

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 September 30, 2023
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:

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

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

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

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

Large accelerated filer	<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 ☒

As of November 2, 2023 there were 85,438,502 shares of the Registrant's Class A Common Stock, par value \$0.0001 per share, outstanding and 2,708,410 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, risks and uncertainties associated with the following:

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

- *Our business is subject to various laws and regulations including, among others, those governing indoor tanning, electronic funds transfer, ACH, credit card, debit card, digital payment options, auto-renewal contracts, membership cancellation rights and consumer protection more generally, and changes in such laws and regulations, failure to comply with existing or future laws and regulations or failure to adjust to consumer sentiment regarding these matters, could harm our reputation and adversely affect our business.*
- *We are subject to risks associated with leasing property subject to long-term non-cancelable leases.*
- *If we and our franchisees are unable to identify and secure suitable sites for new franchise stores, our revenue growth rate and profits may be negatively impacted.*
- *Opening new stores in close proximity may negatively impact our existing stores' revenues and profitability.*
- *Our franchisees may incur rising costs related to construction of new stores and maintenance of existing stores, including rising costs due to inflation, supply chain disruptions and other market conditions, which could adversely affect the attractiveness of our franchise model, and in turn our business, results of operations and financial condition.*
- *Our dependence on a limited number of suppliers for equipment and certain products and services could result in disruptions to our business and could adversely affect our revenues and gross profit.*
- *The other factors identified under the heading "Risk Factors" in our annual report on Form 10-K for the fiscal year ended December 31, 2022 filed with the Securities and Exchange Commission.*

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

PART I-FINANCIAL INFORMATION
1. Financial Statements

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

	September 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 308,970	\$ 409,840
Restricted cash	46,381	62,659
Short-term marketable securities	108,460	—
Accounts receivable, net of allowances for uncollectible amounts of \$0 and \$0 as of September 30, 2023 and December 31, 2022, respectively	36,362	46,242
Inventory	7,536	5,266
Prepaid expenses	18,073	11,078
Other receivables	8,678	14,975
Income tax receivables	5,659	5,471
Total current assets	540,119	555,531
Long-term marketable securities	10,252	—
Property and equipment, net of accumulated depreciation of \$296,677 and \$227,869 as of September 30, 2023 and December 31, 2022, respectively	366,780	348,820
Investments, net of allowances for expected credit losses of \$14,951 and \$14,957 as of September 30, 2023 and December 31, 2022, respectively	46,037	25,122
Right-of-use assets, net	381,819	346,937
Intangible assets, net	385,462	417,067
Goodwill	717,502	702,690
Deferred income taxes	492,965	454,565
Other assets, net	3,911	3,857
Total assets	\$ 2,944,847	\$ 2,854,589
Liabilities and stockholders' deficit		
Current liabilities:		
Current maturities of long-term debt	\$ 20,750	\$ 20,750
Accounts payable	28,364	20,578
Accrued expenses	56,430	66,993
Equipment deposits	13,933	8,443
Restricted liabilities – national advertising fund	805	—
Deferred revenue, current	64,352	53,759
Payable pursuant to tax benefit arrangements, current	38,193	31,940
Other current liabilities	50,019	42,067
Total current liabilities	272,846	244,530
Long-term debt, net of current maturities	1,966,682	1,978,131
Lease liabilities, net of current portion	379,810	341,843
Deferred revenue, net of current portion	32,670	33,152
Deferred tax liabilities	1,397	1,471
Payable pursuant to tax benefit arrangements, net of current portion	451,569	462,525
Other liabilities	4,803	4,498
Total noncurrent liabilities	2,836,931	2,821,620
Commitments and contingencies (Note 14)		
Stockholders' equity (deficit):		
Class A common stock, \$.0001 par value - 300,000 authorized, 85,410 and 83,430 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	9	8
Class B common stock, \$.0001 par value - 100,000 authorized, 2,733 and 6,146 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	—	1
Accumulated other comprehensive loss	(684)	(448)
Additional paid in capital	570,397	505,144
Accumulated deficit	(726,800)	(703,717)
Total stockholders' deficit attributable to Planet Fitness Inc.	(157,078)	(199,012)
Non-controlling interests	(7,852)	(12,549)
Total stockholders' deficit	(164,930)	(211,561)
Total liabilities and stockholders' deficit	\$ 2,944,847	\$ 2,854,589

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 September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Revenue:				
Franchise	\$ 80,587	\$ 66,168	\$ 237,313	\$ 200,243
National advertising fund revenue	17,578	14,578	52,378	43,130
Corporate-owned stores	113,245	101,330	332,885	278,940
Equipment	66,141	62,310	163,664	133,191
Total revenue	277,551	244,386	786,240	655,504
Operating costs and expenses:				
Cost of revenue	53,751	48,531	132,561	103,436
Store operations	63,120	57,892	188,011	161,789
Selling, general and administrative	33,290	27,148	93,705	86,176
National advertising fund expense	17,618	17,009	52,496	50,445
Depreciation and amortization	37,477	32,572	110,254	90,427
Other (gains) losses, net	(56)	(700)	7,705	(2,452)
Total operating costs and expenses	205,200	182,452	584,732	489,821
Income from operations	72,351	61,934	201,508	165,683
Other expense, net:				
Interest income	4,245	1,561	12,339	2,244
Interest expense	(21,704)	(21,917)	(64,771)	(66,527)
Other income, net	148	4,762	631	9,000
Total other expense, net	(17,311)	(15,594)	(51,801)	(55,283)
Income before income taxes	55,040	46,340	149,707	110,400
Equity losses of unconsolidated entities, net of tax	(242)	(2)	(580)	(334)
Provision for income taxes	13,474	15,661	38,855	35,942
Net income	41,324	30,677	110,272	74,124
Less net income attributable to non-controlling interests	2,190	3,764	7,299	8,405
Net income attributable to Planet Fitness, Inc.	\$ 39,134	\$ 26,913	102,973	\$ 65,719
Net income per share of Class A common stock:				
Basic	\$ 0.46	\$ 0.32	\$ 1.22	\$ 0.78
Diluted	\$ 0.46	\$ 0.32	\$ 1.21	\$ 0.78
Weighted-average shares of Class A common stock outstanding:				
Basic	84,610	84,156	84,558	84,377
Diluted	84,886	84,547	84,870	84,798

See accompanying notes to condensed consolidated financial statements.

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Net income including non-controlling interests	\$ 41,324	\$ 30,677	\$ 110,272	\$ 74,124
Other comprehensive (loss) income, net:				
Foreign currency translation adjustments	(393)	(516)	17	(638)
Change in unrealized gain (loss) on marketable securities, net of tax	42	—	(253)	—
Total other comprehensive (loss) income, net	(351)	(516)	(236)	(638)
Total comprehensive income including non-controlling interests	40,973	30,161	110,036	73,486
Less: total comprehensive income attributable to non-controlling interests	2,190	3,764	7,299	8,405
Total comprehensive income attributable to Planet Fitness, Inc.	<u>\$ 38,783</u>	<u>\$ 26,397</u>	<u>\$ 102,737</u>	<u>\$ 65,081</u>

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 nine months ended September 30,	
	2023	2022
Cash flows from operating activities:		
Net income	\$ 110,272	\$ 74,124
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	110,254	90,427
Amortization of deferred financing costs	4,114	4,129
Write-off of deferred financing costs	—	1,583
Accretion of marketable securities discount	(2,224)	—
Dividends accrued on investment	(1,490)	(1,391)
Deferred tax expense	34,884	35,026
Equity losses of unconsolidated entities, net of tax	580	334
Gain on adjustment of allowance for credit losses on held-to-maturity investment	(6)	(1,572)
Gain on re-measurement of tax benefit arrangement	—	(8,381)
Loss on reacquired franchise rights	110	1,160
Gain on sale of corporate-owned stores	—	(1,324)
Equity-based compensation	6,326	6,942
Other	133	267
Changes in operating assets and liabilities, excluding effects of acquisitions:		
Accounts receivable	10,086	(7,477)
Inventory	(2,270)	(3,071)
Other assets and other current assets	(1,722)	(567)
Restricted liabilities (assets) - national advertising fund	805	(1,773)
Accounts payable and accrued expenses	(7,488)	(22,521)
Other liabilities and other current liabilities	6,855	1,728
Income taxes	(104)	(2,111)
Payable pursuant to tax benefit arrangements	(21,780)	(14,211)
Equipment deposits	5,495	26,049
Deferred revenue	9,428	11,506
Leases	4,662	1,550
Net cash provided by operating activities	266,920	190,426
Cash flows from investing activities:		
Additions to property and equipment	(84,636)	(65,138)
Acquisition of franchisees, net of cash acquired	(26,264)	(424,940)
Proceeds from sale of corporate-owned stores	—	20,820
Proceeds from sale of property and equipment	2	60
Purchases of marketable securities	(155,007)	—
Maturities of marketable securities	37,990	—
Other investments	(20,000)	—
Net cash used in investing activities	(247,915)	(469,198)
Cash flows from financing activities:		
Principal payments on capital lease obligations	(152)	(207)
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	(15,563)	(719,625)
Payment of financing and other debt-related costs	—	(15,951)
Proceeds from issuance of Class A common stock	8,575	779
Repurchase and retirement of Class A common stock	(125,030)	(94,314)
Distributions paid to members of Pla-Fit Holdings	(4,216)	(2,945)
Net cash (used in) provided by financing activities	(136,386)	142,737
Effects of exchange rate changes on cash and cash equivalents	233	(729)
Net decrease in cash, cash equivalents and restricted cash	(117,148)	(136,764)
Cash, cash equivalents and restricted cash, beginning of period	472,499	603,941
Cash, cash equivalents and restricted cash, end of period	\$ 355,351	\$ 467,177
Supplemental cash flow information:		
Net cash paid for income taxes	\$ 4,394	\$ 3,072
Cash paid for interest	\$ 60,964	\$ 60,535
Non-cash investing & financing activities:		
Non-cash additions to property and equipment	\$ 20,590	\$ 11,566
Accrued taxes on share repurchases	\$ 1,048	\$ —
Fair value of common stock issued as consideration for acquisition	\$ —	\$ 393,730

See accompanying notes to condensed consolidated financial statements.

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	Additional paid- in capital	Accumulated deficit	Non- controlling interests	Total (deficit) equity
	Shares	Amount	Shares	Amount					
Balance at December 31, 2022	83,430	\$ 8	6,146	\$ 1	\$ (448)	\$ 505,144	\$ (703,717)	\$ (12,549)	\$ (211,561)
Net income	—	—	—	—	—	—	102,973	7,299	110,272
Equity-based compensation expense	—	—	—	—	—	6,326	—	—	6,326
Exchanges of Class B common stock and other adjustments	3,413	1	(3,413)	(1)	—	(9,096)	—	9,096	—
Repurchase and retirement of Class A common stock	(1,699)	—	—	—	—	3,117	(126,078)	(3,117)	(126,078)
Exercise of stock options, vesting of restricted share units and ESPP share purchase	266	—	—	—	—	8,611	—	—	8,611
Tax benefit arrangement liability and deferred taxes arising from exchanges of Class B common stock and other adjustments	—	—	—	—	—	56,295	—	—	56,295
Non-cash adjustments to VIEs	—	—	—	—	—	—	—	(389)	(389)
Deconsolidation of VIEs	—	—	—	—	—	—	22	(3,976)	(3,954)
Distributions paid to members of Pla-Fit Holdings	—	—	—	—	—	—	—	(4,216)	(4,216)
Other comprehensive loss	—	—	—	—	(236)	—	—	—	(236)
Balance at September 30, 2023	85,410	\$ 9	2,733	\$ —	\$ (684)	\$ 570,397	\$ (726,800)	\$ (7,852)	\$ (164,930)

	Class A common stock		Class B common stock		Accumulated other comprehensive income (loss)	Additional paid- in capital	Accumulated deficit	Non- controlling interests	Total (deficit) equity
	Shares	Amount	Shares	Amount					
Balance at December 31, 2021	83,804	\$ 8	3,056	\$ 1	\$ 12	\$ 63,428	\$ (708,804)	\$ 2,510	\$ (642,845)
Net income	—	—	—	—	—	—	65,719	8,405	74,124
Equity-based compensation expense	—	—	—	—	—	6,942	—	—	6,942
Exchanges of Class B common stock and other adjustments	548	—	(548)	—	—	22,534	—	(22,534)	—
Repurchase and retirement of Class A common stock	(1,528)	—	—	—	—	6,426	(94,314)	(6,426)	(94,314)
Exercise of stock options, vesting of restricted share units and ESPP share purchase	73	—	—	—	—	998	—	—	998
Issuance of common stock for acquisition	517	—	3,638	—	—	416,509	—	(22,779)	393,730
Tax benefit arrangement liability and deferred taxes arising from exchanges of Class B common stock and other adjustments	—	—	—	—	—	17,528	—	—	17,528
Non-cash adjustments to VIEs	—	—	—	—	—	—	—	(686)	(686)
Distributions paid to members of Pla-Fit Holdings	—	—	—	—	—	—	—	(2,945)	(2,945)
Other comprehensive loss	—	—	—	—	(638)	—	—	—	(638)
Balance at September 30, 2022	83,414	\$ 8	6,146	\$ 1	\$ (626)	\$ 534,365	\$ (737,399)	\$ (44,455)	\$ (248,106)

	Class A common stock		Class B common stock		Accumulated other comprehensive loss	Additional paid- in capital	Accumulated deficit	Non- controlling interests	Total (deficit) equity
	Shares	Amount	Shares	Amount					
Balance at June 30, 2023	83,980	\$ 9	4,151	\$ —	\$ (333)	\$ 564,170	\$ (765,815)	\$ (13,992)	\$ (215,961)
Net income	—	—	—	—	—	—	39,134	2,190	41,324
Equity-based compensation expense	—	—	—	—	—	1,533	—	—	1,533
Exchanges of Class B common stock	1,418	—	(1,418)	—	—	(4,430)	—	4,430	—
Exercise of stock options, vesting of restricted share units and ESPP share purchase	12	—	—	—	—	591	—	—	591
Tax benefit arrangement liability and deferred taxes arising from exchanges of Class B common stock	—	—	—	—	—	8,533	—	—	8,533
Deconsolidation of VIEs	—	—	—	—	—	—	(119)	—	(119)
Distributions paid to members of Pla-Fit Holdings	—	—	—	—	—	—	—	(480)	(480)
Other comprehensive loss	—	—	—	—	(351)	—	—	—	(351)
Balance at September 30, 2023	<u>85,410</u>	<u>\$ 9</u>	<u>2,733</u>	<u>\$ —</u>	<u>\$ (684)</u>	<u>\$ 570,397</u>	<u>\$ (726,800)</u>	<u>\$ (7,852)</u>	<u>\$ (164,930)</u>

	Class A common stock		Class B common stock		Accumulated other comprehensive loss	Additional paid- in capital	Accumulated deficit	Non- controlling interests	Total (deficit) equity
	Shares	Amount	Shares	Amount					
Balance at June 30, 2022	84,230	\$ 8	6,146	\$ 1	\$ (110)	\$ 529,026	\$ (714,297)	\$ (43,636)	\$ (229,008)
Net income	—	—	—	—	—	—	26,913	3,764	30,677
Equity-based compensation expense	—	—	—	—	—	1,341	—	—	1,341
Repurchase and retirement of Class A common stock	(831)	—	—	—	—	3,432	(50,015)	(3,432)	(50,015)
Exercise of stock options, vesting of restricted share units and ESPP share purchase	15	—	—	—	—	624	—	—	624
Tax benefit arrangement liability and deferred taxes arising from exchanges of Class B common stock and other adjustments	—	—	—	—	—	(58)	—	—	(58)
Non-cash adjustments to VIEs	—	—	—	—	—	—	—	(229)	(229)
Distributions paid to members of Pla-Fit Holdings	—	—	—	—	—	—	—	(922)	(922)
Other comprehensive loss	—	—	—	—	(516)	—	—	—	(516)
Balance at September 30, 2022	<u>83,414</u>	<u>\$ 8</u>	<u>6,146</u>	<u>\$ 1</u>	<u>\$ (626)</u>	<u>\$ 534,365</u>	<u>\$ (737,399)</u>	<u>\$ (44,455)</u>	<u>\$ (248,106)</u>

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 18.5 million members and 2,498 owned and franchised locations (referred to as stores) in 50 states, the District of Columbia, Puerto Rico, Canada, Panama, Mexico and Australia as of September 30, 2023.

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; and
- Selling fitness-related equipment to franchisee-owned stores.

In 2012 investment funds affiliated with TSG Consumer Partners, LLC (“TSG”), purchased interests in Pla-Fit Holdings.

The Company was formed as a Delaware corporation on March 16, 2015 for the purpose of facilitating an initial public offering (the “IPO”) 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, 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 the membership units (“Holdings Units”) 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 Holdings Units not owned by the Company.

As of September 30, 2023, the Company held 100.0% of the voting interest and approximately 96.9% of the economic interest in Pla-Fit Holdings and the owners of Holdings Units other than the Company (the “Continuing LLC Owners”) held the remaining 3.1% economic interest in Pla-Fit Holdings. As future exchanges of Holdings Units occur, the economic interest in Pla-Fit Holdings held by Planet Fitness, Inc. will increase.

(2) Summary of significant accounting policies***(a) Basis of presentation and consolidation***

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

The condensed consolidated financial statements as of and for the three and nine months ended September 30, 2023 and 2022 are unaudited. The condensed consolidated balance sheet as of December 31, 2022 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, 2022 (the “Annual Report”) filed with the SEC on March 1, 2023, as amended on March 2, 2023. The Company’s significant interim accounting policies include the proportional recognition of national advertising fund expenses within interim periods. Operating results for the interim periods are not necessarily indicative of the results that may be expected for the full year.

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(b) Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results. Significant areas where estimates and judgments are relied upon by management in the preparation of the consolidated financial statements include revenue recognition, valuation of equity-based compensation awards, valuation of assets and liabilities acquired in business combinations, valuation of certain investments and other financial instruments including valuation of investments without readily determinable fair values, the evaluation of the recoverability of goodwill and long-lived assets, including intangible assets, allowance for expected credit losses, contingent liabilities, the present value of lease liabilities, income taxes, including deferred tax assets and liabilities, and the liability for the Company's tax benefit arrangements.

(c) Marketable securities

Marketable securities primarily consist of commercial paper, corporate debt securities, U.S. treasury securities, and U.S. government agency securities. We classify our marketable securities as available-for-sale at the time of purchase and reevaluate such classification at each balance sheet date. We may sell these securities at any time for use in current operations even if they have not yet reached maturity. The Company invests in a diversified portfolio of marketable securities and limits the concentration of its investment in any particular security. Securities with maturities greater than three months, but less than one year, are included in current assets and securities with maturities greater than one year are included within investments in non-current assets on the consolidated balance sheets. All marketable securities classified as available-for-sale are reported at fair value.

