

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, 2022
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____
Commission file number: 001-37534

PLANET FITNESS, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware
(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, 2022 there were 83,415,699 shares of the Registrant's Class A Common Stock, par value \$0.0001 per share, outstanding and 6,145,722 shares of the Registrant's Class B Common Stock, par value \$0.0001 per share, outstanding.

PLANET FITNESS, INC.
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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;*
- *the impact of the novel coronavirus disease (“COVID-19”) and actions taken in response; and*
- *all other statements regarding our intent, plans, beliefs or expectations or those of our directors or officers.*

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

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

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

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

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, 2022	December 31, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 404,463	\$ 545,909
Restricted cash	62,714	58,032
Accounts receivable, net of allowance for bad debts of \$0 and \$0 as of September 30, 2022 and December 31, 2021, respectively	34,475	27,257
Inventory	4,224	1,155
Restricted assets – national advertising fund	1,773	—
Prepaid expenses	13,922	12,869
Other receivables	14,015	13,519
Income tax receivables	4,885	3,673
Total current assets	540,471	662,414
Property and equipment, net of accumulated depreciation of \$204,581 and \$152,296 as of September 30, 2022 and December 31, 2021, respectively	332,840	173,687
Investments, net of allowance for expected credit losses of \$15,890 and \$17,462 as of September 30, 2022 and December 31, 2021, respectively	21,389	18,760
Right-of-use assets, net	348,246	190,330
Intangible assets, net	427,675	200,937
Goodwill	700,207	228,569
Deferred income taxes	471,495	539,264
Other assets, net	3,933	2,022
Total assets	\$ 2,846,256	\$ 2,015,983
Liabilities and stockholders' deficit		
Current liabilities:		
Current maturities of long-term debt	\$ 20,750	\$ 17,500
Accounts payable	22,218	27,892
Accrued expenses	54,302	51,714
Equipment deposits	32,020	6,036
Deferred revenue, current	56,159	28,351
Payable pursuant to tax benefit arrangements, current	31,482	20,302
Other current liabilities	41,208	24,815
Total current liabilities	258,139	176,610
Long-term debt, net of current maturities	1,982,158	1,665,273
Borrowings under Variable Funding Notes	—	75,000
Lease liabilities, net of current portion	341,961	197,682
Deferred revenue, net of current portion	32,793	33,428
Deferred tax liabilities	965	—
Payable pursuant to tax benefit arrangements, net of current portion	474,032	507,805
Other liabilities	4,314	3,030
Total noncurrent liabilities	2,836,223	2,482,218
Commitments and contingencies (Note 14)		
Stockholders' equity (deficit):		
Class A common stock, \$.0001 par value - 300,000 authorized, 83,414 and 83,804 shares issued and outstanding as of September 30, 2022 and December 31, 2021, respectively	8	8
Class B common stock, \$.0001 par value - 100,000 authorized, 6,146 and 3,056 shares issued and outstanding as of September 30, 2022 and December 31, 2021, respectively	1	1
Accumulated other comprehensive income	(626)	12
Additional paid in capital	534,365	63,428
Accumulated deficit	(737,399)	(708,804)
Total stockholders' deficit attributable to Planet Fitness Inc.	(203,651)	(645,355)
Non-controlling interests	(44,455)	2,510
Total stockholders' deficit	(248,106)	(642,845)
Total liabilities and stockholders' deficit	\$ 2,846,256	\$ 2,015,983

