

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

FORM 8-K

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

**August 3, 2023
Date of Report (Date of earliest event reported)**

Planet Fitness, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

001-37534

(Commission File Number)

38-3942097

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

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

(Address of principal executive offices)
(Zip Code)

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

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

- ☐ **Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)**
- ☐ **Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)**
- ☐ **Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))**
- ☐ **Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))**

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

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

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

Emerging growth company ☐

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

Item 2.02 Results of Operations and Financial Condition.

On August 3, 2023, Planet Fitness, Inc. (the “Company”) issued a press release announcing its financial results for the quarter ended June 30, 2023. A copy of this press release is being furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference into this Item 2.02.

In accordance with General Instruction B.2 of Form 8-K, the information in Items 2.02 and 9.01 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed “filed” for the purpose of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Press Release dated August 3, 2023
104	The cover page from this Current Report on Form 8-K, formatted in Inline XBRL (included as Exhibit 101)

SIGNATURE

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

PLANET FITNESS, INC.

By: /s/ Thomas Fitzgerald
Name: Thomas Fitzgerald
Title: Chief Financial Officer

Dated: August 3, 2023

Planet Fitness, Inc. Announces Second Quarter 2023 Results

System-wide same store sales increased 8.7%
Ended second quarter with total membership of more than 18.4 million
Updates 2023 outlook including growth targets
\$100 million in shares repurchased in the second quarter

Hampton, NH, August 3, 2023 - Today, Planet Fitness, Inc. (NYSE:PLNT) reported financial results for its second quarter ended June 30, 2023.

“Our judgement free, high-quality, and affordable fitness experience continues to resonate with consumers as all generational groups have surpassed their pre-pandemic penetration levels. More of our members are working out more frequently, previous members are rejoining at a faster rate than they did pre-pandemic, and they’re staying longer as Q2 was our eighth straight quarter with lower year-over-year cancellation rates,” said Chris Rondeau, Chief Executive Officer. “Despite continued strong member growth, as a result of the compounding effects of higher new store construction costs and increased interest rates, we are reducing our 2023 outlook for placements of equipment in new franchisee stores to approximately 140. While we are bringing down our near-term store growth forecast due to external headwinds, the fundamentals of the business remain strong as evidenced by our Q2 results, and we repurchased \$100 million in shares during the quarter reflecting our strong balance sheet and confidence in the future.”

Second Quarter Fiscal 2023 results

- Total revenue increased from the prior year period by 27.6% to \$286.5 million.
- System-wide same store sales increased by 8.7%.
- System-wide sales increased \$128 million to \$1,147 million, from \$1,019 million in the prior year period.
- Net income attributable to Planet Fitness, Inc. was \$41.1 million, or \$0.48 per diluted share, compared to \$22.3 million, or \$0.26 per diluted share, in the prior year period.
- Net income increased \$19.1 million to \$44.2 million, compared to \$25.1 million in the prior year period.
- Adjusted net income⁽¹⁾ increased \$23.8 million to \$57.7 million, or \$0.65 per diluted share, compared to \$33.9 million, or \$0.37 per diluted share, in the prior year period.
- Adjusted EBITDA⁽¹⁾ increased \$29.8 million to \$118.9 million from \$89.1 million in the prior year period.
- 26 new Planet Fitness stores were opened during the period, including 3 corporate-owned and 23 franchisee-owned stores, bringing system-wide total stores to 2,472 as of June 30, 2023.
- Repurchased and retired 1.4 million shares of Class A common stock using \$100 million of cash on hand.
- Cash, cash equivalents and marketable securities of \$418.9 million, which includes cash and cash equivalents of \$236.1 million, marketable securities of \$120.3 million and restricted cash of \$62.5 million.

⁽¹⁾ Adjusted net income and Adjusted EBITDA are non-GAAP measures. For reconciliations of Adjusted EBITDA and Adjusted net income to U.S. GAAP (“GAAP”) net income see “Non-GAAP Financial Measures” accompanying this press release.

Operating Results for the Second Quarter Ended June 30, 2023

For the second quarter 2023, total revenue increased \$62.0 million or 27.6% to \$286.5 million from \$224.4 million in the prior year period, which included the impact of the system-wide same store sales growth of 8.7%. By segment:

- Franchise segment revenue increased \$16.3 million or 19.7% to \$98.8 million from \$82.5 million in the prior year period. The increase in franchise segment revenue for the second quarter of 2023 was primarily due to an \$8.1 million increase in franchise royalty revenue, a \$3.4 million increase in National Advertising Fund (“NAF”) revenue, a \$2.9 million increase in equipment placement revenue, and a \$1.1 million increase in franchise and other fees. Of the \$8.1 million increase in franchise royalty revenue, \$4.5 million was attributable to a franchisee-owned same store sales increase of 8.6%, \$2.0 million was from higher royalties on annual fees and \$1.6 million was attributable to new stores opened since January 1, 2022. The \$2.9 million increase in placement revenue was driven by higher existing equipment placements in the three months ended June 30, 2023 compared to the three months ended June 30, 2022;
- Corporate-owned stores segment revenue increased \$12.3 million or 12.1% to \$113.8 million from \$101.5 million in the prior year period. Of the increase, \$7.1 million was from the corporate-owned store same store sales increase of

10.2%, and \$5.2 million was from new store openings since April 1, 2022 and the April 2023 acquisition of 4 stores in Florida; and

- Equipment segment revenue increased \$33.4 million or 82.6% to \$73.9 million from \$40.4 million in the prior year period, driven by \$33.7 million of higher equipment sales to existing franchisee-owned stores in the three months ended June 30, 2023. We had equipment sales to 26 new franchisee-owned stores in both the three months ended June 30, 2023 and June 30, 2022.

