**[INSERT ADDITIONAL VESTING OR PERFORMANCE TERMS, AS APPLICABLE]**

**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:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 8, 2019

/s/ Chris Rondeau

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Chris Rondeau

*Chief Executive Officer*

(Principal Executive Officer)

**CERTIFICATION OF PERIODIC REPORT UNDER SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Dorvin Lively, 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:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: May 8, 2019

/s/ Dorvin Lively

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Dorvin Lively

*President and Chief Financial Officer*

(Principal Financial and Accounting Officer)

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

In connection with the quarterly report of Planet Fitness, Inc. (the "Company") on Form 10-Q for the fiscal quarter ended March 31, 2019 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: May 8, 2019

/s/ Chris Rondeau

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Chris Rondeau

*Chief Executive Officer*

(Principal Executive Officer)

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

In connection with the quarterly report of Planet Fitness, Inc. (the "Company") on Form 10-Q for the fiscal quarter ended March 31, 2019 filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dorvin Lively, 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: May 8, 2019

/s/ Dorvin Lively

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Dorvin Lively

*President and Chief Financial Officer*

(Principal Financial and Accounting Officer)