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,	
	2022	2021	2022	2021
Revenue:				
Franchise	\$ 65,975	\$ 61,481	\$ 199,506	\$ 173,419
Commission income	193	39	737	381
National advertising fund revenue	14,578	13,863	43,130	38,493
Corporate-owned stores	101,330	43,899	278,940	122,355
Equipment	62,310	34,973	133,191	68,735
Total revenue	244,386	154,255	655,504	403,383
Operating costs and expenses:				
Cost of revenue	48,531	27,097	103,436	53,579
Store operations	57,892	27,751	161,789	82,088
Selling, general and administrative	27,148	22,969	86,176	67,248
National advertising fund expense	17,009	15,586	50,445	41,868
Depreciation and amortization	32,572	16,248	90,427	46,758
Other (gains) losses, net	(700)	57	(2,452)	(2,363)
Total operating costs and expenses	182,452	109,708	489,821	289,178
Income from operations	61,934	44,547	165,683	114,205
Other expense, net:				
Interest income	1,561	233	2,244	645
Interest expense	(21,917)	(20,350)	(66,527)	(60,719)
Other income	4,762	677	9,000	695
Total other expense, net	(15,594)	(19,440)	(55,283)	(59,379)
Income before income taxes	46,340	25,107	110,400	54,826
Equity losses of unconsolidated entities, net of tax	(2)	—	(334)	—
Provision for income taxes	15,661	6,475	35,942	14,988
Net income	30,677	18,632	74,124	39,838
Less net income attributable to non-controlling interests	3,764	1,189	8,405	2,804
Net income attributable to Planet Fitness, Inc.	\$ 26,913	\$ 17,443	\$ 65,719	\$ 37,034
Net income per share of Class A common stock:				
Basic	\$ 0.32	\$ 0.21	\$ 0.78	\$ 0.45
Diluted	\$ 0.32	\$ 0.21	\$ 0.78	\$ 0.44
Weighted-average shares of Class A common stock outstanding:				
Basic	84,156	83,274	84,377	83,194
Diluted	84,547	83,879	84,798	83,808

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,	
	2022	2021	2022	2021
Net income including non-controlling interests	\$ 30,677	\$ 18,632	\$ 74,124	\$ 39,838
Other comprehensive income, net:				
Foreign currency translation adjustments	(516)	(44)	(638)	(15)
Total other comprehensive loss, net	(516)	(44)	(638)	(15)
Total comprehensive income including non-controlling interests	30,161	18,588	73,486	39,823
Less: total comprehensive income attributable to non-controlling interests	3,764	1,189	8,405	2,804
Total comprehensive income attributable to Planet Fitness, Inc.	\$ 26,397	\$ 17,399	\$ 65,081	\$ 37,019