For the second quarter of 2023, net income attributable to Planet Fitness, Inc. was \$41.1 million, or \$0.48 per diluted share, compared to \$22.3 million, or \$0.26 per diluted share, in the prior year period. Net income was \$44.2 million in the second quarter of 2023 compared to \$25.1 million in the prior year period. Adjusted net income increased \$23.8 million to \$57.7 million, or \$0.65 per diluted share, from \$33.9 million, or \$0.37 per diluted share, in the prior year period. Adjusted net income has been adjusted to reflect a normalized federal income tax rate of 25.9% and 26.7% for the current and prior year period, respectively, and excludes certain non-cash and other items that we do not consider in the evaluation of ongoing operational performance (see “Non-GAAP Financial Measures”).

Adjusted EBITDA, which is defined as net income before interest, taxes, depreciation and amortization, adjusted for the impact of certain non-cash and other items that we do not consider in the evaluation of ongoing operational performance (see “Non-GAAP Financial Measures”), increased \$29.8 million to \$118.9 million from \$89.1 million in the prior year period.

Segment EBITDA represents our Total Segment EBITDA broken down by the Company’s reportable segments. Total Segment EBITDA is equal to EBITDA, which is defined as net income before interest, taxes, depreciation and amortization (see “Non-GAAP Financial Measures”).

- Franchise segment EBITDA increased \$11.8 million to \$66.1 million. The increase in franchise segment EBITDA for the second quarter of 2023 was primarily attributable to the franchise revenue increases as described above of \$12.9 million, higher national advertising fund revenue of \$3.4 million, and lower national advertising fund expenses of \$1.0 million partially offset by higher expenses related to equipment placement services of \$1.3 million, higher selling, general, and administrative expenses of \$1.3 million, and a \$3.0 million increase in an estimated liability for a legal matter;
- Corporate-owned stores segment EBITDA increased \$9.2 million to \$48.7 million. Of the increase, \$7.8 million was attributable to the same store sales increase of 10.2% and \$1.7 million was from new store openings since April 1, 2022 and the April 2023 acquisition of 4 stores in Florida, partially offset by higher store operation expenses; and
- Equipment segment EBITDA increased by \$6.9 million to \$17.1 million, primarily driven by higher equipment sales to existing franchisee-owned stores in the three months ended June 30, 2023 compared to the three months ended June 30, 2022, as described above.

Share Repurchases

During the second quarter of 2023, the Company repurchased 1,381,154 shares of Class A common stock for a total cost of approximately \$100 million.

2023 Outlook

For the year ending December 31, 2023, the Company is updating or reiterating the following expectations as compared to the Company's 2022 results, which assumes there are no material new supply chain disruptions:

- It now expects new equipment placements of approximately 140 in franchisee-owned locations (previously it expected approximately 160)
- It now expects system-wide new store openings of approximately 160 locations
- It continues to expect system-wide same store sales in the high single-digit percentage range

The following are 2023 growth expectations over the Company's 2022 results:

- It now expects revenue to increase approximately 12% (previously it expected 13% to 14% growth)
- It now expects Adjusted EBITDA to increase approximately 17% (previously it expected 17% to 18% growth)
- It now expects Adjusted net income to increase approximately 30% (previously it expected 30% to 33% growth)
- It now expects Adjusted earnings per share to increase approximately 34% (previously it expected 33% to 36% growth), based on Adjusted diluted shares outstanding of approximately 89 million, inclusive of the nearly 1.7 million shares repurchased through June 30, 2023.

The Company now expects 2023 net interest expense to be in the low \$70 million range (previously it expected \$75 million). It now expects capital expenditures to increase approximately 40% (previously it expected mid-30% range) and now expects depreciation and amortization to increase in the high-teens percentage range (previously it expected the mid-teens percentage range).

Presentation of Financial Measures

Planet Fitness, Inc. (the “Company”) was formed in March 2015 for the purpose of facilitating the initial public offering (the “IPO”) and related recapitalization transactions that occurred in August 2015, and in order to carry on the business of Pla-Fit Holdings, LLC (“Pla-Fit Holdings”) and its subsidiaries. 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 Pla-Fit Holdings not owned by the Company.