If the estimated fair value of an available-for-sale debt security is below its amortized cost basis, then the Company evaluates the security for impairment. The Company considers its intent to sell the security or whether it is more likely than not that it will be required to sell the security before recovery of its amortized basis. If either of these criteria are met, the debt security's amortized cost basis is written down to fair value through other income (expense), net in the consolidated statements of operations. If neither of these criteria are met, the Company evaluates whether unrealized losses have resulted from a credit loss or other factors. The factors considered in determining whether a credit loss exists can include the extent to which fair value is less than the amortized cost basis, changes to the rating of the security by a rating agency, any adverse conditions specifically related to the security, as well as other factors. An impairment relating to credit losses is recorded through an allowance for credit losses reported in other income (expense), net in the consolidated statements of operations. The allowance is limited by the amount that the fair value of the debt security is below its amortized cost basis. When a credit loss exists, the Company compares the present value of cash flows expected to be collected from the debt security with the amortized cost basis of the security to determine what allowance amount, if any, should be recorded. Unrealized gains or losses not resulting from credit losses are recorded through accumulated other comprehensive income (loss). Realized gains and losses from the sale of marketable securities are determined based on the specific identification method. Realized gains and losses are reported in other income (expense), net in the consolidated statements of operations. Interest income from marketable securities is recognized as earned within the condensed consolidated statement of operations.

(d) 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.

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The fair value measurements and levels of marketable securities are included in Note 3.

The carrying value and estimated fair value of certain liabilities as of September 30, 2023 and December 31, 2022 were as follows:

	September 30, 2023		December 31, 2022	
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
Liabilities				
Long-term debt ⁽¹⁾	\$ 2,009,625	\$ 1,763,500	\$ 2,025,188	\$ 1,730,634

(1) The estimated fair value of the Company's fixed rate long-term debt is estimated primarily based on current bid prices for the long-term debt. Judgment is required to develop these estimates. As such, the fair value of long-term debt is classified within Level 2, as defined under U.S. GAAP.

(e) Recent accounting pronouncements

There are no recent accounting pronouncements that are expected to have a material impact on the Company's financial position or results of operations.

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(3) Investments

Investments - Marketable securities

The following table summarizes the amortized cost, gross unrealized gains (losses), and fair value of the Company's cash equivalents and marketable securities:

	September 30, 2023				Cash Equivalents	Marketable Securities
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value		
Level 1						
Money market funds	\$ 981	\$ —	\$ —	\$ 981	\$ 981	\$ —
Level 2						
Commercial paper	74,471	—	(86)	74,385	7,955	66,430
Corporate debt securities	44,252	—	(157)	44,095	—	44,095
U.S. treasury securities	4,988	—	(5)	4,983	—	4,983
U.S. government agency securities	3,209	—	(5)	3,204	—	3,204
Total level 2	126,920	—	(253)	126,667	7,955	118,712
Total	\$ 127,901	\$ —	\$ (253)	\$ 127,648	\$ 8,936	\$ 118,712

The Company held no marketable securities as of December 31, 2022. The Company primarily invests in current marketable debt securities with a maximum weighted average duration of up to twelve months. As of September 30, 2023, the fair value of non-current marketable debt securities with a maturity beyond twelve months from the end of the period was \$10,252, which are included within long-term marketable securities in the consolidated balance sheet. The remainder of the marketable securities are classified as current. Fair values were determined using market prices from third-party pricing sources.

For marketable securities with unrealized loss positions, the Company does not intend to sell these securities and it is more likely than not that the Company will hold these securities until maturity or a recovery of the cost basis and they are therefore all categorized as available for sale. No allowance for credit losses was recorded for these securities as of September 30, 2023.

Investments - Held-to-maturity debt securities

As of September 30, 2023, the Company's debt security investment consists of redeemable preferred shares that are accounted for as a held-to-maturity investment, with a contractual maturity in 2026. The Company's investment is measured at amortized cost within investments in the condensed consolidated balance sheets. The Company reviews its held-to-maturity securities for expected credit losses under ASC Topic 326, *Credit Impairment*, on an ongoing basis.

During the three and nine months ended September 30, 2023 and 2022, the Company's review of the investee's operations and financial position indicated that an adjustment to its allowance for expected credit losses was necessary. A roll forward of the Company's allowance for expected credit losses on held-to-maturity investments is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Beginning allowance for expected credit losses	\$ 15,052	\$ 15,617	\$ 14,957	\$ 17,462
(Gain) loss on adjustment of allowance for expected credit losses	(101)	273	(6)	(1,572)
Write-offs, net of recoveries	—	—	—	—
Ending allowance for expected credit losses	\$ 14,951	\$ 15,890	\$ 14,951	\$ 15,890

The amortized cost, including accrued dividends, of the Company's held-to-maturity debt security investments was \$29,767 and \$28,277 and the allowance for expected credit losses was \$14,951 and \$14,957, as of September 30, 2023 and December 31, 2022, respectively. During the three months ended September 30, 2023 and 2022, the Company recognized dividend income of \$511 and \$477, respectively, and during the nine months ended September 30, 2023 and 2022, of \$1,490 and \$1,391, respectively, within other income on the consolidated statements of operations.

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Equity method investments

On April 9, 2021, the Company acquired a 21% ownership interest in Bravo Fit Holdings Pty Ltd, the Company's franchisee and store operator in Australia, which is deemed to be a related party, for \$10,000. In the fourth quarter of 2022, the Company invested an additional \$2,449 in Bravo Fit Holdings Pty Ltd. Following such additional investment, the Company's ownership remained at 21%. For the three months ended September 30, 2023 and 2022, the Company's proportionate share of the earnings in accordance with the equity method was a loss of \$94 and \$2, respectively, and for the nine months ended September 30, 2023 and 2022, the Company's proportionate share of the earnings was a loss of \$432 and \$334, respectively, recorded within equity earnings of unconsolidated entities on the condensed consolidated statement of operations. The adjusted carrying value of the equity method investment was \$11,370 and \$11,802 as of September 30, 2023 and December 31, 2022, respectively.

On June 23, 2023, the Company acquired a 12.5% ownership interest for \$10,000 in Planet Fitmex, LLC, which is classified as an equity method investment as a result of its organizational structure. In August 2023, the Company invested an additional \$10,000 in Planet Fitmex, LLC. Following such additional investment, the Company's ownership stake increased to 22.2% with a total investment of \$20,000. Planet Fitmex, LLC, is a franchisee of the Company, store operator in Mexico, and is deemed to be a related party. For both the three and nine months ended September 30, 2023, the Company's proportionate share of the earnings was a loss of \$148 recorded within equity earnings of unconsolidated entities on the condensed consolidated statement of operations. The adjusted carrying value of the equity method investment was \$19,852 as of September 30, 2023.

Subsequent to quarter end, in November 2023, the Company invested an additional \$15,596 in Planet Fitmex, LLC, and following such additional investment, the Company's ownership stake increased to 25.2%.

(4) Acquisitions**Sunshine Fitness acquisition**

On February 10, 2022, the Company and Pla-Fit Holdings (together with the Company, the "Buyers"), acquired 100% of the equity interests ("Sunshine Acquisition") of Sunshine Fitness Growth Holdings, LLC, a Delaware limited liability company and Planet Fitness franchisee ("Sunshine Fitness"). The Company acquired 114 stores in Alabama, Florida, Georgia, North Carolina, and South Carolina from Sunshine Fitness.

The following pro forma financial information for the nine months ended September 30, 2022 summarizes the combined results of operations for the Company and Sunshine Fitness, as though the companies were combined as of the beginning of 2021. The three and nine months ended September 30, 2023 and the three months ended September 30, 2022 total revenues, income before taxes, and net income are included within the condensed consolidated statements of operations.

	For the nine months ended September 30, 2022	
Total revenues	\$	675,954
Income before taxes		110,246
Net income		74,008

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Florida acquisition

On April 16, 2023, the Company purchased from one of its franchisees a majority of the assets associated with four franchisee stores operating in Florida (the “Florida Acquisition”) for approximately \$26,264. As a result of the transaction, the Company incurred a loss on unfavorable reacquired franchise rights of \$110, which is included in other losses (gains), net on the condensed consolidated statement of operations. The loss incurred reduced the net purchase price to \$26,154. The Company financed the purchase through cash on hand. The acquired stores are included in the Corporate-owned stores segment.

The preliminary allocation of the purchase consideration was as follows:

	Amount
Property and equipment	\$ 3,851
Right of use assets	5,424
Other long-term assets	95
Intangible assets	6,880
Goodwill	14,812
Deferred revenue	(687)
Other current liabilities	(17)
Lease liabilities	(4,204)
Total	\$ 26,154

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

	Preliminary Fair Value	Preliminary Useful Life
Reacquired franchise rights ⁽¹⁾	\$ 6,650	6.8
Customer relationships ⁽²⁾	230	6.0
Total intangible assets subject to amortization	\$ 6,880	

(1) Reacquired franchise rights represent the fair value of the reacquired franchise agreements using the income approach, specifically, the multi-period excess earnings method.

(2) Customer relationships represent the fair value of the existing contractual customer relationships using the income approach, specifically, the multi-period excess earnings method.

The acquisition did not have a material effect on the results of operations of the Company.

Certain estimated values for the Florida Acquisition, including goodwill and intangible assets, are not yet finalized and are subject to revision as additional information becomes available and more detailed analyses are completed.

(5) Sale of corporate-owned stores

On August 31, 2022, the Company sold 6 corporate-owned stores located in Colorado to a franchisee for \$20,820. The net value of assets derecognized in connection with the sale amounted to \$19,496, which included goodwill of \$14,423, intangible assets of \$2,629, and net tangible assets of \$2,444, which resulted in a gain on sale of corporate-owned stores of \$1,324 during the three months ended September 30, 2022.

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(6) Goodwill and intangible assets

A summary of goodwill and intangible assets at September 30, 2023 and December 31, 2022 is as follows:

<u>September 30, 2023</u>	Gross carrying amount	Accumulated amortization	Net carrying Amount
Customer relationships	\$ 199,043	\$ (165,174)	\$ 33,869
Reacquired franchise and area development rights	274,708	(69,715)	204,993
	473,751	(234,889)	238,862
Indefinite-lived intangible:			
Trade and brand names	146,600	—	146,600
Total intangible assets	\$ 620,351	\$ (234,889)	\$ 385,462
Goodwill	\$ 717,502	\$ —	\$ 717,502

<u>December 31, 2022</u>	Gross carrying amount	Accumulated amortization	Net carrying Amount
Customer relationships	\$ 198,813	\$ (153,243)	\$ 45,570
Reacquired franchise and area development rights	268,058	(43,161)	224,897
	466,871	(196,404)	270,467
Indefinite-lived intangible:			
Trade and brand names	146,600	—	146,600
Total intangible assets	\$ 613,471	\$ (196,404)	\$ 417,067
Goodwill	\$ 702,690	\$ —	\$ 702,690

A roll forward of goodwill between December 31, 2022 and September 30, 2023 is as follows:

	Franchise	Corporate-owned stores	Equipment	Total
As of December 31, 2022	\$ 16,938	\$ 593,086	\$ 92,666	\$ 702,690
Acquisition of franchisee-owned stores	—	14,812	—	14,812
As of September 30, 2023	\$ 16,938	\$ 607,898	\$ 92,666	\$ 717,502

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

Amortization expense related to the intangible assets totaled \$12,965 and \$10,611 for the three months ended September 30, 2023 and 2022, respectively, and \$38,517 and \$29,644 for the nine months ended September 30, 2023 and 2022, respectively. The anticipated annual amortization expense related to intangible assets to be recognized in future years as of September 30, 2023 is as follows:

	Amount
Remainder of 2023	\$ 12,954
2024	49,190
2025	36,713
2026	32,079
2027	27,956
Thereafter	79,970
Total	\$ 238,862

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(7) Long-term debt

Long-term debt as of September 30, 2023 and December 31, 2022 consists of the following:

	September 30, 2023	December 31, 2022
2018-1 Class A-2-II notes	\$ 593,750	\$ 598,438
2019-1 Class A-2 notes	529,375	533,500
2022-1 Class A-2-I notes	418,625	421,812
2022-1 Class A-2-II notes	467,875	471,437
Total debt, excluding deferred financing costs	2,009,625	2,025,187
Deferred financing costs, net of accumulated amortization	(22,193)	(26,306)
Total debt	1,987,432	1,998,881
Current portion of long-term debt	20,750	20,750
Long-term debt, net of current portion	\$ 1,966,682	\$ 1,978,131

Future annual principal payments of long-term debt as of September 30, 2023 are as follows:

	Amount
Remainder of 2023	\$ 5,188
2024	20,750
2025	600,438
2026	419,312
2027	10,250
Thereafter	953,687
Total	\$ 2,009,625

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

The Notes were issued in securitization transactions pursuant to which most of the Company’s domestic revenue-generating assets, consisting principally of franchise-related agreements, certain corporate-owned store assets, equipment supply agreements and intellectual property and license agreements for the use of intellectual property, were assigned to the Master

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Issuer and certain other limited-purpose, bankruptcy remote, wholly-owned indirect subsidiaries of the Company that act as guarantors of the Securitized Senior Notes and that have pledged substantially all of their assets to secure the Securitized Senior Notes.

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

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

In connection with the issuance of the 2018 Notes, 2019 Notes, and 2022 Notes, the Company incurred debt issuance costs of \$27,133, \$10,577, and \$16,193 respectively. The debt issuance costs are being amortized to interest expense through the Anticipated Repayment Dates of the Notes utilizing the effective interest rate method. As a result of the repayment of the 2018 Class A-2-I Notes prior to the Anticipated Repayment Date, the Company recorded a loss on early extinguishment of debt of \$1,583 within interest expense on the Consolidated statements of operations during the nine months ended September 30, 2022, consisting of the write-off of remaining unamortized deferred financing costs related to the issuance of the 2018 Class A-2-I Notes.

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

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

The Securitized Senior Notes are also subject to customary rapid amortization events provided for in the Indenture, including events tied to failure to maintain stated debt service coverage ratios, certain manager termination events, an event of default, and the failure to repay or refinance the Notes on the applicable scheduled Anticipated Repayment Dates. The Securitized Senior Notes are also subject to certain customary events of default, including events relating to non-payment of required interest, principal, or other amounts due on or with respect to the Securitized Senior Notes, failure to comply with covenants

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within certain time frames, certain bankruptcy events, breaches of specified representations and warranties, failure of security interests to be effective, and certain judgments.

In accordance with the Indenture, certain cash accounts have been established with the Indenture trustee (the “Trustee”) for the benefit of the trustee and the noteholders, and are restricted in their use. The Company holds restricted cash which primarily represents cash collections held by the Trustee, interest, principal, and commitment fee reserves held by the Trustee related to the Securitized Senior Notes. As of September 30, 2023, the Company had restricted cash held by the Trustee of \$46,381.

(8) Leases

Leases	Classification	September 30, 2023	December 31, 2022
Assets			
Operating lease ROU assets	Right of use asset, net	\$ 381,819	\$ 346,937
Finance lease assets	Property and equipment, net	219	370
Total lease assets		<u>\$ 382,038</u>	<u>\$ 347,307</u>
Liabilities			
Current:			
Operating	Other current liabilities	\$ 33,589	\$ 33,233
Financing	Other current liabilities	140	38
Noncurrent:			
Operating	Lease liabilities, net of current portion	379,810	341,843
Financing	Other liabilities	88	342
Total lease liabilities		<u>\$ 413,627</u>	<u>\$ 375,456</u>
Weighted-average remaining lease term (years) - operating leases			
		8.1	8.1
Weighted-average discount rate - operating leases			
		5.2 %	4.7 %

During the three and nine months ended September 30, 2023 and 2022, the components of lease cost were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Operating lease cost	\$ 16,467	\$ 14,677	\$ 47,154	\$ 41,411
Variable lease cost	5,917	5,691	16,936	15,415
Total lease cost	<u>\$ 22,384</u>	<u>\$ 20,368</u>	<u>\$ 64,090</u>	<u>\$ 56,826</u>

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Cash paid for lease liabilities	\$ 13,877	\$ 14,172	\$ 41,985	\$ 40,405
Operating lease ROU assets obtained in exchange for operating lease liabilities, excluding acquisitions	\$ 38,683	\$ 6,073	\$ 59,410	\$ 29,234
Operating lease ROU assets obtained in exchange for operating lease liabilities through acquisitions	\$ —	\$ —	\$ 4,204	\$ 162,827

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As of September 30, 2023, maturities of lease liabilities were as follows:

	Amount
Remainder of 2023	\$ 9,506
2024	60,149
2025	68,800
2026	69,264
2027	66,584
Thereafter	242,152
Total lease payments	\$ 516,455
Less: imputed interest	102,828
Present value of lease liabilities	\$ 413,627

As of September 30, 2023, future operating lease payments exclude approximately \$29,938 of legally binding minimum lease payments for leases signed but not yet commenced.

(9) Revenue recognition

Contract Liabilities

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

The following table reflects the change in contract liabilities between December 31, 2022 and September 30, 2023:

	Contract liabilities
Balance at December 31, 2022	\$ 86,911
Revenue recognized that was included in the contract liability at the beginning of the year	(50,443)
Increase, excluding amounts recognized as revenue during the period	60,554
Balance at September 30, 2023	\$ 97,022

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 September 30, 2023. 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.

Contract liabilities to be recognized in:	Amount
Remainder of 2023	\$ 40,424
2024	25,559
2025	4,967
2026	3,894
2027	3,417
Thereafter	18,761
Total	\$ 97,022

Equipment deposits received in advance of delivery as of September 30, 2023 and December 31, 2022 were \$13,933 and \$8,443, respectively, and are expected to be recognized as revenue in the next twelve months.

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(10) Related party transactions

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Franchise revenue - interim CEO	\$ 958	\$ 729	\$ 2,882	\$ 2,461
Franchise revenue - other	656	233	1,206	434
Equipment revenue - interim CEO	1,294	1,648	2,305	1,661
Equipment revenue - other	1,641	—	1,641	—
Total revenue from related parties	<u>\$ 4,549</u>	<u>\$ 2,610</u>	<u>\$ 8,034</u>	<u>\$ 4,556</u>

Additionally, the Company had deferred ADA and franchise agreement revenue of \$722 and \$467 as of September 30, 2023 and December 31, 2022, respectively. Of this amount \$146 and \$138 is from a franchisee in which the Company's interim CEO has a financial interest.

As of September 30, 2023 and December 31, 2022, the Company had \$81,687 and \$80,717, respectively, payable to related parties pursuant to tax benefit arrangements, see Note 13.

The Company provides administrative services to the NAF and typically charges the NAF a fee for providing these services. The services provided include accounting, information technology, data processing, product development, legal and administrative support, and other operating expenses, which amounted to \$893 and \$651 for the three months ended September 30, 2023 and 2022, respectively, and \$2,679 and \$1,955 for the nine months ended September 30, 2023 and 2022, respectively.