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,	
	2022	2021
Cash flows from operating activities:		
Net income	\$ 74,124	\$ 39,838
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	90,427	46,758
Amortization of deferred financing costs	4,129	4,753
Write-off of deferred financing costs	1,583	—
Amortization of asset retirement obligations	201	55
Dividends accrued on investment	(1,391)	(949)
Deferred tax expense	35,026	12,774
Equity losses of unconsolidated entities, net of tax	334	—
Gain on adjustment of allowance for credit losses on held-to-maturity investment	(1,572)	—
Gain on re-measurement of tax benefit arrangement	(8,381)	(348)
Loss on reacquired franchise rights	1,160	—
Gain on sale of corporate-owned stores	(1,324)	—
Equity-based compensation	6,942	6,267
Other	66	(37)
Changes in operating assets and liabilities, excluding effects of acquisitions:		
Accounts receivable	(7,477)	5,321
Inventory	(3,071)	(3,625)
Other assets and other current assets	(567)	9,618
Restricted assets - national advertising fund	(1,773)	(1,162)
Accounts payable and accrued expenses	(22,521)	9,413
Other liabilities and other current liabilities	1,728	(3,540)
Income taxes	(2,111)	452
Payable pursuant to tax benefit arrangements	(14,211)	—
Equipment deposits	26,049	20,099
Deferred revenue	11,506	3,483
Leases	1,550	320
Net cash provided by operating activities	190,426	149,490
Cash flows from investing activities:		
Additions to property and equipment	(65,138)	(31,791)
Acquisition of franchises, net of cash acquired	(424,940)	—
Proceeds from sale of property and equipment	60	19
Proceeds from sale of corporate-owned stores	20,820	—
Investments	—	(35,000)
Net cash used in investing activities	(469,198)	(66,772)
Cash flows from financing activities:		
Principal payments on capital lease obligations	(207)	(146)
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	(719,625)	(13,125)
Payment of deferred financing and other debt-related costs	(15,951)	—
Proceeds from issuance of Class A common stock	779	916
Repurchase and retirement of Class A common stock	(94,314)	—
Distributions paid to members of Pla-Fit Holdings	(2,945)	(670)
Net cash provided by (used in) financing activities	142,737	(13,025)
Effects of exchange rate changes on cash and cash equivalents	(729)	(19)
Net (decrease) increase in cash, cash equivalents and restricted cash	(136,764)	69,674
Cash, cash equivalents and restricted cash, beginning of period	603,941	515,800
Cash, cash equivalents and restricted cash, end of period	\$ 467,177	\$ 585,474
Supplemental cash flow information:		
Net cash paid for income taxes	\$ 3,072	\$ 1,683
Cash paid for interest	\$ 60,535	\$ 56,231
Non-cash investing activities:		
Non-cash additions to property and equipment	\$ 11,566	\$ 5,507
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 income	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 income	—	—	—	—	(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 income	Additional paid- in capital	Accumulated deficit	Non- controlling interests	Total (deficit) equity
	Shares	Amount	Shares	Amount					
Balance at December 31, 2020	82,821	\$ 8	3,722	\$ 1	\$ 27	\$ 45,673	\$ (751,578)	\$ 196	\$ (705,673)
Net income	—	—	—	—	—	—	37,034	2,804	39,838
Equity-based compensation expense	—	—	—	—	—	6,267	—	—	6,267
Exchanges of Class B common stock	459	—	(459)	—	—	(487)	—	487	—
Exercise of stock options, vesting of restricted share units and ESPP share purchase	62	—	—	—	—	1,025	—	—	1,025
Tax benefit arrangement liability and deferred taxes arising from exchanges of Class B common stock	—	—	—	—	—	1,492	—	—	1,492
Non-cash adjustments to VIEs	—	—	—	—	—	—	—	(669)	(669)
Distributions paid to members of Pla-Fit Holdings	—	—	—	—	—	—	—	(670)	(670)
Other comprehensive income	—	—	—	—	(15)	—	—	—	(15)
Balance at September 30, 2021	83,342	\$ 8	3,263	\$ 1	\$ 12	\$ 53,970	\$ (714,544)	\$ 2,148	\$ (658,405)

	Class A common stock		Class B common stock		Accumulated other comprehensive (loss) income	Additional paid- in capital	Accumulated deficit	Non- controlling interests	Total (deficit) equity
	Shares	Amount	Shares	Amount					
Balance at 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	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) income	Additional paid- in capital	Accumulated deficit	Non- controlling interests	Total (deficit) equity
	Shares	Amount	Shares	Amount					
Balance at June 30, 2021	83,225	\$ 8	3,363	\$ 1	\$ 56	\$ 50,917	\$ (731,987)	\$ 1,635	\$ (679,370)
Net income	—	—	—	—	—	—	17,443	1,189	18,632
Equity-based compensation expense	—	—	—	—	—	2,218	—	—	2,218
Exchanges of Class B common stock	100	—	(100)	—	—	(72)	—	72	—
Exercise of stock options and vesting of restricted share units	17	—	—	—	—	579	—	—	579
Tax benefit arrangement liability and deferred taxes arising from exchanges of Class B common stock	—	—	—	—	—	328	—	—	328
Non-cash adjustments to VIEs	—	—	—	—	—	—	—	(223)	(223)
Distributions paid to members of Pla-Fit Holdings	—	—	—	—	—	—	—	(525)	(525)
Other comprehensive income	—	—	—	—	(44)	—	—	—	(44)
Balance at September 30, 2021	83,342	\$ 8	3,263	\$ 1	\$ 12	\$ 53,970	\$ (714,544)	\$ 2,148	\$ (658,405)

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 16.6 million members and 2,353 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, 2022.