The financial information presented in this press release includes non-GAAP financial measures such as EBITDA, Segment EBITDA, Adjusted EBITDA, Adjusted net income and Adjusted net income per share, diluted, to provide measures that we believe are useful to investors in evaluating the Company’s performance. These non-GAAP financial measures are supplemental measures of the Company’s performance that are neither required by, nor presented in accordance with GAAP. These financial measures should not be considered in isolation or as substitutes for GAAP financial measures such as net income or any other performance measures derived in accordance with GAAP. In addition, in the future, the Company may incur expenses or charges such as those added back to calculate Adjusted EBITDA, Adjusted net income and Adjusted net income per share, diluted. The Company’s presentation of Adjusted EBITDA, Adjusted net income and Adjusted net income per share, diluted, should not be construed as an inference that the Company’s future results will be unaffected by similar amounts or other unusual or nonrecurring items. See the tables at the end of this press release for a reconciliation of EBITDA, Adjusted EBITDA, Total Segment EBITDA, Adjusted net income, and Adjusted net income per share, diluted, to their most directly comparable GAAP financial measure.

The non-GAAP financial measures used in our full-year outlook will differ from net income and net income per share, diluted, determined in accordance with GAAP in ways similar to those described in the reconciliations at the end of this press release. We do not provide guidance for net income or net income per share, diluted, determined in accordance with GAAP or a reconciliation of guidance for Adjusted net income or Adjusted net income per share, diluted, to the most directly comparable GAAP measure because we are not able to predict with reasonable certainty the amount or nature of all items that will be included in our net income and net income per share, diluted, for the year ending December 31, 2023. These items are uncertain, depend on many factors and could have a material impact on our net income and net income per share, diluted, for the year ending December 31, 2023, and therefore cannot be made available without unreasonable effort.

Same store sales refers to year-over-year sales comparisons for the same store sales base of both corporate-owned and franchisee-owned stores, which is calculated for a given period by including only sales from stores that had sales in the comparable months of both years. 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.

Investor Conference Call

The Company will hold a conference call at 8:00 AM (ET) on August 3, 2023 to discuss the news announced in this press release. A live webcast of the conference call will be accessible at www.planetfitness.com via the “Investor Relations” link. The webcast will be archived on the website for one year.

About Planet Fitness

Founded in 1992 in Dover, NH, Planet Fitness is one of the largest and fastest-growing franchisors and operators of fitness centers in the world by number of members and locations. As of June 30, 2023, Planet Fitness had more than 18.4 million members and 2,472 stores in 50 states, the District of Columbia, Puerto Rico, Canada, Panama, Mexico and Australia. The Company’s 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®. More than 90% of Planet Fitness stores are owned and operated by independent business men and women.

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Forward-Looking Statements

This press release contains “forward-looking statements” within the meaning of the federal securities laws, which involve risks and uncertainties. Forward-looking statements include the Company’s statements with respect to expected future performance presented under the heading “2023 Outlook,” those attributed to the Company’s Chief Executive Officer in this press release, the Company’s expected membership growth, share repurchases, and other statements, estimates and projections that do not relate solely to historical facts. Forward-looking statements can be identified by words such as “believe,” “expect,” “goal,” “plan,” “will,” “prospects,” “future,” “strategy” and similar references to future periods, although not all forward-looking statements include these identifying words. Forward-looking statements are not assurances of future performance. Instead, they are based only on the Company’s current beliefs, expectations and assumptions regarding the future of the business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of the Company’s control. Actual results and financial condition may differ materially from those indicated in the forward-looking statements. Important factors that could cause our actual results to differ materially include competition in the fitness industry, the Company’s and franchisees’ ability to attract and retain members, the Company’s and franchisees’ ability to identify and secure suitable sites for new franchise stores, changes in consumer demand, changes in equipment costs, the Company’s ability to expand into new markets domestically and internationally, operating costs for the Company and franchisees generally, availability and cost of capital for franchisees, acquisition activity, developments and changes in laws and regulations, 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, our corporate structure and tax receivable agreements, failures, interruptions or security breaches of the Company’s information systems or technology, general economic conditions and the other factors described in the Company’s annual report on Form 10-K for the year ended December 31, 2022, and the Company’s other filings with the Securities and Exchange Commission. In light of the significant risks and uncertainties inherent in forward-looking statements, investors should not place undue reliance on forward-looking statements, which reflect the Company’s views only as of the date of this press release. Except as required by law, neither the Company nor any of its affiliates or representatives undertake any obligation to provide additional information or to correct or update any information set forth in this release, whether as a result of new information, future developments or otherwise.