For the three months ended September 30, 2023 and 2022, the Company incurred approximately \$63 and \$71, respectively, and \$427 and \$246 for the nine months ended September 30, 2023 and 2022, respectively, which is included within selling, general and administrative expense on the condensed consolidated statements of operations, for corporate travel to a third-party company which is affiliated with the former Chief Executive Officer.

A member of the Company's board of directors, who is also the Company's interim Chief Executive Officer and a franchisee, holds an approximate 10.5% ownership of a company that sells amenity tracking compliance software to Planet Fitness stores to which the Company made payments of approximately \$101 and \$109, during the three months ended September 30, 2023 and 2022, respectively, and \$270 and \$198 during the nine months ended September 30, 2023 and 2022.

(11) Stockholders' equity

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

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

During the three and nine months ended September 30, 2023, respectively, certain existing holders of Holdings Units exercised their exchange rights and exchanged 1,417,603 and 3,412,312 Holdings Units for 1,417,603 and 3,412,312 newly-issued shares of Class A common stock. Simultaneously, and in connection with these exchanges, 1,417,603 and 3,412,312 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 1,417,603 and 3,412,312 Holdings Units, increasing its total ownership interest in Pla-Fit Holdings.

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As a result of the above transactions, as of September 30, 2023:

- Holders of Class A common stock owned 85,410,391 shares of Class A common stock, representing 96.9% of the voting power in the Company and, through the Company, 85,410,391 Holdings Units representing 96.9% of the economic interest in Pla-Fit Holdings; and
- the Continuing LLC Owners collectively owned 2,733,410 Holdings Units, representing 3.1% of the economic interest in Pla-Fit Holdings, and 2,733,410 shares of Class B common stock, representing 3.1% of the voting power in the Company.

Share repurchase program

2022 share repurchase program

On November 4, 2022, the Company's board of directors approved a share repurchase program of up to \$500,000, which replaced the 2019 share repurchase program. During the nine months ended September 30, 2023, the Company repurchased 1,698,753 shares of Class A common stock for a total cost of \$125,030. A one percent share repurchase excise tax of \$1,048 was also incurred as a result of new legislation that went into effect beginning in 2023. All repurchased shares were retired. Subsequent to these repurchases, there is \$374,970 remaining under the 2022 share repurchase program. The timing of purchases and amount of stock repurchased are subject to the Company's discretion and dependent upon market and business conditions, the Company's general working capital needs, stock price, applicable legal requirements and other factors. The ability to repurchase shares at any particular time is also subject to the terms of the Indenture governing the Securitized Senior Notes. Purchases may be effected through one or more open market transactions, privately negotiated transactions, transactions structured through investment banking institutions, or a combination of the foregoing.

Preferred stock

The Company had 50,000,000 shares of preferred stock authorized and none issued or outstanding as of September 30, 2023 and December 31, 2022.

(12) 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:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Numerator				
Net income	\$ 41,324	\$ 30,677	\$ 110,272	\$ 74,124
Less: net income attributable to non-controlling interests	2,190	3,764	7,299	8,405
Net income attributable to Planet Fitness, Inc.	<u>\$ 39,134</u>	<u>\$ 26,913</u>	<u>\$ 102,973</u>	<u>\$ 65,719</u>
Denominator				
Weighted-average shares of Class A common stock outstanding - basic	84,609,522	84,156,488	84,557,902	84,377,324
Effect of dilutive securities:				
Stock options	212,953	338,981	239,709	357,315
Restricted stock units	48,282	50,854	64,347	62,050
Performance stock units	15,562	290	8,354	1,235
Weighted-average shares of Class A common stock outstanding - diluted	<u>84,886,319</u>	<u>84,546,613</u>	<u>84,870,312</u>	<u>84,797,924</u>
Earnings per share of Class A common stock - basic	<u>\$ 0.46</u>	<u>\$ 0.32</u>	<u>\$ 1.22</u>	<u>\$ 0.78</u>
Earnings per share of Class A common stock - diluted	<u>\$ 0.46</u>	<u>\$ 0.32</u>	<u>\$ 1.21</u>	<u>\$ 0.78</u>

Weighted average shares of Class B common stock of 3,533,885 and 6,145,722 for the three months ended September 30, 2023 and 2022, respectively, and 4,236,271 and 5,773,562 for the nine months ended September 30, 2023 and 2022, respectively, were evaluated under the if-converted method for potential dilutive effects and were determined to be anti-dilutive. Weighted average stock options outstanding of 307,606 and 258,093 for the three months ended September 30, 2023 and 2022, respectively, and 250,595 and 243,507 for the nine months ended September 30, 2023 and 2022, were evaluated under the treasury stock method for potential dilutive effects and were determined to be anti-dilutive. Weighted average restricted stock units outstanding of 968 and 705 for the three months ended September 30, 2023 and 2022, respectively, and 5,684 and 323 for the nine months ended September 30, 2023 and 2022, respectively, were evaluated under the treasury stock method for potential dilutive effects and were determined to be anti-dilutive. Weighted average performance stock units outstanding of 36,717 and 1,058 for the three months ended September 30, 2023 and 2022, respectively, and 1,981 and 281 for the nine months ended September 30, 2023 and 2022, respectively, were evaluated under the treasury stock method for potential dilutive effects and were determined to be anti-dilutive.

(13) 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 the allocable share of any taxable income of Pla-Fit Holdings. The Company's effective tax rate was 24.5% and 33.8% for the three months ended September 30, 2023 and 2022, respectively. The effective tax rate for the three months ended September 30, 2023 differed from the U.S. federal statutory rate of 21% primarily due to state and local taxes, partially offset by income attributable to non-controlling interests. The Company's effective tax rate was 26.0% and 32.6% for the nine months ended September 30, 2023 and 2022, respectively. The effective tax rate for the nine months ended September 30, 2023 differed from the U.S. federal statutory rate of 21% primarily due to state and local taxes, partially offset by income attributable to non-controlling interests. The Company was also subject to taxes in foreign jurisdictions.

Net deferred tax assets of \$491,568 and \$453,094 as of September 30, 2023 and December 31, 2022, respectively, relate primarily to the tax effects of temporary differences in the book basis as compared to the tax basis of the investment in Pla-Fit Holdings as a result of the secondary offerings, other exchanges, recapitalization transactions and the IPO.

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As of September 30, 2023 and December 31, 2022, the total liability related to uncertain tax positions was \$328 and \$328, respectively. The Company recognizes accrued interest and penalties, if applicable, related to unrecognized tax benefits in income tax expense. Interest and penalties for the three and nine months ended September 30, 2023 and 2022 were not material.

Tax benefit arrangements

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

As of September 30, 2023 and December 31, 2022, the Company had a liability of \$489,762 and \$494,465, 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 2023	\$ 11,129
2024	38,397
2025	47,379
2026	49,868
2027	52,515
Thereafter	290,474
Total	\$ 489,762

During the three and nine months ended September 30, 2023, 1,417,603 and 3,412,312 Holdings Units, respectively, were exchanged for newly issued shares of Class A common stock, resulting in an increase in the tax basis of the net assets of Pla-Fit Holdings. As a result of the change in Planet Fitness, Inc.'s ownership percentage of Pla-Fit Holdings, the Company recorded a \$1,704 and \$4,358 decrease to net deferred tax assets during the three and nine months ended September 30, 2023, respectively. As a result of these exchanges, during the three and nine months ended September 30, 2023, the Company also recognized deferred tax assets in the amount of \$24,999 and \$77,730, respectively, as a result of the increase in tax basis. A portion of these exchanges were not made by TRA Holders, which did not result in an increase in the tax benefit arrangement liability. Of the exchanges that were made by TRA Holders, they resulted in an increase in the tax benefit arrangement liability of \$14,762 and \$17,077 in the three and nine months ended September 30, 2023, respectively. The offset to the entries recorded in connection with exchanges was to additional paid in capital within stockholders' deficit.

(14) Commitments and contingencies

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

On May 27, 2022, the Company and other defendants, including an officer of the Company who is a related party, received a final judgment after appeal to the joint and several judgment against them in a civil action brought by a former employee. In connection with the 2012 acquisition of Pla-Fit Holdings on November 8, 2012, the sellers are obligated to indemnify the Company related to this specific matter. The Company has incurred legal costs on behalf of the defendants in the case, which include a related party. These costs have historically not been material. During the fourth quarter of 2022, the Company and other defendants, as applicable, paid the final judgment in full, of which the Company paid \$3,414.

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Mexico Acquisition

On March 19, 2020, a franchisee in Mexico exercised a put option that requires the Company to acquire their franchisee-owned stores in Mexico. In February 2023, the Company and the franchisee agreed on a summary of terms for a settlement agreement (“Preliminary Settlement Agreement”), which will include the Company’s acquisition of the franchisee-owned stores and a release of all claims by all parties. In connection with the 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, through other loss on the statement of operations. The Company revised its estimate of the legal settlement and recorded an increase to the liability of \$6,250 during the nine months ended September 30, 2023. The remaining liability as of September 30, 2023 is \$14,500, after utilization of the accrual for estimated legal fees during 2023.

Subsequent to quarter end, on October 20, 2023, the Company finalized its settlement with the franchisee in Mexico for \$31,619, which included the acquisition by the Company of five stores in Mexico and the settlement of all claims.

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

(15) 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 interim Chief Executive Officer. The CODM reviews financial performance and allocates resources by reportable segment. There have been no operating segments aggregated to arrive at the Company’s reportable segments.

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

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

The tables below summarize the financial information for the Company’s reportable segments for the three and nine months ended September 30, 2023 and 2022. 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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Revenue				
Franchise segment revenue - U.S.	\$ 95,209	\$ 78,873	\$ 281,836	\$ 237,612
Franchise segment revenue - International	2,956	1,873	7,855	5,761
Franchise segment total	98,165	80,746	289,691	243,373
Corporate-owned stores - U.S.	112,080	100,247	329,505	275,962
Corporate-owned stores - International	1,165	1,083	3,380	2,978
Corporate-owned stores total	113,245	101,330	332,885	278,940
Equipment segment - U.S.	62,605	60,952	158,335	124,781
Equipment segment - International	3,536	1,358	5,329	8,410
Equipment segment total	66,141	62,310	163,664	133,191
Total revenue	\$ 277,551	\$ 244,386	\$ 786,240	\$ 655,504

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Franchise revenue includes revenue generated from placement services of \$5,884 and \$4,376 for the three months ended September 30, 2023 and 2022, respectively, and \$13,760 and \$10,102 for the nine months ended September 30, 2023 and 2022, respectively.

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Segment EBITDA				
Franchise	\$ 67,583	\$ 53,475	\$ 198,418	\$ 167,910
Corporate-owned stores	44,264	40,446	126,499	103,287
Equipment	16,434	15,803	39,134	34,638
Corporate and other	(18,547)	(10,458)	(52,238)	(41,059)
Total Segment EBITDA	<u>\$ 109,734</u>	<u>\$ 99,266</u>	<u>\$ 311,813</u>	<u>\$ 264,776</u>

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

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Total Segment EBITDA	\$ 109,734	\$ 99,266	\$ 311,813	\$ 264,776
Less:				
Depreciation and amortization	37,477	32,572	110,254	90,427
Other income	148	4,762	631	9,000
Equity losses of unconsolidated entities, net of tax	(242)	(2)	(580)	(334)
Income from operations	72,351	61,934	201,508	165,683
Interest income	4,245	1,561	12,339	2,244
Interest expense	(21,704)	(21,917)	(64,771)	(66,527)
Other income	148	4,762	631	9,000
Income before income taxes	<u>\$ 55,040</u>	<u>\$ 46,340</u>	<u>\$ 149,707</u>	<u>\$ 110,400</u>

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

	September 30, 2023	December 31, 2022
Franchise	\$ 177,045	\$ 161,355
Corporate-owned stores	1,624,489	1,559,985
Equipment	187,899	200,020
Unallocated	955,414	933,229
Total consolidated assets	<u>\$ 2,944,847</u>	<u>\$ 2,854,589</u>

The table above includes \$721 and \$916 of long-lived assets located in the Company's international corporate-owned stores as of September 30, 2023 and December 31, 2022, respectively. All other assets are located in the U.S.

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

	September 30, 2023	December 31, 2022
Franchise	\$ 16,938	\$ 16,938
Corporate-owned stores	607,898	593,086
Equipment	92,666	92,666
Consolidated goodwill	<u>\$ 717,502</u>	<u>\$ 702,690</u>

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(16) Corporate-owned and franchisee-owned stores

The following table shows changes in corporate-owned and franchisee-owned stores for the three and nine months ended September 30, 2023 and 2022:

	For the three months ended September 30,		For the nine months ended September 30,	
	2023	2022	2023	2022
Franchisee-owned stores:				
Stores operated at beginning of period	2,230	2,091	2,176	2,142
New stores opened	24	25	82	89
Stores acquired from the Company	—	6	—	6
Stores debranded, sold, or consolidated ⁽¹⁾	—	—	(4)	(115)
Stores operated at end of period	<u>2,254</u>	<u>2,122</u>	<u>2,254</u>	<u>2,122</u>
Corporate-owned stores:				
Stores operated at beginning of period	242	233	234	112
New stores opened	2	4	6	11
Stores sold to franchisees	—	(6)	—	(6)
Stores acquired from franchisees	—	—	4	114
Stores operated at end of period	<u>244</u>	<u>231</u>	<u>244</u>	<u>231</u>
Total stores:				
Stores operated at beginning of period	2,472	2,324	2,410	2,254
New stores opened	26	29	88	100
Stores acquired, debranded, sold or consolidated ⁽¹⁾	—	—	—	(1)
Stores operated at end of period	<u>2,498</u>	<u>2,353</u>	<u>2,498</u>	<u>2,353</u>

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

(17) VIE deconsolidation

During 2023, a triggering event occurred that resulted in the Company analyzing the PF Melville LLC and Matthew Michael Realty LLC VIEs to determine if they still met the criteria for consolidation. As a result of the analysis, the Company determined these entities no longer qualify for consolidation as VIEs as the Company no longer qualifies as the primary beneficiary of the VIEs and therefore deconsolidated the entities. The deconsolidation removed the net assets and non-controlling interest from the VIEs and did not impact the Company’s condensed consolidated statements of operations.

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 world by number of members and locations, with a highly recognized international 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. 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 primarily at only \$10 per month for our standard membership. This attractive 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 do not belong to a gym, particularly those who find the traditional fitness club setting intimidating and expensive. We and our franchisees fiercely protect Planet Fitness’s 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 September 30, 2023, we had more than 18.5 million members and 2,498 stores in all 50 states, the District of Columbia, Puerto Rico, Canada, Panama, Mexico and Australia. Of our 2,498 stores, 2,254 are franchised and 244 are corporate-owned. As of September 30, 2023, we had commitments to open more than 1,000 new stores under existing ADAs.

Our segments

We operate and manage our business in three business segments: Franchise, Corporate-owned stores and Equipment. Our Franchise segment includes operations related to our franchising business in the United States, Puerto Rico, Canada, Panama, Mexico and Australia, including revenues and expenses from the NAF. Our Corporate-owned stores segment includes operations with respect to all corporate-owned stores throughout the United States and Canada. The Equipment segment primarily includes the sale of equipment to our United States franchisee-owned stores. We evaluate the performance of our segments and allocate resources to them based on revenue and earnings before interest, taxes, depreciation and amortization, referred to as Segment EBITDA. Revenue and Segment EBITDA for all operating segments include only transactions with unaffiliated customers and do not include intersegment transactions. The tables below summarize the financial information for our segments for the three and nine months ended September 30, 2023 and September 30, 2022. “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 September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Revenue				
Franchise segment	\$ 98,165	\$ 80,746	\$ 289,691	\$ 243,373
Corporate-owned stores segment	113,245	101,330	332,885	278,940
Equipment segment	66,141	62,310	163,664	133,191
Total revenue	<u>\$ 277,551</u>	<u>\$ 244,386</u>	<u>\$ 786,240</u>	<u>\$ 655,504</u>
Segment EBITDA				
Franchise	\$ 67,583	\$ 53,475	\$ 198,418	\$ 167,910
Corporate-owned stores	44,264	40,446	126,499	103,287
Equipment	16,434	15,803	39,134	34,638
Corporate and other	(18,547)	(10,458)	(52,238)	(41,059)
Total Segment EBITDA ⁽¹⁾	<u>\$ 109,734</u>	<u>\$ 99,266</u>	<u>\$ 311,813</u>	<u>\$ 264,776</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.

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

(in thousands)	Franchise	Corporate-owned stores	Equipment	Corporate and other	Total
Three months ended September 30, 2023					
Income (loss) from operations	\$ 65,949	\$ 14,811	\$ 15,172	\$ (23,581)	\$ 72,351
Depreciation and amortization	1,845	29,484	1,262	4,886	37,477
Other (expense) income	(211)	(31)	—	390	148
Equity losses of unconsolidated entities, net of tax	—	—	—	(242)	(242)
Segment EBITDA ⁽¹⁾	<u>\$ 67,583</u>	<u>\$ 44,264</u>	<u>\$ 16,434</u>	<u>\$ (18,547)</u>	<u>\$ 109,734</u>
Three months ended September 30, 2022					
Income (loss) from operations	\$ 51,442	\$ 15,187	\$ 14,543	\$ (19,238)	\$ 61,934
Depreciation and amortization	1,852	25,350	1,260	4,110	32,572
Other income (expense)	181	(91)	—	4,672	4,762
Equity losses of unconsolidated entities, net of tax	—	—	—	(2)	(2)
Segment EBITDA ⁽¹⁾	<u>\$ 53,475</u>	<u>\$ 40,446</u>	<u>\$ 15,803</u>	<u>\$ (10,458)</u>	<u>\$ 99,266</u>
Nine months ended September 30, 2023					
Income (loss) from operations	\$ 193,134	\$ 39,406	\$ 35,344	\$ (66,376)	\$ 201,508
Depreciation and amortization	5,534	87,179	3,788	13,753	110,254
Other (expense) income	(250)	(86)	2	965	631
Equity losses of unconsolidated entities, net of tax	—	—	—	(580)	(580)
Segment EBITDA ⁽¹⁾	<u>\$ 198,418</u>	<u>\$ 126,499</u>	<u>\$ 39,134</u>	<u>\$ (52,238)</u>	<u>\$ 311,813</u>
Nine months ended September 30, 2022					
Income (loss) from operations	\$ 162,216	\$ 34,828	\$ 30,859	\$ (62,220)	\$ 165,683
Depreciation and amortization	5,561	68,590	3,781	12,495	90,427
Other income (expense)	133	(131)	(2)	9,000	9,000
Equity losses of unconsolidated entities, net of tax	—	—	—	(334)	(334)
Segment EBITDA ⁽¹⁾	<u>\$ 167,910</u>	<u>\$ 103,287</u>	<u>\$ 34,638</u>	<u>\$ (41,059)</u>	<u>\$ 264,776</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 include the number of new store openings, same store sales for both corporate-owned and franchisee-owned stores, system-wide sales, EBITDA, Adjusted EBITDA, Segment EBITDA, Adjusted net income and Adjusted net income per share, diluted. See “—Non-GAAP financial measures” below for our definition of EBITDA, Adjusted EBITDA, Adjusted net income, and Adjusted net income per share, diluted, and why we present EBITDA, Adjusted EBITDA, Adjusted net income, and Adjusted net income per share, diluted, and for a reconciliation of our EBITDA, Adjusted EBITDA, and Adjusted net income to net income, the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP, and a reconciliation of Adjusted net income per share, diluted, to net income per share, diluted, the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP.