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

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

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

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

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

As of September 30, 2022, Planet Fitness, Inc. held 100.0% of the voting interest and 93.1% of the economic interest of Pla-Fit Holdings and the holders of Holdings Units of Pla-Fit Holdings (the “Continuing LLC Owners”) held the remaining 6.9% economic interest in Pla-Fit Holdings. During the three months ended September 30, 2022 the Company reallocated amounts between non-controlling interest and additional paid in capital to appropriately reflect its economic interest in Pla-Fit Holdings.

(2) Summary of Significant Accounting Policies

(a) Basis of presentation and consolidation

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

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

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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 long-lived and intangible assets acquired in a business combination, the evaluation of the recoverability of goodwill and long-lived assets, including intangible assets, income taxes, including deferred tax assets and liabilities and reserves for unrecognized tax benefits, the liability for the Company's tax benefit arrangements, the value of the lease liability and related right-of-use asset recorded in accordance with ASC 842 (see Note 8) and the estimate of current expected credit losses.

(c) Fair Value

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

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

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

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

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

	September 30, 2022		December 31, 2021	
	Carrying value	Estimated fair value ⁽¹⁾	Carrying value	Estimated fair value ⁽¹⁾
Liabilities				
Long-term debt ⁽¹⁾	\$ 2,030,375	\$ 1,769,648	\$ 1,700,000	\$ 1,725,021
Variable Funding Notes ⁽¹⁾	\$ —	\$ —	\$ 75,000	\$ 75,000

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

(d) Recent accounting pronouncements

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

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(3) Investments

Investments - Debt securities

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

During the three and nine months ended September 30, 2022, the Company's review of the investee's operations and financial position indicated that an adjustment to its allowance for expected credit losses was necessary. The Company utilized a probability-of-default ("PD") and loss-given-default ("LGD") methodology to calculate the allowance for expected credit losses. The Company derived its estimate using historical lifetime loss information for assets with similar risk characteristics, adjusted for management's expectations. Adjustments for management's expectations were based on the investee's recent financial results, current financial position, and forward-looking financial forecasts. Based upon its analysis, the Company recorded a loss for the three months ended September 30, 2022 of \$273 and a gain on the adjustment of its allowance for credit losses for the nine months ended September 30, 2022 of \$1,572 within other (gains) losses, net on the consolidated statements of operations.

The amortized cost, including accrued dividends, of the Company's held-to-maturity debt security investments was \$27,792 and \$26,401 and the allowance for expected credit losses was \$15,890 and \$17,462, as of September 30, 2022 and December 31, 2021, respectively. During the three and nine months ended September 30, 2022, the Company recognized dividend income of \$477 and \$1,391, respectively, within other income on the consolidated statements of operations.

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

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

	Nine months ended September 30, 2022	
Beginning allowance for expected credit losses	\$	17,462
Gain on adjustment of allowance for expected credit losses		(1,572)
Write-offs, net of recoveries		—
Ending allowance for expected credit losses	\$	15,890

Equity method investments

On April 9, 2021, the Company acquired a 21% ownership 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, which is accounted for under the equity method. For the three and nine months ended September 30, 2022, the Company's proportionate share of the earnings in accordance with the equity method was a loss of \$2 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 \$9,486 and \$9,820 as of September 30, 2022 and December 31, 2021, respectively. Subsequent to the end of the third quarter, on October 14, 2022, the Company invested an additional \$2,449 in Bravo Fit Holdings Pty Ltd. Following such additional investment, its ownership will remain at 21%.