Planet Fitness, Inc. and subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited)
(Amounts in thousands, except per share amounts)

	For the three months ended June 30,		For the six months ended June 30,	
	2023	2022	2023	2022
Revenue:				
Franchise	\$ 80,846	\$ 67,958	\$ 156,726	\$ 134,075
National advertising fund revenue	17,996	14,585	34,800	28,552
Corporate-owned stores	113,759	101,453	219,640	177,610
Equipment	73,862	40,446	97,523	70,881
Total revenue	286,463	224,442	508,689	411,118
Operating costs and expenses:				
Cost of revenue	59,457	32,544	78,810	54,905
Store operations	58,876	56,362	124,891	103,897
Selling, general and administrative	32,646	28,202	60,415	59,028
National advertising fund expense	17,890	18,889	34,878	33,436
Depreciation and amortization	36,767	32,172	72,777	57,855
Other losses (gains), net	3,825	1,181	7,761	(1,752)
Total operating costs and expenses	209,461	169,350	379,532	307,369
Income from operations	77,002	55,092	129,157	103,749
Other expense, net:				
Interest income	4,163	474	8,094	683
Interest expense	(21,468)	(21,979)	(43,067)	(44,610)
Other income	370	148	483	4,238
Total other expense, net	(16,935)	(21,357)	(34,490)	(39,689)
Income before income taxes	60,067	33,735	94,667	64,060
Equity losses of unconsolidated entities, net of tax	(73)	(94)	(338)	(332)
Provision for income taxes	15,814	8,570	25,381	20,281
Net income	44,180	25,071	68,948	43,447
Less net income attributable to non-controlling interests	3,045	2,729	5,109	4,641
Net income attributable to Planet Fitness, Inc.	\$ 41,135	\$ 22,342	\$ 63,839	\$ 38,806
Net income per share of Class A common stock:				
Basic	\$ 0.49	\$ 0.26	\$ 0.76	\$ 0.46
Diluted	\$ 0.48	\$ 0.26	\$ 0.75	\$ 0.46
Weighted-average shares of Class A common stock outstanding:				
Basic	84,618	84,810	84,532	84,490
Diluted	84,908	85,197	84,850	84,919

Planet Fitness, Inc. and subsidiaries
Condensed Consolidated Balance Sheets
(Unaudited)
(Amounts in thousands, except per share amounts)

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 236,144	\$ 409,840
Restricted cash	62,516	62,659
Short-term marketable securities	117,765	—
Accounts receivable, net of allowances for uncollectible amounts of \$0 and \$0 as of June 30, 2023 and December 31, 2022, respectively	47,385	46,242
Inventory	6,854	5,266
Restricted assets – national advertising fund	9,918	—
Prepaid expenses	11,528	11,078
Other receivables	8,902	14,975
Income tax receivables	4,327	5,471
Total current assets	<u>505,339</u>	<u>555,531</u>
Long-term marketable securities	2,499	—
Property and equipment, net of accumulated depreciation of \$274,160 and \$227,869 as of June 30, 2023 and December 31, 2022, respectively	346,646	348,820
Investments, net of allowances for expected credit losses of \$15,052 and \$14,957 as of June 30, 2023 and December 31, 2022, respectively	35,668	25,122
Right-of-use assets, net	355,405	346,937
Intangible assets, net	398,416	417,067
Goodwill	717,502	702,690
Deferred income taxes	482,834	454,565
Other assets, net	3,926	3,857
Total assets	<u>\$ 2,848,235</u>	<u>\$ 2,854,589</u>
Liabilities and stockholders' deficit		
Current liabilities:		
Current maturities of long-term debt	\$ 20,750	\$ 20,750
Accounts payable	29,461	20,578
Accrued expenses	44,752	66,993
Equipment deposits	12,098	8,443
Deferred revenue, current	72,210	53,759
Payable pursuant to tax benefit arrangements, current	41,392	31,940
Other current liabilities	53,751	42,067
Total current liabilities	<u>274,414</u>	<u>244,530</u>
Long-term debt, net of current maturities	1,970,487	1,978,131
Lease liabilities, net of current portion	346,900	341,843
Deferred revenue, net of current portion	32,790	33,152
Deferred tax liabilities	1,399	1,471
Payable pursuant to tax benefit arrangements, net of current portion	433,608	462,525
Other liabilities	4,598	4,498
Total noncurrent liabilities	<u>2,789,782</u>	<u>2,821,620</u>
Stockholders' equity (deficit):		
Class A common stock, \$.0001 par value - 300,000 authorized, 83,980 and 83,430 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively	9	8
Class B common stock, \$.0001 par value - 100,000 authorized, 4,151 and 6,146 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively	—	1
Accumulated other comprehensive loss	(333)	(448)
Additional paid in capital	564,170	505,144
Accumulated deficit	(765,815)	(703,717)
Total stockholders' deficit attributable to Planet Fitness, Inc.	(201,969)	(199,012)
Non-controlling interests	(13,992)	(12,549)
Total stockholders' deficit	<u>(215,961)</u>	<u>(211,561)</u>
Total liabilities and stockholders' deficit	<u>\$ 2,848,235</u>	<u>\$ 2,854,589</u>

Planet Fitness, Inc. and subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(Amounts in thousands, except per share amounts)