Number of new store openings

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

The following table shows the change in our corporate-owned and franchisee-owned store base for the three and nine months ended September 30, 2023 and 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Franchisee-owned stores:				
Stores operated at beginning of period	2,230	2,091	2,176	2,142
New stores opened	24	25	82	89
Stores acquired from the Company	—	6	—	6
Stores debranded, sold, or consolidated ⁽¹⁾	—	—	(4)	(115)
Stores operated at end of period	<u>2,254</u>	<u>2,122</u>	<u>2,254</u>	<u>2,122</u>
Corporate-owned stores:				
Stores operated at beginning of period	242	233	234	112
New stores opened	2	4	6	11
Stores sold to franchisees	—	(6)	—	(6)
Stores acquired from franchisees	—	—	4	114
Stores operated at end of period	<u>244</u>	<u>231</u>	<u>244</u>	<u>231</u>
Total stores:				
Stores operated at beginning of period	2,472	2,324	2,410	2,254
New stores opened	26	29	88	100
Stores acquired, debranded, sold or consolidated ⁽¹⁾	—	—	—	(1)
Stores operated at end of period	<u>2,498</u>	<u>2,353</u>	<u>2,498</u>	<u>2,353</u>

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

Same store sales

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

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

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

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

Stores acquired from or sold to franchisees are removed from the franchisee-owned or corporate-owned same store sales base, as applicable, upon the ownership change and for the 12 months following the date of the ownership change. These stores are included in the corporate-owned or franchisee-owned same store sales base, as applicable, following the 12th month after the acquisition or sale. These stores remain in the system-wide same store sales base in all periods. During the nine months ended September 30, 2023, the stores acquired in the Sunshine Acquisition came into the corporate-owned same store sales base.

The following table presents same store sales data for the three and nine months ended September 30, 2023 and 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Same store sales growth:				
Franchisee-owned stores	8.2 %	8.1 %	8.8 %	12.1 %
Corporate-owned stores	10.1 %	9.7 %	10.7 %	13.9 %
Total stores	8.4 %	8.2 %	9.0 %	12.2 %
Number of stores in same store sales base:				
Franchisee-owned stores	2,116	1,962	2,116	1,962
Corporate-owned stores	230	100	231	100
Total stores	2,350	2,180	2,351	2,180

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

We define system-wide sales as total monthly dues and annual fees billed by us and our franchisees. System-wide sales is an operating measure that includes sales by franchisees that are not revenue realized by the Company in accordance with GAAP, as well as sales by our corporate-owned stores. While we do not record sales by franchisees as revenue, and such sales are not included in our consolidated financial statements, we believe that this operating measure aids in understanding how we derive royalty revenue and is important in evaluating our performance. We review the total amount of dues billed to 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 bill monthly dues on or around the 17th of every month in the US and Canada. We bill annual fees once per year from each member based upon when the member signed his or her membership agreement. During the three months September 30, 2023 and 2022, system-wide sales were \$1,092.9 million and \$968.1 million, respectively. During the nine months ended September 30, 2023 and 2022, system-wide sales were \$3,348.4 million and \$2,948.1 million, 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. 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.

A reconciliation of net income to EBITDA and Adjusted EBITDA is set forth below for the three and nine months ended September 30, 2023 and 2022:

(in thousands)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net income	\$ 41,324	\$ 30,677	\$ 110,272	\$ 74,124
Interest income	(4,245)	(1,561)	(12,339)	(2,244)
Interest expense ⁽¹⁾	21,704	21,917	64,771	66,527
Provision for income taxes	13,474	15,661	38,855	35,942
Depreciation and amortization	37,477	32,572	110,254	90,427
EBITDA	\$ 109,734	\$ 99,266	\$ 311,813	\$ 264,776
Purchase accounting adjustments-revenue ⁽²⁾	45	84	378	213
Purchase accounting adjustments-rent ⁽³⁾	173	109	461	328
Loss on reacquired franchise rights ⁽⁴⁾	—	—	110	1,160
Gain on settlement of preexisting contract with acquiree ⁽⁵⁾	—	—	—	(2,059)
Transaction fees and acquisition-related costs ⁽⁶⁾	—	396	394	5,344
(Gain) loss on adjustment of allowance for credit losses on held-to-maturity investments ⁽⁷⁾	(101)	273	(6)	(1,572)
Dividend income on held-to-maturity investments ⁽⁸⁾	(511)	(477)	(1,490)	(1,391)
Legal matters ⁽⁹⁾	—	238	6,250	1,189
Tax benefit arrangement remeasurement ⁽¹⁰⁾	—	(4,510)	—	(8,381)
Gain on sale of corporate-owned stores ⁽¹¹⁾	—	(1,324)	—	(1,324)
Executive transition costs ⁽¹²⁾	2,502	—	3,722	—
Other ⁽¹³⁾	50	(153)	(590)	1,447
Adjusted EBITDA	\$ 111,892	\$ 93,902	\$ 321,042	\$ 259,730

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

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

(3) Represents the impact of rent-related purchase accounting adjustments. In accordance with guidance in ASC 805 – Business Combinations, in connection with the 2012 Acquisition, the Company’s deferred rent liability was required to be written off as of the acquisition date and rent was recorded on a straight-line basis from the acquisition date through the end of the lease term. This resulted in higher overall recorded rent expense each period than would have otherwise been recorded had the deferred rent liability not been written off as a result of the acquisition push down accounting applied in accordance with ASC 805. Adjustments of \$41, \$45, \$123, and \$135 in the three and nine months ended September 30, 2023 and 2022, 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 \$138, \$65, \$338, and \$194 in the three and nine months ended September 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 U.S. 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.

(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 (gain) loss 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. During the second quarter of 2023, the Company revised its estimate of the legal settlement and recorded an increase to the liability of \$6,250 during the nine months ended September 30, 2023 to \$14,500, net of legal fees paid. In the three and nine months ended September 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 a gain on the sale of corporate-owned stores.
- (12) Represents certain severance and related expenses in the three and nine months ended September 30, 2023 recorded in connection with the departure of the Chief Executive Officer and in the nine months ended September 30, 2023, also includes severance expenses recorded in connection with the elimination of the President and Chief Operating Officer position.
- (13) Represents certain other charges and gains that we do not believe reflect our underlying business performance.

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

(in thousands, except per share amounts)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net income	\$ 41,324	\$ 30,677	\$ 110,272	\$ 74,124
Provision for income taxes, as reported	13,474	15,661	38,855	35,942
Purchase accounting adjustments-revenue ⁽¹⁾	45	84	378	213
Purchase accounting adjustments-rent ⁽²⁾	173	109	461	328
Loss on reacquired franchise rights ⁽³⁾	—	—	110	1,160
Gain on settlement of preexisting contract with acquiree ⁽⁴⁾	—	—	—	(2,059)
Transaction fees and acquisition-related costs ⁽⁵⁾	—	396	394	5,344
Loss on extinguishment of debt ⁽⁶⁾	—	—	—	1,583
(Gain) loss on adjustment of allowance for credit losses on held-to-maturity investments ⁽⁷⁾	(101)	273	(6)	(1,572)
Dividend income on held-to-maturity investments ⁽⁸⁾	(511)	(477)	(1,490)	(1,391)
Legal matters ⁽⁹⁾	—	238	6,250	1,189
Tax benefit arrangement remeasurement ⁽¹⁰⁾	—	(4,510)	—	(8,381)
Gain on sale of corporate-owned stores ⁽¹¹⁾	—	(1,324)	—	(1,324)
Executive transition costs ⁽¹²⁾	2,502	—	3,722	—
Other ⁽¹³⁾	50	(153)	(590)	1,447
Purchase accounting amortization ⁽¹⁴⁾	12,954	10,611	38,485	29,644
Adjusted income before income taxes	\$ 69,910	\$ 51,585	\$ 196,841	\$ 136,247
Adjusted income tax expense ⁽¹⁵⁾	18,107	13,361	50,982	35,288
Adjusted net income ⁽¹⁶⁾	\$ 51,803	\$ 38,224	\$ 145,859	\$ 100,959
Adjusted net income per share, diluted	\$ 0.59	\$ 0.42	\$ 1.64	\$ 1.11
Adjusted weighted-average shares outstanding	88,420	90,692	89,107	90,571

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

applied in accordance with ASC 805. Adjustments of \$41, \$45, \$123, and \$135 in the three and nine months ended September 30, 2023 and 2022, 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 \$138, \$65, \$338, and \$194 in the three and nine months ended September 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 U.S. 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 nine months ended September 30, 2022.
- (7) Represents a (gain) loss 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. During the second quarter of 2023, the Company revised its estimate of the legal settlement and recorded an increase to the liability of \$6,250 during the nine months ended September 30, 2023 to \$14,500, net of legal fees paid. In the three and nine months ended September 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 a gain on the sale of corporate-owned stores.
- (12) Represents certain severance and related expenses in the three and nine months ended September 30, 2023 recorded in connection with the departure of the Company's Chief Executive Officer and in the nine months ended September 30, 2023, also includes severance expenses recorded in connection with the elimination of the President and Chief Operating Officer position.
- (13) Represents certain other charges and gains that we do not believe reflect our underlying business performance.
- (14) Includes \$3,096, \$3,096, \$9,288 and \$9,288 of amortization of intangible assets, for the three and nine months ended September 30, 2023 and 2022, recorded in connection with the 2012 Acquisition, and \$9,858, \$7,515, \$29,197 and \$20,357 of amortization of intangible assets for the three and nine months ended September 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 U.S. GAAP, in each period.
- (15) Represents corporate income taxes at an assumed blended tax rate of 25.9% for the three and nine months ended September 30, 2023 and September 30, 2022, applied to adjusted income before income taxes.
- (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.

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

(in thousands, except per share amounts)	For the three months ended September 30, 2023			For the three months ended September 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⁾	\$ 39,134	84,886	\$ 0.46	\$ 26,913	84,547	\$ 0.32
Assumed exchange of shares ⁽²⁾	2,190	3,534		3,764	6,145	
Net income	41,324			30,677		
Adjustments to arrive at adjusted income before income taxes ⁽³⁾	28,586			20,908		
Adjusted income before income taxes	69,910			51,585		
Adjusted income tax expense ⁽⁴⁾	18,107			13,361		
Adjusted net income	\$ 51,803	88,420	\$ 0.59	\$ 38,224	90,692	\$ 0.42

- (1) Represents net income attributable to Planet Fitness, Inc. and the associated weighted average shares, diluted, of Class A common stock outstanding.
- (2) Assumes the full exchange of all outstanding Holdings Units and corresponding shares of Class B common stock for shares of Class A common stock of Planet Fitness, Inc. Also assumes the addition of net income attributable to non-controlling interests corresponding with the assumed exchange of Holdings Units and Class B common shares for shares of Class A common stock.
- (3) Represents the total impact of all adjustments identified in the adjusted net income table above to arrive at adjusted income before income taxes.
- (4) Represents corporate income taxes at an assumed blended tax rate of 25.9% for the three months ended September 30, 2023 and 2022, applied to adjusted income before income taxes.

(in thousands, except per share amounts)	For the nine months ended September 30, 2023			For the nine months ended September 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⁾	\$ 102,973	84,870	\$ 1.21	\$ 65,719	84,798	\$ 0.78
Assumed exchange of shares ⁽²⁾	7,299	4,237		8,405	5,773	
Net income	110,272			74,124		
Adjustments to arrive at adjusted income before income taxes ⁽³⁾	86,569			62,123		
Adjusted income before income taxes	196,841			136,247		
Adjusted income tax expense ⁽⁴⁾	50,982			35,288		
Adjusted net income	\$ 145,859	89,107	\$ 1.64	\$ 100,959	90,571	\$ 1.11

- (1) Represents net income attributable to Planet Fitness, Inc. and the associated weighted average shares, diluted, of Class A common stock outstanding.
- (2) Assumes the full exchange of all outstanding Holdings Units and corresponding shares of Class B common stock for shares of Class A common stock of Planet Fitness, Inc. Also assumes the addition of net income attributable to non-controlling interests corresponding with the assumed exchange of Holdings Units and Class B common shares for shares of Class A common stock.
- (3) Represents the total impact of all adjustments identified in the adjusted net income table above to arrive at adjusted income before income taxes.
- (4) Represents corporate income taxes at an assumed blended tax rate of 25.9% for the nine months ended September 30, 2023 and 2022, 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 and nine months ended September 30, 2023 and 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Revenue:				
Franchise revenue	29.0 %	27.1 %	30.2 %	30.5 %
National advertising fund revenue	6.3 %	5.9 %	6.7 %	6.5 %
Franchise segment	35.4 %	33.0 %	36.9 %	37.0 %
Corporate-owned stores	40.8 %	41.5 %	42.3 %	42.7 %
Equipment	23.8 %	25.5 %	20.8 %	20.3 %
Total revenue	100.0 %	100.0 %	100.0 %	100.0 %
Operating costs and expenses:				
Cost of revenue	19.4 %	19.9 %	16.9 %	15.8 %
Store operations	22.7 %	23.7 %	23.9 %	24.7 %
Selling, general and administrative	12.0 %	11.1 %	11.9 %	13.1 %
National advertising fund expense	6.3 %	7.0 %	6.7 %	7.7 %
Depreciation and amortization	13.5 %	13.3 %	14.0 %	13.8 %
Other (gains) losses, net	— %	(0.3)%	1.0 %	(0.4)%
Total operating costs and expenses	73.9 %	74.7 %	74.4 %	74.7 %
Income from operations	26.1 %	25.3 %	25.6 %	25.3 %
Other income (expense), net:				
Interest income	1.5 %	0.6 %	1.6 %	0.3 %
Interest expense	(7.8)%	(9.0)%	(8.2)%	(10.1)%
Other income	0.1 %	1.9 %	0.1 %	1.4 %
Total other expense, net	(6.2)%	(6.5)%	(6.5)%	(8.4)%
Income before income taxes	19.9 %	18.8 %	19.1 %	16.9 %
Equity losses of unconsolidated entities, net of tax	(0.1)%	— %	(0.1)%	(0.1)%
Provision for income taxes	4.9 %	6.4 %	4.9 %	5.5 %
Net income	14.9 %	12.4 %	14.1 %	11.3 %
Less net income attributable to non-controlling interests	0.8 %	1.5 %	0.9 %	1.3 %
Net income attributable to Planet Fitness, Inc.	14.1 %	10.9 %	13.2 %	10.0 %

The following table sets forth a comparison of our condensed consolidated statements of operations for the three and nine months ended September 30, 2023 and 2022:

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
(in thousands)				
Revenue:				
Franchise revenue	\$ 80,587	\$ 66,168	\$ 237,313	\$ 200,243
National advertising fund revenue	17,578	14,578	52,378	43,130
Franchise segment	98,165	80,746	289,691	243,373
Corporate-owned stores	113,245	101,330	332,885	278,940
Equipment	66,141	62,310	163,664	133,191
Total revenue	277,551	244,386	786,240	655,504
Operating costs and expenses:				
Cost of revenue	53,751	48,531	132,561	103,436
Store operations	63,120	57,892	188,011	161,789
Selling, general and administrative	33,290	27,148	93,705	86,176
National advertising fund expense	17,618	17,009	52,496	50,445
Depreciation and amortization	37,477	32,572	110,254	90,427
Other (gains) losses, net	(56)	(700)	7,705	(2,452)
Total operating costs and expenses	205,200	182,452	584,732	489,821
Income from operations	72,351	61,934	201,508	165,683
Other income (expense), net:				
Interest income	4,245	1,561	12,339	2,244
Interest expense	(21,704)	(21,917)	(64,771)	(66,527)
Other income	148	4,762	631	9,000
Total other expense, net	(17,311)	(15,594)	(51,801)	(55,283)
Income before income taxes	55,040	46,340	149,707	110,400
Equity losses of unconsolidated entities, net of tax	(242)	(2)	(580)	(334)
Provision for income taxes	13,474	15,661	38,855	35,942
Net income	41,324	30,677	110,272	74,124
Less net income attributable to non-controlling interests	2,190	3,764	7,299	8,405
Net income attributable to Planet Fitness, Inc.	\$ 39,134	\$ 26,913	\$ 102,973	\$ 65,719

Comparison of the three months ended September 30, 2023 and three months ended September 30, 2022

Revenue

Total revenues were \$277.6 million in the three months ended September 30, 2023, compared to \$244.4 million in the three months ended September 30, 2022, an increase of \$33.2 million, or 13.6%.

Franchise segment revenue was \$98.2 million in the three months ended September 30, 2023, compared to \$80.7 million in the three months ended September 30, 2022, an increase of \$17.4 million, or 21.6%.

Franchise revenue was \$80.6 million in the three months ended September 30, 2023 compared to \$66.2 million in the three months ended September 30, 2022, an increase of \$14.4 million or 21.8%. Included in franchise revenue is royalty revenue of \$64.0 million, franchise and other fees of \$9.4 million, and placement revenue of \$5.9 million for the three months ended September 30, 2023, compared to royalty revenue of \$55.9 million, franchise and other fees of \$5.9 million, and placement revenue of \$4.4 million for the three months ended September 30, 2022. Of the \$8.0 million increase in royalty revenue, \$4.4 million was attributable to a same store sales increase of 8.2% in franchisee-owned stores, \$1.7 million was attributable to higher royalties on annual fees and \$1.6 million was attributable to new stores opened since July 1, 2022. The \$3.5 million increase in franchise and other fees was primarily attributable to higher online join fees. The \$1.5 million increase in placement revenue was driven by higher existing equipment placements in the three months ended September 30, 2023 compared to the three months ended September 30, 2022. Also included in franchise revenue in the three months ended September 30, 2023 was \$1.3 million of revenue associated with the sale of HVAC units to franchisees.

National advertising fund revenue was \$17.6 million in the three months ended September 30, 2023, compared to \$14.6 million in the three months ended September 30, 2022. The \$3.0 million increase in national advertising fund revenue was primarily due to the same store sales increase noted above, new stores and the collection of national advertising fund revenue on annual fees billed to new members, which began in 2023.