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(4) Acquisition**Sunshine Fitness Acquisition**

On February 10, 2022, the Company and Pla-Fit Holdings (together with the Company, the “Buyers”), acquired 100% of the equity interests (“Sunshine Acquisition”) of Sunshine Fitness Growth Holdings, LLC, a Delaware limited liability company and Planet Fitness franchisee (“Sunshine Fitness”). The Company acquired 114 stores in Alabama, Florida, Georgia, North Carolina, and South Carolina from Sunshine Fitness. The preliminary purchase price of the acquisition was \$824,587 consisting of \$430,857 in cash consideration, and \$393,730 of equity consideration, including 517,348 shares of Class A Common Stock, par value \$0.0001, of the Company and 3,637,678 membership units of Pla-Fit Holdings, LLC, together with shares of Class B Common Stock, par value \$0.0001, of the Company, valued based on the closing trading price of the Company’s Class A common stock on the acquisition date. As a result of the transaction, the Company incurred a loss on unfavorable reacquired franchise rights of \$1,160, which has been reflected in other (gains) losses, net in the condensed consolidated statement of operations. The loss reduced the net purchase price to \$823,427. In connection with the acquisition, the Company recorded a gain of \$2,059 related to the settlement of preexisting contracts with Sunshine Fitness within other (gains) losses, net on the condensed consolidated statement of operations. The acquired stores are included in the corporate-owned stores segment.

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

	Amount
Cash and cash equivalents	\$ 5,917
Other current assets	4,166
Property and equipment	153,092
Right of use assets	162,827
Other long term assets	1,830
Intangible assets	259,430
Goodwill	486,061
Deferred income taxes, net	(51,188)
Deferred revenue	(16,973)
Other current liabilities	(14,786)
Lease liabilities	(165,736)
Other long term liabilities	(1,213)
	<u>\$ 823,427</u>

The fair values assigned to tangible and intangible assets acquired and liabilities assumed are preliminary based on management’s estimates and assumptions, which include Level 3 unobservable inputs, and are determined using generally accepted valuation techniques. Certain adjustments were made during the three months ended September 30, 2022 to the preliminary fair values, resulting in a net increase to goodwill of \$477, related to the valuations of property and equipment and intangible assets. During the nine months ended September 30, 2022, preliminary fair value adjustments resulted in a net increase to goodwill of \$18,331, primarily related to the valuation of the reacquired franchise rights intangible asset and the corresponding deferred income taxes. Additionally, the Company reallocated amounts between non-controlling interest and additional paid in capital to appropriately reflect the change in its economic interest in Pla-Fit Holdings as a result of the share issuance in connection with the Sunshine Acquisition. Estimates may be subject to change as additional information is received and certain tax matters are finalized. The excess of purchase consideration over the fair value of other assets acquired and liabilities assumed was recorded as goodwill. The resulting goodwill is primarily attributable to increased expansion for market opportunities, the expansion of store membership and synergies from the integration of the stores into the broader corporate-owned store portfolio. Approximately \$168,800 of the preliminary goodwill recorded is expected to be amortizable and deductible for tax purposes, the majority of which is deductible over 15 years.

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

	Fair value	Useful life
Reacquired franchise rights ⁽¹⁾	233,070	11.9
Customer relationships ⁽²⁾	24,920	8.0
Reacquired area development rights ⁽³⁾	1,440	5.0
Total intangible assets subject to amortization	259,430	

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

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

(3) Reacquired area development rights represent the fair value of the undeveloped area development agreement rights using the cost approach.

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

The primary areas that remain preliminary relate to income taxes and goodwill. The Company expects to finalize the valuation as soon as practicable, but not later than one year from the acquisition date.

Revenues and income before taxes of Sunshine Fitness included in the Company's consolidated statement of operations from the acquisition date of February 10, 2022 to September 30, 2022 are as follows:

	Three months ended September 30, 2022	Nine months ended September 30, 2022
Total revenues	\$ 51,137	\$ 129,635
Income before taxes	\$ 6,039	\$ 13,103

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

	Three months ended September 30, 2021	Nine months ended September 30, 2022	2021
Total revenues	186,737	675,954	515,048
Income before taxes	15,235	110,246	45,070
Net income	11,209	74,008	32,502

(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.