	For the six months ended June 30,	
	2023	2022
Cash flows from operating activities:		
Net income	\$ 68,948	\$ 43,447
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	72,777	57,855
Amortization of deferred financing costs	2,731	2,755
Write-off of deferred financing costs	—	1,583
Accretion of marketable securities discount	(944)	—
Dividends accrued on investment	(979)	(914)
Deferred tax expense	21,575	18,843
Equity losses of unconsolidated entities, net of tax	338	332
Loss (gain) on adjustment of allowance for credit losses on held-to-maturity investment	95	(1,845)
Gain on re-measurement of tax benefit arrangement	—	(3,871)
Loss on reacquired franchise rights	110	1,160
Equity-based compensation	4,793	5,601
Other	(51)	65
Changes in operating assets and liabilities, excluding effects of acquisitions:		
Accounts receivable	(781)	3,884
Inventory	(1,580)	(1,885)
Other assets and other current assets	4,431	(7,683)
Restricted assets - national advertising fund	(9,918)	(12,804)
Accounts payable and accrued expenses	(13,427)	(19,949)
Other liabilities and other current liabilities	8,312	2,225
Income taxes	1,368	64
Payable pursuant to tax benefit arrangements	(21,780)	(14,211)
Equipment deposits	3,654	16,838
Deferred revenue	17,313	17,783
Leases	345	990
Net cash provided by operating activities	157,330	110,263
Cash flows from investing activities:		
Additions to property and equipment	(45,143)	(41,423)
Acquisition of franchises, net of cash acquired	(26,264)	(424,940)
Proceeds from sale of property and equipment	—	60
Purchases of marketable securities	(119,614)	—
Other investments	(10,000)	—
Net cash used in investing activities	(201,021)	(466,303)
Cash flows from financing activities:		
Principal payments on capital lease obligations	(107)	(132)
Proceeds from issuance of long-term debt	—	900,000
Proceeds from issuance of Variable Funding Notes	—	75,000
Repayment of long-term debt and Variable Funding Notes	(10,375)	(714,438)
Payment of financing and other debt-related costs	—	(16,193)
Proceeds from issuance of Class A common stock	8,372	676
Repurchase and retirement of Class A common stock	(125,030)	(44,299)
Distributions paid to members of Pla-Fit Holdings	(3,736)	(2,023)
Net cash (used in) provided by financing activities	(130,876)	198,591
Effects of exchange rate changes on cash and cash equivalents	728	(219)
Net decrease in cash, cash equivalents and restricted cash	(173,839)	(157,668)
Cash, cash equivalents and restricted cash, beginning of period	472,499	603,941
Cash, cash equivalents and restricted cash, end of period	\$ 298,660	\$ 446,273
Supplemental cash flow information:		
Net cash paid for income taxes	\$ 2,763	\$ 1,353
Cash paid for interest	\$ 40,693	\$ 40,057
Non-cash investing activities:		
Non-cash additions to property and equipment	\$ 15,058	\$ 9,608
Fair value of common stock issued as consideration for acquisition	\$ —	\$ 393,730

Planet Fitness, Inc. and subsidiaries
Non-GAAP Financial Measures
(Unaudited)
(Amounts in thousands, except per share amounts)

To supplement its consolidated financial statements, which are prepared and presented in accordance with GAAP, the Company uses the following non-GAAP financial measures: EBITDA, Total Segment EBITDA, Adjusted EBITDA, Adjusted net income and Adjusted net income per share, diluted (collectively, the “non-GAAP financial measures”). The Company believes that these non-GAAP financial measures, when used in conjunction with GAAP financial measures, are useful to investors in evaluating our operating performance. These non-GAAP financial measures presented in this release are supplemental measures of the Company’s performance that are neither required by, nor presented in accordance with GAAP. These financial measures should not be considered in isolation or as substitutes for GAAP financial measures such as net income or any other performance measures derived in accordance with GAAP. In addition, in the future, the Company may incur expenses or charges such as those added back to calculate Adjusted EBITDA, Adjusted net income and Adjusted net income per share, diluted. The Company’s presentation of Adjusted EBITDA, Adjusted net income, and Adjusted net income per share, diluted, should not be construed as an inference that the Company’s future results will be unaffected by unusual or nonrecurring items.

EBITDA, Segment EBITDA and Adjusted EBITDA

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. 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*. We define EBITDA as net income before interest, taxes, depreciation and amortization. Segment EBITDA sums to Total Segment EBITDA which is equal to the Non-GAAP financial metric EBITDA. 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, acquisition transaction 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.

Planet Fitness, Inc. and subsidiaries
Non-GAAP Financial Measures
(Unaudited)
(Amounts in thousands, except per share amounts)

A reconciliation of Adjusted EBITDA to net income, the most directly comparable GAAP measure, is set forth below.