Revenue from our corporate-owned stores segment was \$113.2 million in the three months ended September 30, 2023, compared to \$101.3 million in the three months ended September 30, 2022, an increase of \$11.9 million, or 11.8%. Of the increase, \$6.8 million was from the corporate-owned store same store sales increase of 10.1%, and \$5.1 million was from new store openings since July 1, 2022 and the April 16, 2023 acquisition of 4 stores in Florida.

Equipment segment revenue was \$66.1 million in the three months ended September 30, 2023, compared to \$62.3 million in the three months ended September 30, 2022, an increase of \$3.8 million, or 6.1%. The increase was driven by \$5.6 million in higher sales to existing franchisee-owned stores in the three months ended September 30, 2023, compared to the three months ended September 30, 2022. We had equipment sales to 22 and 27 new franchisee-owned stores in the three months ended September 30, 2023 and September 30, 2022, respectively.

Cost of revenue

Cost of revenue was \$53.8 million in the three months ended September 30, 2023 compared to \$48.5 million in the three months ended September 30, 2022, an increase of \$5.2 million, or 10.8%. Of the increase, \$4.9 million relates to our equipment segment, which increased primarily as a result of higher equipment sales to existing franchisee-owned stores in the three months ended September 30, 2023 compared to the three months ended September 30, 2022, as described above. The remaining increase of \$1.3 million was due to costs of HVAC units sold to franchisees.

Store operations

Store operation expenses, which relate to our corporate-owned stores segment, were \$63.1 million in the three months ended September 30, 2023 compared to \$57.9 million in the three months ended September 30, 2022, an increase of \$5.2 million, or 9.0%. The increase was primarily due to higher rent and occupancy expense and higher payroll as a result of new stores opened or acquired since July 1, 2022.

Selling, general and administrative

Selling, general and administrative expenses were \$33.3 million in the three months ended September 30, 2023 compared to \$27.1 million in the three months ended September 30, 2022, an increase of \$6.1 million, or 22.6%. This increase was primarily due to \$2.5 million in higher severance related expense, \$2.0 million in higher operational and administrative expenses, including higher information technology and professional services costs, and \$1.5 million in higher compensation related expense.

National advertising fund expense

National advertising fund expense was \$17.6 million in the three months ended September 30, 2023 compared to \$17.0 million in the three months ended September 30, 2022, due to higher advertising and marketing expenditures in the current year period.

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 reacquired franchise rights.

Depreciation and amortization expense was \$37.5 million in the three months ended September 30, 2023 compared to \$32.6 million in the three months ended September 30, 2022, an increase of \$4.9 million, or 15.1%. The increase was primarily attributable to corporate stores opened or acquired since July 1, 2022.

Other gains, net

Other gains, net was a gain of \$0.1 million in the three months ended September 30, 2023 compared to a gain of \$0.7 million in the three months ended September 30, 2022.

Interest income

Interest income was \$4.2 million in the three months ended September 30, 2023, compared to \$1.6 million in the three months ended September 30, 2022, primarily as a result of higher interest rates in the three months ended September 30, 2023 compared to the three months ended September 30, 2022.

Interest expense

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

Interest expense was \$21.7 million in the three months ended September 30, 2023 and \$21.9 million in the three months ended September 30, 2022.

Other income

Other income was \$0.1 million in the three months ended September 30, 2023 compared to income of \$4.8 million in the three months ended September 30, 2022. In the three months ended September 30, 2022, other income was primarily attributable to a gain on the remeasurement of our tax benefit arrangements due to changes in our effective tax rate.

Provision for income taxes

Provision for income taxes was \$13.5 million in the three months ended September 30, 2023, compared to \$15.7 million in the three months ended September 30, 2022, an decrease of \$2.2 million. The decrease in the provision for income taxes was attributable to a \$4.5 million remeasurement of deferred taxes in the three months ended September 30, 2022, as compared to the three months ended September 30, 2023.

Segment results

Franchise

Segment EBITDA for the franchise segment was \$67.6 million in the three months ended September 30, 2023 compared to \$53.5 million in the three months ended September 30, 2022, an increase of \$14.1 million. The franchise segment EBITDA increase was primarily attributable to the franchise revenue increases as described above of \$14.4 million, higher national advertising fund revenue of \$3.0 million, partially offset by \$1.3 million of higher cost of goods sold from HVAC units sold to franchisees, \$0.8 million of higher selling, general, and administrative expenses, and higher national advertising fund expenses of \$0.6 million.

Corporate-owned stores

Segment EBITDA for the corporate-owned stores segment was \$44.3 million in the three months ended September 30, 2023 compared to \$40.4 million in the three months ended September 30, 2022, an increase of \$3.8 million. Of the increase, \$3.9 million was attributable to the stores in the same store sales base and \$2.2 million was from new store openings since July 1, 2022 and the April 16, 2023 acquisition of 4 stores in Florida, partially offset by \$1.0 million of higher corporate store selling, general, and administrative expenses in the three months ended September 30, 2023 and a \$1.3 million gain in the prior year related to the sale of corporate-owned stores.

Equipment

Segment EBITDA for the equipment segment was \$16.4 million in the three months ended September 30, 2023 compared to \$15.8 million in the three months ended September 30, 2022, an increase of \$0.6 million. The increase was primarily driven by higher equipment sales to existing franchisee-owned stores in the three months ended September 30, 2023 compared to the three months ended September 30, 2022, as described above.

Comparison of the nine months ended September 30, 2023 and nine months ended September 30, 2022

Revenue

Total revenues were \$786.2 million in the nine months ended September 30, 2023, compared to \$655.5 million in the nine months ended September 30, 2022, an increase of \$130.7 million, or 19.9%.

Franchise segment revenue was \$289.7 million in the nine months ended September 30, 2023, compared to \$243.4 million in the nine months ended September 30, 2022, an increase of \$46.3 million, or 19.0%.

Franchise revenue was \$237.3 million in the nine months ended September 30, 2023 compared to \$200.2 million in the nine months ended September 30, 2022, an increase of \$37.1 million, or 18.5%. Included in franchise revenue is royalty revenue of \$195.3 million, franchise and other fees of \$26.1 million, and placement revenue of \$13.8 million for the nine months ended September 30, 2023, compared to royalty revenue of \$171.1 million, franchise and other fees of \$19.0 million, and placement revenue of \$10.1 million for the nine months ended September 30, 2022. Of the \$24.2 million increase in royalty revenue, \$13.8 million was attributable to a same store sales increase of 8.8% in franchisee-owned stores, \$5.0 million was attributable to new stores opened since January 1, 2022, and \$5.8 million was from higher royalties on annual fees, partially offset by \$0.8 million of lower royalty revenue primarily as a result of the stores acquired in the Sunshine Acquisition no longer being franchisee-owned stores. The \$7.1 million increase in franchise and other fees was primarily attributable to higher online join fees, and the \$3.7 million increase in placement revenue was primarily driven by higher replacement equipment placements. Also included in franchise revenue in the nine months ended September 30, 2023 was \$2.1 million of revenue associated with the sale of HVAC units to franchisees.

National advertising fund revenue was \$52.4 million in the nine months ended September 30, 2023, compared to \$43.1 million in the nine months ended September 30, 2022. The increase in national advertising fund revenue in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 was primarily due to higher same store sales, new stores opened since January 1, 2022 and the collection of national advertising fund revenue on annual fees billed to new members, which began in 2023.

Revenue from our corporate-owned stores segment was \$332.9 million in the nine months ended September 30, 2023, compared to \$278.9 million in the nine months ended September 30, 2022, an increase of \$53.9 million, or 19.3%. Of the increase, \$32.2 million was attributable to the acquisition of 114 stores in the Sunshine Acquisition in February 2022, \$15.0 million was from new stores opened since January 1, 2022 and the April 16, 2023 acquisition of 4 stores in Florida, and \$6.8 million was from the corporate-owned store same store sales increase of 10.7%.

Equipment segment revenue was \$163.7 million in the nine months ended September 30, 2023, compared to \$133.2 million in the nine months ended September 30, 2022, an increase of \$30.5 million, or 22.9%. Of the increase, \$41.2 million was driven by higher equipment sales to existing franchisee-owned stores, partially offset by \$9.7 million of lower equipment sales to new franchisee-owned stores in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022. In the nine months ended September 30, 2023, we had equipment sales to 64 new franchisee-owned stores compared to 82 in the prior year period.

Cost of revenue

Cost of revenue was \$132.6 million in the nine months ended September 30, 2023 compared to \$103.4 million in the nine months ended September 30, 2022, an increase of \$29.1 million, or 28.2%. Cost of revenue, which primarily relates to our equipment segment, increased primarily as a result of higher equipment sales to existing franchisee-owned stores, partially offset by lower equipment sales to existing franchisee-owned stores in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022, as described above. The remaining increase of \$2.1 million was due to costs of HVAC units sold to franchisees.

Store operations

Store operation expenses, which relate to our corporate-owned stores segment, were \$188.0 million in the nine months ended September 30, 2023 compared to \$161.8 million in the nine months ended September 30, 2022, an increase of \$26.2 million, or 16.2%. Of the increase, \$9.5 million was attributable to rent and occupancy expense, \$6.6 million was from higher marketing expense, \$6.8 million was from higher payroll related expense, and \$3.4 million repairs and maintenance expense, primarily as a result of new stores opened or acquired since January 1, 2022.

Selling, general and administrative

Selling, general and administrative expenses were \$93.7 million in the nine months ended September 30, 2023 compared to \$86.2 million in the nine months ended September 30, 2022, an increase of \$7.5 million, or 8.7%. Of the \$7.5 million increase, \$7.6 million was related to payroll and severance expense and \$2.0 million was from higher technology expense, which were partially offset by lower advisory fees as a result of the Sunshine Acquisition in the prior year.

National advertising fund expense

National advertising fund expense was \$52.5 million in the nine months ended September 30, 2023 compared to \$50.4 million in the nine months ended September 30, 2022, with the increase due to higher national advertising and marketing expenditures in 2023 as compared to 2022 as a result of higher national advertising fund revenue.

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 reacquired franchise rights.

Depreciation and amortization expense was \$110.3 million in the nine months ended September 30, 2023 compared to \$90.4 million in the nine months ended September 30, 2022, an increase of \$19.8 million, or 21.9%. The increase was primarily attributable to depreciation and amortization of the assets acquired in the Sunshine Acquisition and Florida Acquisition as well as new stores opened since January 1, 2022.

Other losses (gains), net

Other losses (gains), net was a loss of \$7.7 million in the nine months ended September 30, 2023 compared to a gain of \$2.5 million in the nine months ended September 30, 2022. In the nine months ended September 30, 2023, the \$7.7 million loss was primarily related to a \$6.3 million increase in an estimated reserve for a legal matter. In the nine months ended September 30, 2022, the \$2.5 million gain includes a \$1.3 million gain on the sale of corporate-owned stores and a \$2.1 million gain from the settlement of preexisting contracts in connection with the Sunshine Acquisition, partially offset by the \$1.2 million loss on unfavorable reacquired franchise rights in connection with the Sunshine Acquisition and a \$1.2 million reserve against an indemnification receivable related to a legal matter.

Interest income

Interest income was \$12.3 million in the nine months ended September 30, 2023 compared to \$2.2 million in the nine months ended September 30, 2022, primarily as a result of higher interest rates in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022.

Interest expense

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

Interest expense was \$64.8 million in the nine months ended September 30, 2023 compared to \$66.5 million in the nine months ended September 30, 2022. The decrease in interest expense is due to a \$1.6 million loss on extinguishment of debt from the write-off of remaining deferred financing costs in the prior year period and \$0.5 million of lower interest expense from the repayment of the variable funding notes in May 2022. Partially offsetting these decreases is higher interest expense in the nine months ended September 30, 2023 from the increased principal balance as a result of the debt refinancing completed on February 10, 2022.

Other income

Other income was \$0.6 million in the nine months ended September 30, 2023 and \$9.0 million in the nine months ended September 30, 2022. During the nine months ended September 30, 2022, other income was primarily attributable to a gain on the remeasurement of our tax benefit arrangements due to changes in our effective tax rate which did not impact the nine months ended September 30, 2023.

Provision for income taxes

The provision for income taxes was \$38.9 million in the nine months ended September 30, 2023, compared to \$35.9 million in the nine months ended September 30, 2022. The increase was attributable to higher income before income taxes in the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022.

Segment results

Franchise

Segment EBITDA for the franchise segment was \$198.4 million in the nine months ended September 30, 2023 compared to \$167.9 million in the nine months ended September 30, 2022, an increase of \$30.5 million, or 18.2%. The franchise segment EBITDA increase in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 was primarily due to the \$46.3 million of higher franchise segment revenue, partially offset by \$2.1 million of higher NAF expenses, \$2.2 million of higher selling, general and administrative expense and \$1.1 million of higher equipment placement expenses. Also offsetting the revenue increase was a \$6.3 million increase in an estimated reserve for a legal matter in the current year period as compared to a \$2.1 million gain in the prior year period as described in other losses (gains), net above. Depreciation and amortization was \$5.5 million and \$5.6 million in the nine months ended September 30, 2023 and 2022, respectively.

Corporate-owned stores

Segment EBITDA for the corporate-owned stores segment was \$126.5 million in the nine months ended September 30, 2023 compared to \$103.3 million in the nine months ended September 30, 2022, an increase of \$23.2 million, or 22.5%. Of the Segment EBITDA increase, \$15.0 million was attributable to corporate-owned stores acquired in the Sunshine Acquisition, \$6.6 million was attributable to the stores included in the same store sales base, and \$5.0 million was from new stores opened or acquired since January 1, 2022, partially offset by higher selling, general and administrative expense of \$1.8 million. Depreciation and amortization was \$87.2 million and \$68.6 million for the nine months ended September 30, 2023 and 2022, respectively. The increase in depreciation and amortization was primarily attributable the Sunshine Acquisition and Florida Acquisition.

Equipment

Segment EBITDA for the equipment segment was \$39.1 million in the nine months ended September 30, 2023 compared to \$34.6 million in the nine months ended September 30, 2022, an increase of \$4.5 million, or 13.0%, driven by higher equipment sales to existing franchisee-owned stores, partially offset by lower equipment sales to new franchisee-owned stores in the nine months ended September 30, 2023 compared to the nine months ended September 30, 2022. Depreciation and amortization was \$3.8 million for both the nine months ended September 30, 2023 and 2022.

Liquidity and capital resources

As of September 30, 2023, we had \$309.0 million of cash and cash equivalents, \$108.5 million of short-term marketable securities, \$10.3 million of long-term marketable securities and \$46.4 million of restricted cash.

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

The following table presents summary cash flow information for the nine months ended September 30, 2023 and 2022:

(in thousands)	Nine months ended September 30,	
	2023	2022
Net cash provided by (used in):		
Operating activities	\$ 266,920	\$ 190,426
Investing activities	(247,915)	(469,198)
Financing activities	(136,386)	142,737
Effect of foreign exchange rates on cash	233	(729)
Net decrease in cash	\$ (117,148)	\$ (136,764)

Operating activities

For the nine months ended September 30, 2023, net cash provided by operating activities was \$266.9 million compared to \$190.4 million in the nine months ended September 30, 2022, an increase of \$76.5 million. Of the increase, \$61.6 million is due to higher net income after adjustments to reconcile net income to net cash provided by operating activities in the nine months ended September 30, 2023 as compared to the nine months ended September 30, 2022, and \$14.9 million is due to favorable changes in working capital primarily as a result of more favorable changes in accounts receivable, accrued expenses and accounts payable, partially offset by lower equipment deposits and a higher payment pursuant to tax benefit arrangements.

Investing activities

For the nine months ended September 30, 2023, net cash used in investing activities was \$247.9 million compared to \$469.2 million in the nine months ended September 30, 2022, a decrease of \$221.3 million. The primary drivers for the cash used in investing activities in the nine months ended September 30, 2023 were investments in marketable securities, net of maturities of \$117.0 million, \$26.3 million used for the Florida Acquisition, and \$20.0 million equity method investment. The primary drivers for the cash used in investing activities in the nine months ended September 30, 2022 were \$424.9 million of net cash used for the Sunshine Acquisition in the prior year period, partially offset by \$20.8 million of cash received on the sale of corporate-owned stores.

Capital expenditures for the nine months ended September 30, 2023 and 2022:

(in thousands)	Nine months ended September 30,	
	2023	2022
New corporate-owned stores and corporate-owned stores not yet opened	\$ 29,540	\$ 29,661
Existing corporate-owned stores	38,044	23,587
Information systems	16,953	11,890
Corporate and all other	99	—
Total capital expenditures	<u>\$ 84,636</u>	<u>\$ 65,138</u>

Financing activities

For the nine months ended September 30, 2023, net cash used in financing activities was \$136.4 million compared to net cash provided by financing activities of \$142.7 million in the nine months ended September 30, 2022. The primary drivers of the net cash used in financing activities in the nine months ended September 30, 2023, were share repurchases of \$125.0 million and the repayment of long-term debt of \$15.6 million, partially offset by proceeds from issuance of Class A common stock of \$8.6 million. The primary drivers of the net cash provided by financing activities in the nine months ended September 30, 2022, was \$239.4 million of net cash provided from long-term debt, consisting of \$975 million of borrowings, \$719.6 million of principal payments and \$16.2 million of deferred financing costs incurred, in addition to share repurchases of \$94.3 million.

Securitized Financing Facility

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

In connection with the issuance of the Series 2022-1 Class A-2 Notes, the Master Issuer also issued the Series 2022-1 Class A-1 Notes, which allow for the drawing of up to \$75 million of Variable Funding Notes, including a letter of credit facility, which was used to repay the 2018-1 Class A-1 Notes. The 2022 Variable Funding Notes are undrawn as of September 30, 2023 due to repayment in full on May 9, 2022 using cash on hand.

Except as described above, there were no material changes to the terms of any debt obligations since December 31, 2022. The Company was in compliance with its debt covenants as of September 30, 2023. See Note 7 to the Condensed Consolidated Financial Statements contained in Item 1 herein for further information related to our long-term debt obligations.

Off-balance sheet arrangements

As of September 30, 2023, our off-balance sheet arrangements consisted of guarantees of lease agreements for certain franchisees up to a maximum period of ten years with earlier expiration dates possible if certain conditions are met. Our maximum total obligation under these lease guarantee agreements is approximately \$5.6 million and would require payment only upon default by the primary obligor. The estimated fair value of these guarantees as of September 30, 2023 was not material, and no accrual has been recorded for our potential obligation under these arrangements.

Critical accounting policies and use of estimates

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

ITEM 3. Quantitative and Qualitative Disclosure about Market Risk

Interest rate risk

The securitized financing facility includes the Series 2018-1 Senior Class A-2-II Notes and the Series 2022-1 Senior Class A-2 Notes, which are comprised of fixed interest rate notes, and the 2022 Variable Funding Notes, which allow for the incurrence of up to \$75.0 million in revolving loans and/or Letters of Credit under the 2022 Variable Funding Notes. The issuance of the fixed-rate Class A-2 Notes has reduced the Company's exposure to interest rate increases that could adversely affect its earnings and cash flows. However, the Company would be exposed to interest rate increases on any borrowings under the 2022 Variable Funding Notes. An increase in the effective interest rate applied to borrowings under the 2022 Variable Funding Notes of 100 basis points would result in a \$0.8 million increase in pre-tax interest expense on an annualized basis. There are no current borrowings under the 2022 Variable Funding Notes.