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(6) Goodwill and Intangible Assets

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

<u>September 30, 2022</u>	Gross carrying amount	Accumulated amortization	Net carrying Amount
Customer relationships	\$ 198,813	\$ (149,272)	\$ 49,541
Reacquired franchise and area development rights	268,058	(36,524)	231,534
	466,871	(185,796)	281,075
Indefinite-lived intangible:			
Trade and brand names	146,600	—	146,600
Total intangible assets	\$ 613,471	\$ (185,796)	\$ 427,675
Goodwill	\$ 700,207	\$ —	\$ 700,207

<u>December 31, 2021</u>	Gross carrying amount	Accumulated amortization	Net carrying Amount
Customer relationships	\$ 174,033	\$ (137,699)	\$ 36,334
Reacquired franchise and area development rights	38,158	(20,155)	18,003
	212,191	(157,854)	54,337
Indefinite-lived intangible:			
Trade and brand names	146,600	—	146,600
Total intangible assets	\$ 358,791	\$ (157,854)	\$ 200,937
Goodwill	\$ 228,569	\$ —	\$ 228,569

A roll forward of goodwill between December 31, 2021 and September 30, 2022 is as follows:

	Franchise	Corporate-owned stores	Equipment	Total
As of December 31, 2021	\$ 16,938	\$ 118,965	\$ 92,666	\$ 228,569
Acquisition of franchisee-owned stores	—	486,061	—	486,061
Sale of corporate-owned stores	—	(14,423)	—	(14,423)
As of September 30, 2022	\$ 16,938	\$ 590,603	\$ 92,666	\$ 700,207

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

During the three months ended September 30, 2022, the Company disposed of \$2,629 of net finite-lived intangible assets in connection with the sale of corporate-owned stores.

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Amortization expense related to the intangible assets totaled \$10,611 and \$4,159 for the three months ended September 30, 2022 and 2021, respectively, and \$29,644 and \$12,508 for the nine months ended September 30, 2022 and 2021, respectively. The anticipated annual amortization expense related to intangible assets to be recognized in future years as of September 30, 2022 is as follows:

	Amount
Remainder of 2022	\$ 10,608
2023	50,307
2024	47,601
2025	35,476
2026	31,024
Thereafter	106,059
Total	\$ 281,075

(7) Long-Term Debt

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

	September 30, 2022	December 31, 2021
2018-1 Class A-2-I notes	\$ —	\$ 556,312
2018-1 Class A-2-II notes	600,000	604,688
2019-1 Class A-2 notes	534,875	539,000
2022-1 Class A-2-I notes	422,875	—
2022-1 Class A-2-II notes	472,625	—
Borrowings under Variable Funding Notes	—	75,000
Total debt, excluding deferred financing costs	2,030,375	1,775,000
Deferred financing costs, net of accumulated amortization	(27,467)	(17,227)
Total debt	2,002,908	1,757,773
Current portion of long-term debt	20,750	17,500
Long-term debt and borrowings under Variable Funding Notes, net of current portion	\$ 1,982,158	\$ 1,740,273

Future annual principal payments of long-term debt as of September 30, 2022 are as follows:

	Amount
Remainder of 2022	\$ 5,188
2023	20,750
2024	20,750
2025	600,438
2026	419,313
Thereafter	963,936
Total	\$ 2,030,375

On August 1, 2018, Planet Fitness Master Issuer LLC (the “Master Issuer”), a limited-purpose, bankruptcy remote, wholly-owned indirect subsidiary of Pla-Fit Holdings, LLC, entered into a base indenture and a related supplemental indenture (collectively, the “2018 Indenture”) under which the Master Issuer may issue multiple series of notes. On the same date, the Master Issuer issued Series 2018-1 4.262% Fixed Rate Senior Secured Notes, Class A-2-I (the “2018 Class A-2-I Notes”) with an initial principal amount of \$575,000 and Series 2018-1 4.666% Fixed Rate Senior Secured Notes, Class A-2-II (the “2018 Class A-2-II Notes” and, together with the 2018 Class A-2-I Notes, the “2018 Notes”) with an initial principal amount of \$625,000. In connection with the issuance of the 2018 Notes, the Master Issuer also entered into a revolving financing facility that allows for the incurrence of up to \$75,000 in revolving loans and/or letters of credit under the Master Issuer’s Series 2018-1 Variable Funding Senior Notes, Class A-1 (the “2018 Variable Funding Notes”). The Company fully drew down on the