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
(in thousands)				
Net income	\$ 44,180	\$ 25,071	\$ 68,948	\$ 43,447
Interest income	(4,163)	(474)	(8,094)	(683)
Interest expense ⁽¹⁾	21,468	21,979	43,067	44,610
Provision for income taxes	15,814	8,570	25,381	20,281
Depreciation and amortization	36,767	32,172	72,777	57,855
EBITDA	\$ 114,066	\$ 87,318	\$ 202,079	\$ 165,510
Purchase accounting adjustments-revenue ⁽²⁾	247	71	333	129
Purchase accounting adjustments-rent ⁽³⁾	184	109	288	219
Loss on reacquired franchise rights ⁽⁴⁾	110	—	110	1,160
Gain on settlement of preexisting contract with acquiree ⁽⁵⁾	—	—	—	(2,059)
Transaction fees and acquisition-related costs ⁽⁶⁾	—	525	394	4,948
Loss (gain) on adjustment of allowance for credit losses on held-to-maturity investments ⁽⁷⁾	(160)	265	95	(1,845)
Dividend income on held-to-maturity investments ⁽⁸⁾	(496)	(463)	(979)	(914)
Legal matters ⁽⁹⁾	2,950	898	6,250	951
Tax benefit arrangement remeasurement ⁽¹⁰⁾	—	(83)	—	(3,871)
Severance costs ⁽¹¹⁾	1,220	—	1,220	—
Other ⁽¹²⁾	818	500	(640)	1,600
Adjusted EBITDA ⁽¹³⁾	\$ 118,939	\$ 89,140	\$ 209,150	\$ 165,828

(1) Includes a \$1,583 loss on extinguishment of debt in the six months ended June 30, 2022.

(2) Represents the impact of revenue-related purchase accounting adjustments associated with the acquisition of Pla-Fit Holdings on November 8, 2012 by TSG (the “2012 Acquisition”). At the time of the 2012 Acquisition, the Company maintained a deferred revenue account, which consisted of deferred area development agreement fees, deferred franchise fees, and deferred enrollment fees that the Company billed and collected up-front but recognizes for GAAP purposes at a later date. In connection with the 2012 Acquisition, it was determined that the carrying amount of deferred revenue was greater than the fair value assessed in accordance with ASC 805—Business Combinations, which resulted in a write-down of the carrying value of the deferred revenue balance upon application of acquisition push-down accounting under ASC 805. These amounts represent the additional revenue that would have been recognized in these periods if the write-down to deferred revenue had not occurred in connection with the application of acquisition pushdown accounting.

(3) Represents the impact of rent-related purchase accounting adjustments. In accordance with guidance in ASC 805 – Business Combinations, in connection with the 2012 Acquisition, the Company’s deferred rent liability was required to be written off as of the acquisition date and rent was recorded on a straight-line basis from the acquisition date through the end of the lease term. This resulted in higher overall recorded rent expense each period than would have otherwise been recorded had the deferred rent liability not been written off as a result of the acquisition push down accounting applied in accordance with ASC 805. Adjustments of \$41, \$45, \$82, and \$90 in the three and six months ended June 30, 2023 and 2022, respectively, reflect the difference between the higher rent expense recorded in accordance with GAAP since the acquisition and the rent expense that would have been recorded had the 2012 Acquisition not occurred. Adjustments of \$143, \$64, \$206, and \$129 in the three and six months ended June 30, 2023 and 2022, respectively, are due to the amortization of favorable and unfavorable leases. All of the rent related purchase accounting adjustments are adjustments to rent expense which is included in store operations on our consolidated statements of operations.

(4) Represents the impact of a non-cash loss recorded in accordance with ASC 805 – Business Combinations related to our acquisition of franchisee-owned stores. The loss recorded under GAAP represents the difference between the fair value and the contractual terms of the reacquired franchise rights and is included in other losses (gains), net on our consolidated statement of operations.

Planet Fitness, Inc. and subsidiaries
Non-GAAP Financial Measures
(Unaudited)
(Amounts in thousands, except per share amounts)

- (5) Represents a gain on settlement of deferred revenue from existing contracts with acquired franchisee-stores recorded in accordance with ASC 805 – Business Combinations, and is included in other losses (gains), net on our consolidated statement of operations.
- (6) Represents transaction fees and acquisition-related costs incurred in connection with our acquisition of franchisee-owned stores.
- (7) Represents a loss (gain) on the adjustment of the allowance for credit losses on the Company’s held-to-maturity investments.
- (8) Represents dividend income on held-to-maturity investments.
- (9) Represents costs associated with legal matters in which the Company is a defendant. In connection with the summary of terms for a settlement agreement that was agreed to between the Company and a franchisee in Mexico (“Preliminary Settlement Agreement”), the Company recorded an estimated liability for the legal settlement of \$8,550 as of December 31, 2022, inclusive of estimated future legal fees. As of June 30, 2023, the Company revised its estimate of the legal settlement and recorded an increase to the estimated liability of \$2,950 for the three months ended June 30, 2023 and \$6,250 for the six months ended June 30, 2023 to \$14,500, net of legal fees paid. In the three and six months ended June 30, 2022, the amounts represent a reserve against an indemnification receivable related to a legal matter.
- (10) Represents gains related to the adjustment of our tax benefit arrangements primarily due to changes in our deferred state tax rate.
- (11) Represents severance expense recorded in connection with the elimination of the President and Chief Operating Officer position.
- (12) Represents certain other charges and gains that we do not believe reflect our underlying business performance.
- (13) Effective September 30, 2022, we no longer exclude pre-opening costs from our computation of Adjusted EBITDA. Adjusted EBITDA for all prior periods presented has been restated to the current period computation methodology.