Foreign exchange risk

We are exposed to fluctuations in exchange rates, primarily those of the Canadian dollar, Mexican peso, and Australian dollar, which are the functional currencies of our Canadian, Mexican, and Australian entities, respectively. Our sales, costs and expenses of our foreign subsidiaries, when translated into U.S. dollars, can fluctuate due to exchange rate movement. As of September 30, 2023, a 10% increase or decrease in the exchange rate of the U.S. and foreign currencies to which we are exposed would increase or decrease net income by a negligible amount.

Inflation risk

Given the recent rise in inflation rates, there have been and may continue to be increases in shipping, labor and equipment costs, which could impact our profitability and that of our franchisees. Although we do not believe that inflation has had a material effect on our income from continuing operations, we have a substantial number of hourly employees in our corporate-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 interim 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 interim Chief Executive Officer and Chief Financial Officer concluded that as of September 30, 2023, 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.

Our marketable debt securities portfolio is subject to credit, liquidity, market, and interest rate risks that could cause its value to decline and materially adversely affect our financial condition.

We maintain a portfolio of marketable debt securities through professional investment advisors. The investments in our portfolio are subject to our corporate investment policy, which focuses on the preservation of principal and avoiding speculative investments, maintaining adequate liquidity to meet our cash flow requirements, complying with our applicable debt covenants, minimizing risk through diversification, delivering competitive returns, providing fiduciary control over our cash and investments and complying with applicable laws. These investments are subject to general credit, liquidity, market, and interest rate risks. In particular, the value of our portfolio may decline due to changes in interest rates, instability in the global financial markets that reduces the liquidity of securities in our portfolio, and other factors, including unexpected or unprecedented events. As a result, we may experience a decline in value or loss of liquidity of our investments, which could materially adversely affect our financial condition. We attempt to mitigate these risks through diversification of our investments and continuous monitoring of our portfolio's overall risk profile, but the value of our investments may nevertheless decline. To the extent that we increase the amount of these investments in the future, these risks could be exacerbated.

If we cannot retain our key employees and hire additional highly qualified employees, we may not be able to successfully manage our businesses and pursue our strategic objectives.

We are highly dependent on the services of our senior management team and other key employees at our corporate headquarters and our corporate-owned stores, and on our and our franchisees' ability to recruit, retain and motivate key employees. Competition for such employees can be intense, and the inability to attract and retain the additional qualified employees required to expand our activities, or the loss of current key employees, or our ability to successfully identify and engage a highly qualified permanent CEO could adversely affect our and our franchisees' operating efficiency and financial condition.

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 September 30, 2023.

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 ⁽¹⁾	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs ⁽¹⁾
07/01/23 - 07/31/23	—	\$ —	—	\$ 374,970,426
08/01/23 - 08/31/23	—	—	—	374,970,426
09/01/23 - 09/30/23	—	—	—	374,970,426
Total	—	\$ —	—	

⁽¹⁾ On November 4, 2022, our board of directors approved a share repurchase program of up to \$500,000,000, which replaced the previously approved November 5, 2019 share repurchase program.

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

for shares of Class A common stock, the number of Holdings Units held by Planet Fitness, Inc. is correspondingly increased, and a corresponding number of shares of Class B common stock are canceled.

ITEM 3. Defaults Upon Senior Securities.

None.

ITEM 4. Mine Safety Disclosures.

None.

ITEM 5. Other Information.

None.

ITEM 6. Exhibits

Exhibit Number	Exhibit Description	Filed Herewith	Description of Exhibit Incorporated Herein by Reference			Exhibit Number
			Form	File No.	Filing Date	
10.1	Separation Agreement, dated as of September 15, 2023, between Planet Fitness, Inc. and Chris Rondeau.		8-K	001-37534	09/15/23	10.1
10.2	Employment Offer Letter dated as of September 15, 2023 between Planet Fitness, Inc. and Craig R. Benson.	X				
10.3	Employment Offer Letter, originally dated as of September 15, 2023 and as amended by the Addendum on October 31, 2023, between Planet Fitness, Inc. and Craig R. Benson.		8-K	001-37534	11/01/23	10.1
10.4	Amended and Restated Planet Fitness, Inc. 2015 Omnibus Incentive Plan.	X				
10.5	Amended and Restated Planet Fitness, Inc. Long-Term Cash Incentive Program.	X				
10.6	Amended and Restated Planet Fitness, Inc. Non-Employee Director Compensation Program.	X				
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X				
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X				
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income (Loss), (iv) Consolidated Statements of Cash Flows, (v) Consolidated Statements of Changes in' Equity (Deficit), and (vi) Notes to Consolidated Financial Statements tagged as blocks of text and including detailed tags	X				
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	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.

(Registrant)

Date: November 9, 2023

/s/ Thomas Fitzgerald

Thomas Fitzgerald

Chief Financial Officer

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

September 15, 2023

Governor Craig R. Benson
Via Email

Re: Appointment as Interim Chief Executive Officer

Dear Governor Benson:

This letter will confirm your appointment and agreement to serve as Interim Chief Executive Officer (“Interim CEO”) of Planet Fitness, Inc. (the “Company”), effective September 15, 2023 (the “Effective Date”).

During your period of employment as Interim CEO (your “Employment Period”), you will report directly to the Board of Directors of the Company (the “Board”) and perform such duties as may be reasonably assigned to you by the Board. The Company expects that your Employment Period will continue until such time as the Company appoints a new Chief Executive Officer; however, your employment as Interim CEO is “at-will,” meaning it may be terminated by either you or the Company at any time, for any reason. Your employment as Interim CEO will not affect your status as a member of the Board.

Compensation and Benefits

Compensation arrangements with respect to your employment as Interim CEO will be agreed upon and provided to you separately.

You will be eligible to participate in the employee benefit plans generally available to the Company’s salaried employees, subject to the eligibility and other terms of those plans in effect from time to time, except you will not be entitled to any severance compensation or other benefits (including under the Planet Fitness, Inc. Executive Severance & Change in Control Policy, effective July 1, 2021) upon the cessation of the Employment Period.

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.

You are eligible for a vacation benefit of three (3) weeks of vacation time per calendar year, prorated per your date of hire and accrued on a bi-weekly basis. In addition, you will receive two floating holidays for the current year. Beginning January 1, 2024, you are eligible for five floating holidays per calendar year. The company’s Paid Time-Off Policy is available upon request.

Confidential Information and Restricted Activities

The Company 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 upon hire.

This letter agreement represents the entire agreement between the Company and you regarding your service as Interim CEO (other than compensation arrangements) in connection therewith, and it merges and supersedes all prior and contemporaneous discussions, agreements and understandings of every nature related to that subject matter. This letter agreement may be modified or amended only in a writing signed by you and the Company. This letter agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, legal representatives, successors, and permitted assigns.

This letter agreement will be governed by, and enforced in accordance with, the laws of the State of New Hampshire, without regard to the application of the principles of conflicts or choice of laws. By executing this letter agreement, you and the Company are waiving any right to trial by jury in connection with any suit, action or proceeding under or in connection with this letter agreement.

To acknowledge your agreement with the foregoing, please execute and date this letter in the space provided below and return the executed original to me.

PLANET FITNESS, INC

By: /s/ Stephen Spinelli, Jr.

Name: Stephen Spinelli, Jr. (Ph.D.)

Title: Chairman of the Board

Accepted and Agreed:

/s/ Craig Benson

Craig R. Benson



**PLANET FITNESS, INC.
AMENDED AND RESTATED
2015 OMNIBUS INCENTIVE PLAN**

1. DEFINED TERMS

Exhibit A, which is incorporated by reference, defines the terms used in the Plan and sets forth certain operational rules related to those terms.

2. PURPOSE

The Plan has been established to advance the interests of the Company by providing for the grant to Participants of Stock, Stock-based and other incentive Awards.

3. ADMINISTRATION

The Administrator has discretionary authority to interpret the Plan; determine eligibility for and grant Awards; determine, modify or waive the terms and conditions of any Award; determine the form of settlement of Awards (whether in cash, shares of Stock or other property); prescribe forms, rules and procedures relating to the Plan; and otherwise do all things necessary or appropriate to carry out the purposes of the Plan. Determinations of the Administrator made under the Plan will be conclusive and will bind all parties.

4. LIMITS ON AWARDS UNDER THE PLAN

(a) **Number of Shares.** Subject to adjustment as provided in Section 7, the maximum number of shares of Stock that may be delivered in satisfaction of Awards under the Plan is 7,896,800 shares. Up to the total number of shares available for Awards to employee Participants may be issued in satisfaction of ISOs, but nothing in this Section 4(a) will be construed as requiring that any, or any fixed number of, ISOs be awarded under the Plan. The limits set forth in this Section 4(a) shall be construed to comply with Section 422. For purposes of this Section 4(a), the number of shares of Stock delivered in satisfaction of Awards will be determined net of shares of Stock withheld by the Company in payment of the exercise price or purchase price of the Award or in satisfaction of tax withholding requirements with respect to the Award and, for the avoidance of doubt, without including any shares of Stock underlying Awards settled in cash or that otherwise expire or become unexercisable without having been exercised or that are forfeited to or repurchased by the Company due to failure to vest. To the extent consistent with the requirements of Section 422 and the regulations thereunder, and with other applicable legal requirements (including applicable stock exchange requirements), Stock issued under awards of an acquired company that are converted, replaced or adjusted in

connection with the acquisition shall not reduce the number of shares of Stock available for Awards under the Plan.

(b) **Type of Shares.** Stock delivered by the Company under the Plan may be authorized but unissued Stock or previously issued Stock acquired by the Company. No fractional shares of Stock will be delivered under the Plan.

(c) **Individual Limits.** The following additional limits will apply to Awards of the specified type granted or, in the case of Cash Awards, payable to any person in any calendar year:

- (1) Stock Options: 1,000,000 shares of Stock.
- (2) SARs: 1,000,000 shares of Stock.
- (3) Awards other than Stock Options, SARs or Cash Awards: 800,000 shares of Stock.
- (4) Cash Awards: \$5,000,000.

In applying the foregoing limits, (i) all Awards of the specified type granted to the same person in the same calendar year will be aggregated and made subject to one limit; (ii) the limits applicable to Stock Options and SARs refer to the number of shares of Stock subject to those Awards; (iii) the share limit under clause (3) refers to the maximum number of shares of Stock that may be delivered, or the value of which could be paid in cash or other property, under an Award or Awards of the type specified in clause (3) assuming a maximum payout; and (iv) the dollar limit under clause (4) refers to the maximum dollar amount payable under an Award or Awards of the type specified in clause (4) assuming a maximum payout.

(d) **Non-Employee Director Limits.** In the case of a Director, additional limits shall apply such that the maximum grant-date fair value of Stock-denominated Awards granted in any calendar year during any part of which the Director is then eligible under the Plan shall be \$500,000, except that such limit for a non-employee Chairman of the Board or lead Director shall be \$700,000, in each case, computed in accordance with FASB ASC Topic 718 (or any successor provision). The foregoing additional limits related to Directors shall not apply to any Award or shares of Stock granted pursuant to a Director's election to receive an Award or shares of Stock in lieu of cash retainers or other fees (to the extent such Award or shares of Stock have a fair value equal to the value of such cash retainers or other fees).

5. ELIGIBILITY AND PARTICIPATION

The Administrator will select Participants from among key Employees and directors of, and consultants and advisors to, the Company and its Affiliates. Eligibility for ISOs is limited to individuals described in the first sentence of this Section 5 who are employees of the Company

or of a “parent corporation” or “subsidiary corporation” of the Company as those terms are defined in Section 424 of the Code. Eligibility for Cash Awards is limited to individuals who are Employees. Eligibility for Stock Options, other than ISOs, and SARs is limited to individuals described in the first sentence of this Section 5 who are providing direct services on the date of grant of the Award to the Company or to a subsidiary of the Company that would be described in the first sentence of Section 1.409A-1(b)(5)(iii) (E) of the Treasury Regulations.

6. RULES APPLICABLE TO AWARDS

(a) All Awards.

(1) **Award Provisions.** The Administrator will determine the terms of all Awards, subject to the limitations provided herein. By accepting (or, under such rules as the Administrator may prescribe, being deemed to have accepted) an Award, the Participant will be deemed to have agreed to the terms of the Award and the Plan. Notwithstanding any provision of the Plan to the contrary, awards of an acquired company that are converted, replaced or adjusted in connection with the acquisition may contain terms and conditions that are inconsistent with the terms and conditions specified herein, as determined by the Administrator.

(2) **Term of Plan.** No Awards may be made after ten years from the Date of Adoption, but previously granted Awards may continue beyond that date in accordance with their terms.

(3) **Transferability.** Neither ISOs nor, except as the Administrator otherwise expressly provides in accordance with the last sentence of this Section 6(a)(3), other Awards may be transferred other than by will or by the laws of descent and distribution. During a Participant’s lifetime, ISOs (and, except as the Administrator otherwise expressly provides in accordance with the last sentence of this Section 6(a)(3), SARs and NSOs) may be exercised only by the Participant. The Administrator may permit the gratuitous transfer (*i.e.*, transfer not for value) of Awards other than ISOs to any transferee eligible to be covered by the provisions of Form S-8 (under the Securities Act of 1933, as amended), subject to such limitations as the Administrator may impose.

(4) **Vesting, etc.** The Administrator will determine the time or times at which an Award will vest or become exercisable and the terms on which a Stock Option or SAR will remain exercisable. Without limiting the foregoing, the Administrator may at any time accelerate the vesting or exercisability of an Award, regardless of any adverse or potentially adverse tax or other consequences resulting from such acceleration. Unless the Administrator expressly provides otherwise, however, the following rules will apply if a Participant’s Employment ceases:

(A) Immediately upon the cessation of the Participant’s Employment and except as provided in (B) and (C) below, each Stock Option and SAR that is then held by the Participant or by the Participant’s permitted transferees, if any,

will cease to be exercisable and will terminate and all other Awards that are then held by the Participant or by the Participant's permitted transferees, if any, to the extent not already vested, will be forfeited.

(B) Subject to (C) and (D) below, all Stock Options and SARs held by the Participant or the Participant's permitted transferees, if any, immediately prior to the cessation of the Participant's Employment, to the extent then exercisable, will remain exercisable for the lesser of (i) a period of three months or (ii) the period ending on the latest date on which such Stock Option or SAR could have been exercised without regard to this Section 6(a)(4), and will thereupon immediately terminate.

(C) Subject to (D) below, all Stock Options and SARs held by a Participant or the Participant's permitted transferees, if any, immediately prior to the cessation of the Participant's Employment due to his or her death or due to the termination of the Participant's Employment by the Company due to his or her Disability, to the extent then exercisable, will remain exercisable for the lesser of (i) a period of twelve (12) months or (ii) the period ending on the latest date on which such Stock Option or SAR could have been exercised without regard to this Section 6(a)(4), and will thereupon immediately terminate.

(D) All Awards (whether or not vested or exercisable) held by a Participant or the Participant's permitted transferees, if any, immediately prior to the cessation of the Participant's Employment will immediately terminate upon such cessation of Employment if the termination is for Cause or occurs in circumstances that in the sole determination of the Administrator would have constituted grounds for the Participant's Employment to be terminated for Cause.

(5) **Additional Restrictions.** The Administrator may cancel, rescind, withhold or otherwise limit or restrict any Award at any time, and may provide that any proceeds from the exercise or disposition of any Award or Stock acquired under any Award, and any other amounts received in respect of any Award or Stock acquired under any Award will be subject to forfeiture and disgorgement to the Company, with interest and other related earnings, if the Participant is not in compliance with all applicable provisions of the Award agreement and the Plan, or if the Participant breaches any agreement with the Company or its Affiliates with respect to noncompetition, non-solicitation, no-hire, non-disparagement, invention assignment, confidentiality or other restrictive covenant by which the Participant is bound. Without limiting the generality of the foregoing, the Administrator may recover Awards made under the Plan and payments or shares of Stock delivered under or gain in respect of any Award in accordance with any applicable Company clawback, recoupment or similar policy or policies, as such policy or policies may be amended and in effect from time to time, or as otherwise required by applicable law or applicable stock exchange listing standards, including, without limitation, Section 10D of the Securities Exchange Act of 1934, as amended. In

addition, each Award will be subject to any policy of the Company or any of its subsidiaries that relates to trading on non-public information and permitted transactions with respect to shares of Stock, including limitations on hedging and pledging. Each Participant, by accepting or being deemed to have accepted an Award under the Plan, agrees (or will be deemed to have agreed) to the terms of this Section 6(a)(5) and to any clawback, recoupment or similar policy of the Company or any of its subsidiaries and further agrees (or will be deemed to have further agreed) to cooperate fully with the Administrator, and to cause any and all permitted transferees of the Participant to cooperate fully with the Administrator, to effectuate any forfeiture or disgorgement described in this Section 6(a)(5). Neither the Administrator nor the Company nor any other person, other than the Participant and his or her permitted transferees, if any, will be responsible for any adverse tax or other consequences to a Participant or his or her permitted transferees, if any, that may arise in connection with this Section 6(a)(5).

(6) **Taxes.** The grant of an Award and the issuance, delivery, vesting and retention of Stock, cash or other property under an Award are conditioned upon full satisfaction by the Participant of all tax and other withholding requirements with respect to the Award. The Administrator will prescribe such rules for the withholding of taxes and other amounts with respect to any Award as it deems necessary. Each Participant agrees to promptly remit to the Company or an Affiliate, in cash, the full amount of all taxes required to be withheld in connection with an Award unless the Administrator, in its sole discretion, provides alternative means for satisfying the Company's tax withholding requirements. The Administrator may, but need not, hold back shares of Stock from an Award or permit a Participant to tender previously owned shares of Stock in satisfaction of tax or other withholding requirements (but not in excess of the minimum withholding required by law or such greater amount that would not result in adverse accounting consequences to the Company in the discretion of the Administrator). Any amounts withheld pursuant to this Section 6(a)(6) will be treated as though such amounts had been paid directly to the Participant. In addition, the Company may, to the extent permitted by law, deduct any such tax and other withholding amounts from any payment of any kind otherwise due to a Participant from the Company or any parent or subsidiary of the Company.

(7) **Dividend Equivalents, etc.** The Administrator may provide for the payment of amounts (on terms and subject to conditions established by the Administrator) in lieu of cash dividends or other cash distributions with respect to Stock subject to an Award whether or not the holder of such Award is otherwise entitled to share in the actual dividend or distribution in respect of such Award. Dividends or dividend equivalent amounts payable in respect of Awards that are subject to restrictions may be subject to such limits or restrictions as the Administrator may impose. Any entitlement to dividend equivalents or similar entitlements will be established and administered either consistent with an exemption from, or in compliance with, the applicable requirements of Section 409A.