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Variable Funding Notes on March 20, 2020. On December 3, 2019, the Master Issuer issued Series 2019-1 3.858% Fixed Rate Senior Secured Notes, Class A-2 (the “2019 Notes”) with an initial principal amount of \$550,000. The 2019 Notes were issued under the 2018 Indenture and a related supplemental indenture dated December 3, 2019 (together, the “2019 Indenture”). On February 10, 2022, the Company completed a prepayment in full of its 2018-1 Class A-2-I Notes and an issuance of Series 2022-1 3.251% Fixed Rate Senior Secured Notes, Class A-2-I with an initial principal amount of \$425,000 and Series 2022-1 4.008% Fixed Rate Senior Secured Notes, Class A-2-II with an initial principal amount of \$475,000 (the “2022 Notes”) and, together with the 2018 Notes and 2019 Notes, the “Notes”), and also entered into a new revolving financing facility that allows for the issuance of up to \$75,000 in Variable Funding Notes (“2022 Variable Funding Notes”) and certain letters of credit (the issuance of such notes, the “Series 2022-I Issuance”). The 2022 Notes were issued under the 2018 Indenture and a related supplemental indenture dated February 10, 2022 (together, with the 2019 Indenture, the “Indenture”). Together, the Notes, 2018 Variable Funding Notes and 2022 Variable Funding Notes will be referred to as the “Securitized Senior Notes”. On February 10, 2022, the Company borrowed the full amount of the \$75,000 2022 Variable Funding Notes and used such proceeds to repay the outstanding principal amount (together with all accrued and unpaid interest thereon) of the 2018 Variable Funding Notes in full. On May 9, 2022, the Company repaid in full its \$75,000 of borrowings under the 2022 Variable Funding Notes using cash on hand.

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

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

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

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

The Securitized Senior Notes are subject to covenants and restrictions customary for transactions of this type, including (i) that the Master Issuer maintains specified reserve accounts to be used to make required payments in respect of the Securitized Senior Notes, (ii) provisions relating to optional and mandatory prepayments and the related payment of specified amounts, including specified make-whole payments in the case of the Notes under certain circumstances, (iii) certain indemnification

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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 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, 2022, the Company had restricted cash held by the Trustee of \$46,706. Restricted cash has been combined with cash and cash equivalents when reconciling the beginning and end of period balances in the consolidated statements of cash flows.

(8) Leases

Leases	Classification	September 30, 2022	December 31, 2021
Assets			
Operating lease ROU assets	Right of use asset, net	\$ 348,246	\$ 190,330
Finance lease assets	Property and equipment, net	418	222
Total lease assets		<u>\$ 348,664</u>	<u>\$ 190,552</u>
Liabilities			
Current:			
Operating	Other current liabilities	\$ 37,470	\$ 22,523
Noncurrent:			
Operating	Lease liabilities, net of current portion	341,961	197,682
Financing	Other liabilities	441	230
Total lease liabilities		<u>\$ 379,872</u>	<u>\$ 220,435</u>
Weighted-average remaining lease term (years) - operating leases		8.3	8.7
Weighted-average discount rate - operating leases		4.6 %	5.0 %

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Operating lease cost	\$ 14,677	\$ 7,492	\$ 41,411	\$ 21,468
Variable lease cost	5,691	3,061	15,415	8,271
Total lease cost	<u>\$ 20,368</u>	<u>\$ 10,553</u>	<u>\$ 56,826</u>	<u>\$ 29,739</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,	
	2022	2021	2022	2021
Cash paid for lease liabilities	\$ 14,172	\$ 7,137	\$ 40,405	\$ 20,776
Operating lease ROU assets obtained in exchange for operating lease liabilities, excluding the Sunshine Acquisition	\$ 6,073	\$ 18,181	\$ 29,234	\$ 30,821
Preliminary Sunshine Acquisition operating lease ROU assets obtained in exchange for operating lease liabilities	\$ —	\$ —	\$ 162,827	\$ —