A reconciliation of Segment EBITDA to Total Segment EBITDA is set forth below.

(in thousands)	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Segment EBITDA				
Franchise	\$ 66,101	\$ 54,329	\$ 130,835	\$ 114,435
Corporate-owned stores	48,705	39,477	82,235	62,841
Equipment	17,129	10,182	22,700	18,835
Corporate and other	(17,869)	(16,670)	(33,691)	(30,601)
Total Segment EBITDA ⁽¹⁾	<u>\$ 114,066</u>	<u>\$ 87,318</u>	<u>\$ 202,079</u>	<u>\$ 165,510</u>

(1) Total Segment EBITDA is equal to EBITDA.

Planet Fitness, Inc. and subsidiaries
Non-GAAP Financial Measures
(Unaudited)
(Amounts in thousands, except per share amounts)

Adjusted Net Income and Adjusted Net Income per Diluted Share

Our presentation of Adjusted net income and Adjusted net income per share, diluted, assumes that all net income is attributable to Planet Fitness, Inc., which assumes the full exchange of all outstanding Holdings Units for shares of Class A common stock of Planet Fitness, Inc., adjusted for certain non-recurring items that we do not believe directly reflect our core operations. Adjusted net income per share, diluted, is calculated by dividing Adjusted net income by the total shares of Class A common stock outstanding plus any dilutive options and restricted stock units as calculated in accordance with 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 GAAP. We believe Adjusted net income and Adjusted net income per share, diluted, supplement 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 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 June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Net income	\$ 44,180	\$ 25,071	\$ 68,948	\$ 43,447
Provision for income taxes, as reported	15,814	8,570	25,381	20,281
Purchase accounting adjustments-revenue ⁽¹⁾	247	71	333	129
Purchase accounting adjustments-rent ⁽²⁾	184	109	288	219
Loss on reacquired franchise rights ⁽³⁾	110	—	110	1,160
Gain on settlement of preexisting contract with acquiree ⁽⁴⁾	—	—	—	(2,059)
Transaction fees and acquisition-related costs ⁽⁵⁾	—	525	394	4,948
Loss on extinguishment of debt ⁽⁶⁾	—	—	—	1,583
Loss (gain) on adjustment of allowance for credit losses on held-to-maturity investments ⁽⁷⁾	(160)	265	95	(1,845)
Dividend income on held-to-maturity investments ⁽⁸⁾	(496)	(463)	(979)	(914)
Legal matters ⁽⁹⁾	2,950	898	6,250	951
Tax benefit arrangement remeasurement ⁽¹⁰⁾	—	(83)	—	(3,871)
Severance costs ⁽¹¹⁾	1,220	—	1,220	—
Other ⁽¹²⁾	818	500	(640)	1,600
Purchase accounting amortization ⁽¹³⁾	12,954	10,781	25,531	19,299
Adjusted income before income taxes	\$ 77,821	\$ 46,244	\$ 126,931	\$ 84,928
Adjusted income tax expense ⁽¹⁴⁾	20,156	12,347	32,875	22,676
Adjusted net income ⁽¹⁵⁾	\$ 57,665	\$ 33,897	\$ 94,056	\$ 62,252
Adjusted net income per share, diluted	\$ 0.65	\$ 0.37	\$ 1.05	\$ 0.69
Adjusted weighted-average shares outstanding ⁽¹⁶⁾	89,092	91,343	89,444	90,503

- (1) Represents the impact of revenue-related purchase accounting adjustments associated with the 2012 Acquisition. At the time of the 2012 Acquisition, the Company maintained a deferred revenue account, which consisted of deferred area development agreement fees, deferred franchise fees, and deferred enrollment fees that the Company billed and collected up-front but recognizes for 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.

Planet Fitness, Inc. and subsidiaries
Non-GAAP Financial Measures
(Unaudited)
(Amounts in thousands, except per share amounts)