(8) **Rights Limited.** Nothing in the Plan or any Award will be construed as giving any person the right to be granted an Award or to continued employment or service with the Company or its Affiliates, or any rights as a stockholder except as to shares of Stock actually issued under the Plan. The loss of existing or potential profit in Awards will not constitute an element of damages in the event of a termination of Employment for any reason, even if the termination is in violation of an obligation of the Company or any Affiliate to the Participant.

(9) **Coordination with Other Plans.** Awards under the Plan may be granted in tandem with, or in satisfaction of or substitution for, other Awards under the Plan or awards made under other compensatory plans or programs of the Company or its Affiliates. For example, but without limiting the generality of the foregoing, awards under other compensatory plans or programs of the Company or its Affiliates may be settled in Stock (including, without limitation, Unrestricted Stock) if the Administrator so determines, in which case the shares delivered will be treated as awarded under the Plan (and will reduce the number of shares thereafter available under the Plan in accordance with the rules set forth in Section 4).

(10) **Section 409A.**

(A) Without limiting the generality of Section 11(b) hereof, each Award will contain such terms as the Administrator determines, and will be construed and administered, such that the Award either qualifies for an exemption from the requirements of Section 409A or satisfies such requirements.

(B) Notwithstanding anything to the contrary in the Plan or any Award agreement, the Administrator may unilaterally amend, modify or terminate the Plan or any outstanding Award, including, without limitation, changing the form of the Award, if the Administrator determines that such amendment, modification or termination is necessary or desirable to avoid the imposition of an additional tax, interest or penalty under Section 409A.

(C) If a Participant is determined on the date of the Participant's termination of Employment to be a "specified employee" within the meaning of that term under Section 409A(a)(2)(B) of the Code, then, with regard to any payment that is considered nonqualified deferred compensation under Section 409A, to the extent applicable, payable on account of a "separation from service", such payment will be made or provided on the date that is the earlier of (i) the first business day following the expiration of the six-month period measured from the date of such "separation from service" and (ii) the date of the Participant's death (the "**Delay Period**"). Upon the expiration of the Delay Period, all payments delayed pursuant to this Section 6(a)(10)(C) (whether they would have otherwise been payable in a single lump sum or in installments in the absence of such delay) will be paid, without interest, on the first business day following the expiration of the Delay Period in a lump sum and any

remaining payments due under the Award will be paid in accordance with the normal payment dates specified for them in the applicable Award agreement.

(D) For purposes of Section 409A, each payment made under the Plan or any Award will be treated as a separate payment.

(E) With regard to any payment considered to be nonqualified deferred compensation under Section 409A, to the extent applicable, that is payable upon a change in control of the Company or other similar event, to the extent required to avoid the imposition of an additional tax, interest or penalty under Section 409A, no amount will be payable unless such change in control constitutes a “change in control event” within the meaning of Section 1.409A-3(i)(5) of the Treasury Regulations.

(b) Stock Options and SARs.

(1) **Time and Manner of Exercise.** Unless the Administrator expressly provides otherwise, no Stock Option or SAR will be deemed to have been exercised until the Administrator receives a notice of exercise (in form acceptable to the Administrator), which if the Administrator so determines may be an electronic notice, signed (including electronic signature in form acceptable to the Administrator) by the appropriate person and accompanied by any payment required under the Award. A Stock Option or SAR exercised by any person other than the Participant will not be deemed to have been exercised until the Administrator has received such evidence as it may require that the person exercising the Award has the right to do so. The Administrator may impose conditions on the exercisability of Awards, including limitations on the time periods during which Awards may be exercised or settled.

(2) **Exercise Price.** The exercise price (or the base value from which appreciation is to be measured) of each Stock Option or SAR will be no less than 100% (or in the case of an ISO granted to a ten-percent shareholder within the meaning of subsection (b)(6) of Section 422, 110%) of the Fair Market Value of the Stock subject to the Award, determined as of the date of grant, or such higher amount as the Administrator may determine in connection with the grant. Except in connection with a corporate transaction involving the Company (which term shall include, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, or exchange of shares) or as otherwise contemplated by Section 7 of the Plan, the terms of outstanding Stock Options or SARs, as applicable, may not be amended to reduce the exercise prices of such Stock Options or the base values from which appreciation under such SARs are to be measured other than in accordance with the stockholder approval requirements of the New York Stock Exchange.

(3) **Payment of Exercise Price.** Where the exercise of an Award is to be accompanied by payment, payment of the exercise price will be by cash or check

acceptable to the Administrator or by such other legally permissible means, if any, as may be acceptable to the Administrator.

(4) **Maximum Term.** Stock Options and SARs will have a maximum term not to exceed ten (10) years from the date of grant (or five (5) years from the date of grant in the case of an ISO granted to a ten-percent shareholder described in Section 6(b)(2) above).

7. EFFECT OF CERTAIN TRANSACTIONS

(a) **Mergers, etc.** Except as otherwise provided in an Award agreement, the following provisions will apply in the event of a Covered Transaction:

(1) **Assumption or Substitution.** If the Covered Transaction is one in which there is an acquiring or surviving entity, the Administrator may (but, for the avoidance of doubt, need not) provide (i) for the assumption or continuation of some or all outstanding Awards or any portion thereof or (ii) for the grant of new awards in substitution therefor by the acquiror or survivor or an affiliate of the acquiror or survivor.

(2) **Cash-Out of Awards.** Subject to Section 7(a)(5) below, the Administrator may (but, for the avoidance of doubt, need not) provide for payment (a “cash-out”), with respect to some or all Awards or any portion thereof, equal in the case of each affected Award or portion thereof to the excess, if any, of (A) the fair market value of one share of Stock times the number of shares of Stock subject to the Award or such portion, over (B) the aggregate exercise or purchase price, if any, under the Award or such portion (in the case of an SAR, the aggregate base value above which appreciation is measured), in each case on such payment terms (which need not be the same as the terms of payment to holders of Stock) and other terms, and subject to such conditions, as the Administrator determines; it being understood that if the exercise or purchase price (or base value) of an Award is equal to or greater than the fair market value of one share of Stock, the Award may be cancelled with no payment due hereunder.

(3) **Acceleration of Certain Awards.** Subject to Section 7(a)(5) below, the Administrator may (but, for the avoidance of doubt, need not) provide that any Award requiring exercise will become exercisable, in full or in part and/or that the delivery of any shares of Stock remaining deliverable under any outstanding Award of Stock Units (including Restricted Stock Units and Performance Awards to the extent consisting of Stock Units) will be accelerated in full or in part, in each case on a basis that gives the holder of the Award a reasonable opportunity, as determined by the Administrator, following exercise of the Award or the delivery of the shares, as the case may be, to participate as a stockholder in the Covered Transaction.

(4) **Termination of Awards Upon Consummation of Covered Transaction.** Except as the Administrator may otherwise determine in any case, each

Award will automatically terminate (and in the case of outstanding shares of Restricted Stock, will automatically be forfeited) upon consummation of the Covered Transaction, other than Awards assumed pursuant to Section 7(a)(1) above.

(5) **Additional Limitations.** Any share of Stock and any cash or other property delivered pursuant to Section 7(a)(1), Section 7(a)(2) or Section 7(a)(3) above with respect to an Award may, in the discretion of the Administrator, contain such restrictions, if any, as the Administrator deems appropriate, including to reflect any performance or other vesting conditions to which the Award was subject and that did not lapse (and were not satisfied) in connection with the Covered Transaction. For purposes of the immediately preceding sentence, a cash-out under Section 7(a)(2) above or acceleration under Section 7(a)(3) above will not, in and of itself, be treated as the lapsing (or satisfaction) of a performance or other vesting condition. In the case of Restricted Stock that does not vest and is not forfeited in connection with the Covered Transaction, the Administrator may require that any amounts delivered, exchanged or otherwise paid in respect of such Stock in connection with the Covered Transaction be placed in escrow or otherwise made subject to such restrictions as the Administrator deems appropriate to carry out the intent of the Plan.

(b) **Changes in and Distributions with Respect to Stock.**

(1) **Basic Adjustment Provisions.** In the event of a stock dividend, stock split or combination of shares (including a reverse stock split), recapitalization or other change in the Company's capital structure that constitutes an equity restructuring within the meaning of FASB ASC Topic 718 (or any successor provision), the Administrator will make appropriate adjustments to the maximum number of shares of Stock that may be delivered under the Plan and to the maximum limits described in Section 4(c) and will also make appropriate adjustments to the number and kind of shares of stock or securities subject to Awards then outstanding or subsequently granted, any exercise or purchase prices (or base values) relating to Awards and any other provision of Awards affected by such change.

(2) **Certain Other Adjustments.** The Administrator may also make adjustments of the type described in Section 7(b)(1) above to take into account distributions to stockholders other than those provided for in Section 7(a) and 7(b)(1), or any other event, if the Administrator determines that adjustments are appropriate to avoid distortion in the operation of the Plan, having due regard for the qualification of ISOs under Section 422 and the requirements of Section 409A, where applicable.

(3) **Continuing Application of Plan Terms.** References in the Plan to shares of Stock will be construed to include any stock or securities resulting from an adjustment pursuant to this Section 7.

8. LEGAL CONDITIONS ON DELIVERY OF STOCK

The Company will not be obligated to deliver any shares of Stock pursuant to the Plan or to remove any restriction from shares of Stock previously delivered under the Plan until: (i) the Company is satisfied that all legal matters in connection with the issuance and delivery of such shares have been addressed and resolved; (ii) if the outstanding Stock is at the time of delivery listed on any stock exchange or national market system, the shares to be delivered have been listed or authorized to be listed on such exchange or system upon official notice of issuance; and (iii) all conditions of the Award have been satisfied or waived. The Company may require, as a condition to exercise of the Award, such representations or agreements as counsel for the Company may consider appropriate to avoid violation of the Securities Act of 1933, as amended, or any applicable state or non-U.S. securities law. Any Stock required to be issued to Participants under the Plan will be evidenced in such manner as the Administrator may deem appropriate, including book-entry registration or delivery of stock certificates. In the event that the Administrator determines that Stock certificates will be issued to Participants under the Plan, the Administrator may require that certificates evidencing Stock issued under the Plan bear an appropriate legend reflecting any restriction on transfer applicable to such Stock, and the Company may hold the certificates pending lapse of the applicable restrictions.

9. AMENDMENT AND TERMINATION

The Administrator may at any time or times amend the Plan or any outstanding Award for any purpose which may at the time be permitted by law, and may at any time terminate the Plan as to any future grants of Awards; provided, that, except as otherwise expressly provided in the Plan, the Administrator may not, without the Participant's consent, alter the terms of an Award so as to affect materially and adversely the Participant's rights under the Award, unless the Administrator expressly reserved the right to do so at the time the Award was granted. Any amendments to the Plan will be conditioned upon stockholder approval only to the extent, if any, such approval is required by law (including the Code and applicable stock exchange requirements), as determined by the Administrator. For the avoidance of doubt, without limiting the Administrator's rights hereunder, no adjustment to any Award pursuant to the terms of Section 7 or Section 12 hereof will be treated as an amendment requiring a Participant's consent.

10. OTHER COMPENSATION ARRANGEMENTS

The existence of the Plan or the grant of any Award will not in any way affect the Company's right to award a person bonuses or other compensation in addition to Awards under the Plan.

11. MISCELLANEOUS

(a) **Waiver of Jury Trial.** By accepting or being deemed to have accepted an Award under the Plan, to the maximum extent permitted by law, each Participant waives (or will be deemed to have waived) any right to a trial by jury in any action, proceeding or counterclaim concerning any rights under the Plan and any Award, or under any amendment, waiver, consent, instrument, document or other agreement delivered or which in the future may be delivered in

connection therewith, and agrees (or will be deemed to have agreed) that any such action, proceedings or counterclaim will be tried before a court and not before a jury. By accepting (or being deemed to have accepted) an Award under the Plan, each Participant certifies that no officer, representative, or attorney of the Company has represented, expressly or otherwise, that the Company would not, in the event of any action, proceeding or counterclaim, seek to enforce the foregoing waivers. Notwithstanding anything to the contrary in the Plan, nothing herein is to be construed as limiting the ability of the Company and a Participant to agree to submit disputes arising under the terms of the Plan or any Award made hereunder to binding arbitration or as limiting the ability of the Company to require any eligible individual to agree to submit such disputes to binding arbitration as a condition of receiving an Award hereunder.

(b) **Limitation of Liability.** Notwithstanding anything to the contrary in the Plan, neither the Company, nor any Affiliate, nor the Administrator, nor any person acting on behalf of the Company, any Affiliate, or the Administrator, will be liable to any Participant or to the estate or beneficiary of any Participant or to any other holder of an Award by reason of any acceleration of income, or any additional tax (including any interest and penalties), asserted by reason of the failure of an Award to satisfy the requirements of Section 422 or Section 409A or by reason of Section 4999 of the Code, or otherwise asserted with respect to the Award.

12. ESTABLISHMENT OF SUB-PLANS

The Administrator may from time to time establish one or more sub-plans under the Plan for purposes of satisfying applicable blue sky, securities or tax laws of various jurisdictions. The Administrator will establish such sub-plans by adopting supplements to the Plan setting forth (i) such limitations on the Administrator's discretion under the Plan as it deems necessary or desirable and (ii) such additional terms and conditions not otherwise inconsistent with the Plan as it deems necessary or desirable. All supplements so established will be deemed to be part of the Plan, but each supplement will apply only to Participants within the affected jurisdiction (as determined by the Administrator).

13. GOVERNING LAW

(a) **Certain Requirements of Corporate Law.** Awards will be granted and administered consistent with the requirements of applicable Delaware law relating to the issuance of stock and the consideration to be received therefor, and with the applicable requirements of the stock exchanges or other trading systems on which the Stock is listed or entered for trading, in each case, as determined by the Administrator.

(b) **Other Matters.** Except as otherwise provided by the express terms of an Award agreement, under a sub-plan described in Section 12 or as provided in Section 13(a) above, the provisions of the Plan and of Awards under the Plan and all claims or disputes arising out of or based upon the Plan or any Award under the Plan or relating to the subject matter hereof or thereof will be governed by and construed in accordance with the domestic substantive laws of the State of New Hampshire without giving effect to any choice or conflict of laws provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction.

(c) **Jurisdiction.** Subject to Section 11(a) above, by accepting (or being deemed to have accepted) an Award, each Participant agrees or will be deemed to have agreed to (a) submit irrevocably and unconditionally to the jurisdiction of the federal and state courts located within the geographic boundaries of the United States District Court for the District of New Hampshire for the purpose of any suit, action or other proceeding arising out of or based upon the Plan or any Award; (b) not commence any suit, action or other proceeding arising out of or based upon the Plan or an Award, except in the federal and state courts located within the geographic boundaries of the United States District Court for the District of New Hampshire; and (c) waive, and not assert, by way of motion as a defense or otherwise, in any such suit, action or proceeding, any claim that he or she is not subject personally to the jurisdiction of the above-named courts that his or her property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that the Plan or an Award or the subject matter thereof may not be enforced in or by such court.

EXHIBIT A

Definition of Terms

The following terms, when used in the Plan, will have the meanings and be subject to the provisions set forth below:

“Administrator”: The Compensation Committee, except that the Compensation Committee may delegate (i) to one or more of its members (or one or more other members of the Board (including the full Board)) such of its duties, powers and responsibilities as it may determine; (ii) to one or more persons or bodies the power to grant Awards to the extent permitted by Section 152(b) or Section 157(c) of the Delaware General Corporate Law; and (iii) to such Employees or other persons as it determines such ministerial tasks as it deems appropriate. In the event of any delegation described in the preceding sentence, the term “Administrator” will include the person or persons so delegated to the extent of such delegation.

“Affiliate”: Any corporation or other entity that stands in a relationship to the Company that would result in the Company and such corporation or other entity being treated as one employer under Section 414(b) or Section 414(c) of the Code, *provided* that, for purposes of determining treatment as a single employer under Section 414(b) or Section 414(c) of the Code, “20%” shall replace “80%” in the applicable stock or other equity ownership requirements under such sections of the Code and the regulations thereunder.

“Award”: Any or a combination of the following:

- (i) Stock Options.
- (ii) SARs.
- (iii) Restricted Stock.
- (iv) Unrestricted Stock.
- (v) Stock Units, including Restricted Stock Units.
- (vi) Performance Awards.
- (vii) Awards (other than Awards described in (i) through (vi) above) that are convertible into or otherwise based on Stock.
- (viii) Cash Awards.

“Board”: The Board of Directors of the Company.

“Cash Award”: An Award denominated in cash.

“Cause”: In the case of any Participant who is party to an effective employment or severance-benefit agreement with the Company or an Affiliate of the Company that contains a definition of “Cause,” the definition set forth in such agreement will apply with respect to such Participant under the Plan for so long as such agreement is in effect. In the case of any other Participant, “Cause” will mean, as determined by the Administrator in its reasonable judgment, (i) a substantial failure of the Participant to perform the Participant’s duties and responsibilities to the Company or Affiliates or substantial negligence in the performance of such duties and responsibilities; (ii) the commission by the Participant of a felony or a crime involving moral turpitude; (iii) the commission by the Participant of theft, fraud, embezzlement, material breach of trust or any material act of dishonesty involving the Company or any of its Affiliates; (iv) a significant violation by the Participant of the Code of Ethics or Code of Ethics for Senior Financial & Executive Officers of the Company or its Affiliates, of any other material policy of the Company or its Affiliates or of any statutory or common law duty of loyalty to the Company or its Affiliates; (v) material breach of any of the terms of the Plan or any Award made under the Plan, or of the terms of any other agreement between the Company or Affiliates and the Participant; or (vi) other conduct by the Participant that could be expected to be harmful to the business, interests or reputation of the Company or its Affiliates.

“Code”: The U.S. Internal Revenue Code of 1986, as from time to time amended and in effect, or any successor statute as from time to time in effect.

“Company”: Planet Fitness, Inc.

“Compensation Committee”: The Compensation Committee of the Board.

“Covered Transaction”: Any of (i) a consolidation, merger, or similar transaction or series of related transactions, including a sale or other disposition of stock, in which the Company is not the surviving corporation or that results in the acquisition of all or substantially all of the Company’s then outstanding common stock by a single person or entity or by a group of persons and/or entities acting in concert, (ii) a sale or transfer of all or substantially all the Company’s assets, or (iii) a dissolution or liquidation of the Company. Where a Covered Transaction involves a tender offer pursuant to which at least a majority of the Company’s then outstanding common stock is purchased by a single person or entity or by a group of persons and/or entities acting in concert that is reasonably expected to be followed by a merger described in clause (i) (as determined by the Administrator), the Covered Transaction shall be deemed to have occurred upon consummation of the tender offer.