- (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 \$41, \$45, \$82, and \$90 in the three and six months ended June 30, 2023 and 2022, respectively, reflect the difference between the higher rent expense recorded in accordance with GAAP since the acquisition and the rent expense that would have been recorded had the 2012 Acquisition not occurred. Adjustments of \$143, \$64, \$206, and \$129 in the three and six months ended June 30, 2023 and 2022, respectively, are due to the amortization of favorable and unfavorable leases. All of the rent related purchase accounting adjustments are adjustments to rent expense which is included in store operations on our consolidated statements of operations.
 - (3) Represents the impact of a non-cash loss recorded in accordance with ASC 805 – Business Combinations related to our acquisition of franchisee-owned stores. The loss recorded under GAAP represents the difference between the fair value and the contractual terms of the reacquired franchise rights and is included in other losses (gains), net on our consolidated statement of operations.
 - (4) Represents a gain on settlement of deferred revenue from existing contracts with acquired franchisee-stores recorded in accordance with ASC 805 – Business Combinations, and is included in other losses (gains), net on our consolidated statement of operations.
 - (5) Represents transaction fees and acquisition-related costs incurred in connection with our acquisition of franchisee-owned stores.
 - (6) Represents a loss on extinguishment of debt in the six months ended June 30, 2022.
 - (7) Represents a loss (gain) on the adjustment of the allowance for credit losses on the Company’s held-to-maturity investments.
 - (8) Represents dividend income on held-to-maturity investments.
 - (9) Represents costs associated with legal matters in which the Company is a defendant. In connection with the Preliminary Settlement Agreement between the Company and a franchisee in Mexico, the Company recorded an estimated liability for the legal settlement of \$8,550 as of December 31, 2022, inclusive of estimated future legal fees. As of June 30, 2023, the Company revised its estimate of the legal settlement and recorded an increase to the estimated liability of \$2,950 for the three months ended June 30, 2023 and \$6,250 for the six months ended June 30, 2023 to \$14,500, net of legal fees paid. In the three and six months ended June 30, 2022, the amounts represent a reserve against an indemnification receivable related to a legal matter.
 - (10) Represents gains related to the adjustment of our tax benefit arrangements primarily due to changes in our deferred state tax rate.
 - (11) Represents severance expense recorded in connection with the elimination of the President and Chief Operating Officer position.
 - (12) Represents certain other charges and gains that we do not believe reflect our underlying business performance.
 - (13) Includes \$3,096, \$3,096, \$6,192 and 6,192 of amortization of intangible assets, for the three and six months ended June 30, 2023 and 2022, recorded in connection with the 2012 Acquisition, and \$9,858, \$7,685, \$19,339 and \$13,107 of amortization of intangible assets for the three and six months ended June 30, 2023 and 2022, respectively, recorded in connection with historical acquisitions of franchisee-owned stores. The adjustment represents the amount of actual non-cash amortization expense recorded, in accordance with GAAP, in each period.
 - (14) Represents corporate income taxes at an assumed blended tax rate of 25.9% for the three and six months ended June 30, 2023 and 26.7% for the three and six months ended June 30, 2022, applied to adjusted income before income taxes.
 - (15) Effective September 30, 2022, we no longer exclude pre-opening costs from our computation of Adjusted EBITDA. Adjusted EBITDA for all prior periods presented has been restated to the current period computation methodology.
 - (16) 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.
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Planet Fitness, Inc. and subsidiaries
Non-GAAP Financial Measures
(Unaudited)
(Amounts in thousands, except per share amounts)

A reconciliation of net income per share, diluted, to Adjusted net income per share, diluted is set forth below for the three and six months ended June 30, 2023 and 2022:

(in thousands, except per share amounts)	For the three months ended June 30, 2023			For the three months ended June 30, 2022		
	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. ⁽¹⁾	\$ 41,135	84,908	\$ 0.48	\$ 22,342	85,197	\$ 0.26
Assumed exchange of shares ⁽²⁾	3,045	4,184		2,729	6,146	
Net income	44,180			25,071		
Adjustments to arrive at adjusted income						
before income taxes ⁽³⁾	33,641			21,173		
Adjusted income before income taxes	77,821			46,244		
Adjusted income tax expense ⁽⁴⁾	20,156			12,347		
Adjusted net income	\$ 57,665	89,092	\$ 0.65	\$ 33,897	91,343	\$ 0.37

- (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. Effective September 30, 2022, we no longer exclude pre-opening costs from our computation of Adjusted EBITDA. Adjusted EBITDA for all prior periods presented has been restated to the current period computation methodology.
- (4) Represents corporate income taxes at an assumed blended tax rate of 25.9% and 26.7% for the three months ended June 30, 2023 and 2022, respectively, applied to adjusted income before income taxes.

Planet Fitness, Inc. and subsidiaries
Non-GAAP Financial Measures
(Unaudited)
(Amounts in thousands, except per share amounts)

(in thousands, except per share amounts)	For the six months ended June 30, 2023			For the six months ended June 30, 2022		
	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. ⁽¹⁾	\$ 63,839	84,850	\$ 0.75	\$ 38,806	84,919	\$ 0.46
Assumed exchange of shares ⁽²⁾	5,109	4,594		4,641	5,584	
Net income	68,948			43,447		
Adjustments to arrive at adjusted income before income taxes ⁽³⁾	57,983			41,481		
Adjusted income before income taxes	126,931			84,928		
Adjusted income tax expense ⁽⁴⁾	32,875			22,676		
Adjusted net income	<u>\$ 94,056</u>	89,444	\$ 1.05	<u>\$ 62,252</u>	90,503	\$ 0.69

- (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. Effective September 30, 2022, we no longer exclude pre-opening costs from our computation of Adjusted EBITDA. Adjusted EBITDA for all prior periods presented has been restated to the current period computation methodology.
- (4) Represents corporate income taxes at an assumed blended tax rate of 25.9% and 26.7% for the six months ended June 30, 2023 and 2022, respectively, applied to adjusted income before income taxes.