“Date of Adoption”: The date the Plan was initially approved by the Board.

“Director”: A member of the Board who is not an Employee.

“Disability”: In the case of any Participant who is party to an effective employment or severance-benefit agreement with the Company or an Affiliate of the Company that contains a

definition of “Disability,” the definition set forth in such agreement will apply with respect to such Participant under the Plan for so long as such agreement is in effect. In the case of any other Participant, a permanent disability as defined in the long-term disability plan maintained by the Company or one of its Affiliates, or as defined from time to time by the Company in its sole discretion. Notwithstanding the foregoing, in any case in which a benefit that constitutes or includes “nonqualified deferred compensation” subject to Section 409A would be payable by reason of Disability, the term “Disability” will mean a disability described in Section 1.409A-3(i)(4)(i)(A) of the Treasury Regulations.

“Employee”: Any person who is employed by the Company or an Affiliate.

“Employment”: A Participant’s employment or other service relationship with the Company or an Affiliate. Employment will be deemed to continue, unless the Administrator expressly provides otherwise, so long as the Participant is employed by, or otherwise is providing services in a capacity described in Section 5 to the Company or an Affiliate. If a Participant’s employment or other service relationship is with an Affiliate and that entity ceases to be an Affiliate, the Participant’s Employment will be deemed to have terminated when the entity ceases to be an Affiliate unless the Participant transfers Employment to the Company or its remaining Affiliates. Notwithstanding the foregoing and the definition of “Affiliate” above, in construing the provisions of any Award relating to the payment of “nonqualified deferred compensation” (subject to Section 409A) upon a termination or cessation of Employment, references to termination or cessation of employment, separation from service, retirement or similar or correlative terms will be construed to require a “separation from service” (as that term is defined in Section 1.409A-1(h) of the Treasury Regulations, after giving effect to the presumptions contained therein) from the Company and from all other corporations and trades or businesses, if any, that would be treated as a single “service recipient” with the Company under Section 1.409A-1(h)(3) of the Treasury Regulations. The Company may, but need not, elect in writing, subject to the applicable limitations under Section 409A, any of the special elective rules prescribed in Section 1.409A-1(h) of the Treasury Regulations for purposes of determining whether a “separation from service” has occurred. Any such written election will be deemed a part of the Plan.

“Fair Market Value”: As of a particular date, (i) the closing price for a share of Stock reported on the New York Stock Exchange (or any other national securities exchange on which the Stock is then listed) for that date or, if no closing price is reported for that date, the closing price on the immediately preceding date on which a closing price was reported or (ii) in the event that the Stock is not traded on a national securities exchange, the fair market value of a share of Stock determined by the Administrator consistent with the rules of Section 422 and Section 409A to the extent applicable.

“ISO”: A Stock Option intended to be an “incentive stock option” within the meaning of Section 422. Each Stock Option granted pursuant to the Plan will be treated as providing by its terms that it is to be an NSO unless, as of the date of grant, it is expressly designated as an ISO.

“NSO”: A Stock Option that is not intended to be an “incentive stock option” within the meaning of Section 422.

“Participant”: A person who is granted an Award under the Plan.

“Performance Award”: An Award subject to performance vesting conditions, which may include Performance Criteria.

“Performance Criteria”: Specified criteria, other than the mere continuation of Employment or the mere passage of time, the satisfaction of which is a condition for the grant, exercisability, vesting or full enjoyment of an Award. Except as otherwise determined by the Administrator, a Performance Criterion and any targets with respect thereto may relate to any or any combination of the following (measured either absolutely or comparatively (including, without limitation, by reference to an index or indices or a specified peer group) and determined either on a consolidated basis or, as the context permits, on a divisional, subsidiary, line of business, project or geographical basis or in combinations thereof and subject to such adjustments, if any, as the Administrator specifies): sales; revenues; assets; expenses; earnings before or after deduction for all or any portion of interest, taxes, depreciation, amortization or equity expense, whether or not on a continuing operations or an aggregate or per share basis; return on equity; investment, capital, capital employed or assets; one or more operating ratios; operating income or profit, including on an after tax basis; borrowing levels, leverage ratios or credit rating; market share; capital expenditures; cash flow; stock price; stockholder return; sales of particular products or services; same store sales; customer satisfaction; gross or net store openings, including timing of openings and achievement of growth targets with respect thereto; new store first year sales; customer acquisition or retention; acquisitions and divestitures (in whole or in part); joint ventures and strategic alliances; spin-offs, split-ups and the like; reorganizations; or recapitalizations, restructurings, financings (issuance of debt or equity) or refinancings. A Performance Criterion and any targets with respect thereto determined by the Administrator need not be based upon an increase, a positive or improved result or avoidance of loss. The Administrator may provide that one or more of the Performance Criteria applicable to such Award will be adjusted in an objectively determinable manner to reflect events (for example, the impact of charges for restructurings, discontinued operations, mergers, acquisitions, and other unusual or infrequently occurring items, including the cumulative effects of tax or accounting changes) occurring during the performance period that affect the applicable Performance Criterion or Criteria.

“Plan”: The Planet Fitness, Inc. Amended and Restated 2015 Omnibus Incentive Plan, as from time to time amended and in effect.

“Restricted Stock”: Stock subject to restrictions requiring that it be redelivered or offered for sale to the Company if specified conditions are not satisfied.

“Restricted Stock Unit”: A Stock Unit that is, or as to which the delivery of Stock or cash in lieu of Stock is, subject to the satisfaction of specified performance or other vesting conditions.

“SAR”: A right entitling the holder upon exercise to receive an amount (payable in cash or in shares of Stock of equivalent value) equal to the excess of the Fair Market Value of the shares of Stock subject to the right over the base value from which appreciation under the SAR is to be measured.

“Section 409A”: Section 409A of the Code.

“Section 422”: Section 422 of the Code.

“Stock”: Class A common stock of the Company, par value \$0.0001 per share.

“Stock Option”: An option entitling the holder to acquire shares of Stock upon payment of the exercise price.

“Stock Unit”: An unfunded and unsecured promise, denominated in shares of Stock, to deliver Stock or cash measured by the value of Stock in the future.

“Unrestricted Stock”: Stock not subject to any restrictions under the terms of the Award.

**PLANET FITNESS, INC. AMENDED AND RESTATED
LONG-TERM CASH INCENTIVE PLAN**

1. PURPOSE

This Amended and Restated Long-Term Cash Incentive Plan (as amended from time to time, the “Plan”) has been established to advance the interests of Planet Fitness, Inc. (the “Company”) by providing for the grant of Cash Incentive Awards (as defined below) to eligible employees of the Company and its subsidiaries.

2. ADMINISTRATION

The Plan will be administered by the Company and its delegates (the Company and its delegates, to the extent of such delegation, are referred to herein as the “Administrator”); provided, that if any executive officers of the Company participate in the Plan, the Plan will be administered by the Compensation Committee (the “Compensation Committee”) of the Board of Directors of the Company, and all references to the Administrator herein shall instead be deemed to be references to the Compensation Committee. The Administrator has the authority to interpret the Plan and Cash Incentive Awards, to determine eligibility for Cash Incentive Awards; to grant Cash Incentive Awards; to determine, modify or waive the terms of and the conditions applicable to any Cash Incentive Award; to determine the amount payable under Cash Incentive Awards; to prescribe forms, rules and procedures relating to the Plan and Cash Incentive Awards; and generally to do all things necessary to administer the Plan. Any interpretation or decision by the Administrator with respect to the Plan or any Cash Incentive Award will be final and conclusive as to all parties. Each year, the Compensation Committee shall approve the maximum amount of Cash Incentive Awards that may be granted under this Plan with respect to the Performance Period (as defined below) beginning in such year.

3. ELIGIBILITY; PARTICIPANTS

The Administrator will select from among key employees of the Company and its subsidiaries those employees who will from time to time participate in the Plan (each, a “Participant”). Participation with respect to one Cash Incentive Award under the Plan will not entitle an individual to participate with respect to a subsequent Cash Incentive Award or Cash Incentive Awards, if any, and will not entitle a Participant to continued employment or constitute the basis for any claim of damages in connection with a termination of employment or otherwise.

4. GRANT OF AWARDS

The term “Cash Incentive Award” as used in the Plan means an award opportunity that is payable in cash and is granted to a Participant with respect to a specified performance period (consisting of the Company’s fiscal year or such other period as the Administrator may determine, each a “Performance Period”). A Participant who is granted a Cash Incentive Award will be entitled to a payment, if any, under the Cash Incentive Award only if all conditions to payment have been satisfied in accordance the Plan and with the terms of the Cash Incentive Award. By accepting (or being deemed to have accepted) a Cash Incentive Award, the Participant agrees (or will be deemed to have agreed) to the terms of the Cash Incentive Award and the Plan.

For each Cash Incentive Award, the Administrator shall establish the following:

(a) the vesting conditions (as defined in Section 5 below) applicable to the Cash Incentive Award;

(b) the amount or amounts that will be payable (subject to adjustment in accordance with Section 5) if the vesting conditions are achieved; and

(c) such other terms and conditions as the Administrator deems appropriate, subject in each case to the terms of the Plan.

5. VESTING CONDITIONS

As used in the Plan, “vesting conditions” means specified criteria, other than the mere continuation of employment or the mere passage of time, the satisfaction of which is a condition for the vesting, payment or full enjoyment of a Cash Incentive Award. A vesting condition and any targets with respect thereto need not be based upon an increase, a positive or improved result or avoidance of loss, may consist of individual and/or Company-related goals and may be applied to a Participant or Participants on an individual basis or with respect to a business unit or division or the Company as a whole.

The Administrator may provide that a Cash Incentive Award, and any related vesting condition or conditions, will be altered or adjusted in any manner prescribed by the Administrator.

6. PAYMENT OF AWARDS; AMOUNTS PAYABLE UNDER AWARDS

The payment terms applicable to Cash Incentive Awards will be determined by the Administrator and specified by the terms of the Cash Incentive Award. Notwithstanding anything to the contrary in a Cash Incentive Award, the Administrator may, in its sole and absolute discretion and with or without specifying its reasons for doing so, after determining the amount that would otherwise be payable under any Cash Incentive Award, adjust the actual payment (including to zero), if any, to be made under such Cash Incentive Award. The Administrator may exercise the discretion described in the immediately preceding sentence either in individual cases or in ways that affect more than one Participant. In each case, the Administrator’s discretionary determination, which may affect different Cash Incentive Awards and Participants differently, will be binding on all parties.

7. PAYMENT UNDER AWARDS

Except as otherwise determined by the Administrator or as otherwise provided in this Section 7, all payments under the Plan will be made, if at all, not later than March 15th of the calendar year following the calendar year in which the Performance Period ends; provided, that the Administrator may authorize elective deferrals of any Cash Incentive Award payments in accordance with the deferral rules of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”). Unless otherwise determined by the Administrator, a Cash Incentive Award payment will not be made unless a Participant has remained employed with the Company

and its subsidiaries through the date of payment. Except as determined by the Administrator, Cash Incentive Awards under the Plan are intended to qualify for exemption from Section 409A of the Code and shall be construed and administered accordingly.

8. TAX WITHHOLDING; LIMITATION ON LIABILITY

All payments under the Plan will be subject to reduction for applicable tax and other legally or contractually required withholdings or other taxes.

Neither the Company nor any affiliate, nor the Administrator, nor any person acting on behalf of the Company, any affiliate, or the Administrator, will be liable for any adverse tax or other consequences to any Participant or to the estate or beneficiary of any Participant or to any other holder of a Cash Incentive Award or otherwise that may arise or otherwise be asserted with respect to a Cash Incentive Award, including, but not limited to, by reason of the application of Section 9 below, or any acceleration of income, or any additional tax (including any interest and penalties) asserted by reason of the failure of a Cash Incentive Award to satisfy the requirements of Section 409A of the Code or by reason of Section 4999 of the Code, or otherwise asserted with respect to the Cash Incentive Award or the Plan.

9. FORFEITURE; RECOUPMENT

The Company may provide that Cash Incentive Awards will be subject to forfeiture, termination or rescission, and that a Participant will be obligated to return to the Company payments received with respect to a Cash Incentive Award, in connection with a breach by the Participant of an agreement evidencing a Cash Incentive Award or the Plan, or any non-competition, non-solicitation, confidentiality or similar covenant or agreement with the Company or any of its affiliates. Without limiting the generality of the foregoing, the Administrator may recover Cash Incentive Awards and payments under any Cash Incentive Award in accordance with any applicable Company clawback, recoupment or similar policy or policies, as such policy or policies may be amended and in effect from time to time, or as otherwise required by applicable law or applicable stock exchange listing standards, including, without limitation, Section 10D of the Securities Exchange Act of 1934, as amended. Each Participant, by accepting a Cash Incentive Award pursuant to the Plan, agrees to return the full amount required under this Section 9, or under any clawback or recoupment policy, as applicable, at such time and in such manner as the Administrator shall determine in its sole discretion, consistent with applicable law.

10. TRANSFERABILITY

Cash Incentive Awards may not be transferred, pledged, hypothecated, assigned or otherwise disposed of other than by will or by the laws of descent and distribution, and any attempt to do so will result in immediate termination of the Cash Incentive Award.

11. GOVERNING LAW

The Plan and all claims or disputes arising out of or based upon the Plan or relating to the subject matter hereof will be governed by and construed in accordance with the domestic substantive laws of the State of New Hampshire without giving effect to any choice or conflict of laws provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction.

12. AMENDMENT AND TERMINATION

The Company may amend the Plan or any Cash Incentive Award at any time and from time to time, and may terminate the Plan or any Cash Incentive Award at any time. This Amended and Restated Cash Incentive Plan shall become effective with respect to Cash Incentive Awards with respect to fiscal years beginning on and after January 1, 2023.

Planet Fitness, Inc.
Amended and Restated Non-Employee Director Compensation Program
Effective as of April 1, 2022

Each individual who provides services to Planet Fitness, Inc. (the “Company”) as a director, other than a director who is employed by the Company or a subsidiary (a “Non-Employee Director”), shall be entitled to receive the following amounts of compensation, subject to the limitations on annual Non-Employee Director compensation set forth in the Company’s Amended and Restated 2015 Omnibus Incentive Plan (as it may be amended from time to time, the “2015 Plan”):

Type of Compensation	Amount and Form of Payment
Annual cash retainer	\$70,000
Equity retainer	<p>Annual grant of restricted stock units (“RSUs”) with a grant date fair value of \$115,000 (with the number of RSUs to be granted based on the closing price of the Company’s Class A common stock on the NYSE on the grant date or, if the grant date is not a trading day, the last preceding date on which the Company’s Class A common stock was traded, rounded down to the nearest whole share); such RSUs to be granted on the date of the Company’s annual meeting of stockholders and to vest in full on the earlier of (i) the first anniversary of the grant date or (ii) the next annual meeting of shareholders, in each case, subject to the director’s continued service as a member of the board of directors of the Company through such date.</p> <p>A Non-Employee Director whose appointment or election to the board of directors of the Company is effective at a time other than the Company’s annual meeting of stockholders may be eligible to receive a grant of RSUs upon his or her appointment or election, as applicable, as determined, and on such terms and conditions established, by the board of directors of the Company or the compensation committee of the board of directors of the Company, in its respective discretion.</p>
Additional annual cash retainer for board of directors chair	\$55,000
Additional annual cash retainer for audit committee chair and members	\$25,000 (chair); \$12,500 (members)
Additional annual cash retainer for compensation committee chair and members	\$20,000 (chair); \$10,000 (members)
Additional annual cash retainer for nominating and corporate governance committee chair and members	\$15,000 (chair); \$7,500 (member)

With respect to a fiscal year, Non-Employee Directors may elect to receive fully vested shares of the Company's Class A common stock in lieu of cash retainers. Such election shall be made at the beginning of the applicable fiscal year, except that newly appointed Non-Employee Directors may elect to receive equity in lieu of cash retainers at the time of appointment. Equity granted in lieu of cash retainers will be granted in arrears on a quarterly basis on the first business day following the end of such quarter, with a fair value equal to the amount of the applicable cash retainers that would have been paid and the number of shares of the Company's Class A common stock granted based upon the closing price of the Company's Class A common stock on the NYSE on the grant date or, if the grant date is not a trading day, the last preceding date on which the Company's Class A common stock was traded, rounded down to the nearest whole share.

In addition, Non-Employee Directors will be reimbursed by the Company for reasonable and customary expenses incurred in connection with attendance at board of director and committee meetings, in accordance with the Company's policies as in effect from time to time.

All cash fees shall be payable in arrears on a quarterly basis. Any cash and/or shares of the Company's Class A common stock that become payable or deliverable to a Non-Employee Director pursuant to this Non-Employee Director Compensation Program (this "Policy") are subject to the Non-Employee Director's continued service as a member of the board of directors of the Company through the date of payment. Non-Employee Directors who resign or are removed prior to completion of the full term of their appointment shall forfeit any and all payments of, or entitlements to, cash and/or shares of the Company's Class A common stock that he or she would otherwise be entitled to receive, including, for the avoidance of doubt, those that would otherwise have been paid or delivered at the end of the quarter of such resignation or removal.

For the avoidance of doubt, directors who are employees of the Company or one of its subsidiaries will not receive compensation for their service as a director, other than reimbursement for reasonable and customary expenses incurred in connection with attendance at board of director and committee meetings, in accordance with the Company's policies as in effect from time to time.

The cash retainers, any equity retainers and any shares of the Company's Class A common stock described in this Policy shall be paid or granted, as applicable, to each Non-Employee Director who is then in service on the applicable payment or grant date automatically and without further action of the board of directors of the Company (or any committee thereof), unless such Non-Employee Director declines the receipt of such cash or equity compensation by prior written notice to the Company. For the avoidance of doubt, the initial grant of any equity retainer to a Non-Employee Director whose appointment or election to the board of directors of the Company is effective at a time other than the Company's annual meeting of stockholders shall be made in the discretion of the board of directors of the Company or the compensation committee of the board of directors of the Company and shall not be automatic.

The board of directors of the Company (or the compensation committee thereof) may amend this Policy at any time.

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

I, Craig Benson, 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: November 9, 2023

/s/ Craig Benson

Craig Benson

Chief Executive Officer

(Principal Executive Officer)

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

I, Thomas Fitzgerald, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Planet Fitness, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (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: November 9, 2023

/s/ Thomas Fitzgerald

Thomas Fitzgerald

Chief Financial Officer

(Principal Financial 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 September 30, 2023 filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Craig Benson, 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: November 9, 2023

/s/ Craig Benson

Craig Benson

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 September 30, 2023 filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Thomas Fitzgerald, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: November 9, 2023

/s/ Thomas Fitzgerald

Thomas Fitzgerald

Chief Financial Officer

(Principal Financial Officer)