As of September 30, 2022, maturities of lease liabilities were as follows:

	Amount
Remainder of 2022	\$ 14,444
2023	59,293
2024	59,949
2025	60,351
2026	57,306
Thereafter	214,002
Total lease payments	<u>\$ 465,345</u>
Less: imputed interest	85,473
Present value of lease liabilities	<u>\$ 379,872</u>

As of September 30, 2022, future operating lease payments exclude approximately \$23,979 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 our equipment business. We classify these contract liabilities as deferred revenue in our condensed consolidated balance sheets.

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

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	Contract liabilities
Balance at December 31, 2021	\$ 61,779
Revenue recognized that was included in the contract liability at the beginning of the year	(25,996)
Other gain on settlement of preexisting contracts in connection with the Sunshine Acquisition	(2,059)
Deferred revenue acquired in the Sunshine Acquisition	16,973
Increase, excluding amounts acquired in the Sunshine Acquisition during the period	38,255
Balance at September 30, 2022	\$ 88,952

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, 2022. The Company has elected to exclude short-term contracts, sales and usage-based royalties and any other variable consideration recognized on an “as invoiced” basis.

Contract liabilities to be recognized in:	Amount
Remainder of 2022	\$ 35,991
2023	21,683
2024	4,718
2025	3,781
2026	3,349
Thereafter	19,430
Total	\$ 88,952

Equipment deposits received in advance of delivery as of September 30, 2022 and December 31, 2021 were \$32,020 and \$6,036, respectively, and are expected to be recognized as revenue in the next twelve months.

(10) Related Party Transactions

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Franchise revenue	\$ 749	\$ 594	\$ 2,374	\$ 1,740
Equipment revenue	572	956	586	956
Total revenue from related parties	\$ 1,321	\$ 1,550	\$ 2,960	\$ 2,696

Additionally, the Company had deferred franchise agreement and area development agreement revenue from related parties of \$134 and \$164 as of September 30, 2022 and December 31, 2021, respectively.

The Company had payables to related parties pursuant to tax benefit arrangements of \$82,075 and \$84,595, as of September 30, 2022 and December 31, 2021, respectively (see Note 13).

The Company provides administrative services to the NAF and typically charges NAF a fee for providing these services. The services provided include accounting services, information technology, data processing, product development, legal and administrative support, and other operating expenses, which amounted to \$651 and \$500 for the three months ended September 30, 2022 and 2021, respectively, and \$1,955 and \$1,498 for the nine months ended September 30, 2022 and 2021, respectively.

For the three months ended September 30, 2022 and 2021, the Company incurred approximately \$71 and \$29, respectively, and \$246 and \$29 for the nine months ended September 30, 2022 and 2021, respectively, for corporate travel to a third-party company which is affiliated with our Chief Executive Officer and included within selling, general and administrative expense on the consolidated statements of operations.

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

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(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 nine months ended September 30, 2022, certain existing holders of Holdings Units exercised their exchange rights and exchanged 548,175 Holdings Units for 548,175 newly-issued shares of Class A common stock. Simultaneously, and in connection with these exchanges, 548,175 shares of Class B common stock were surrendered by the holders of Holdings Units that exercised their exchange rights and canceled. Additionally, in connection with these exchanges, Planet Fitness, Inc. received 548,175 Holdings Units, increasing its total ownership interest in Pla-Fit Holdings.

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

- Holders of our Class A common stock owned 83,414,606 shares of our Class A common stock, representing 93.1% of the voting power in the Company and, through the Company, 83,414,606 Holdings Units representing 93.1% of the economic interest in Pla-Fit Holdings; and
- the Continuing LLC Owners collectively owned 6,145,722 Holdings Units, representing 6.9% of the economic interest in Pla-Fit Holdings, and 6,145,722 shares of our Class B common stock, representing 6.9% of the voting power in the Company.

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

Share repurchase program***2019 share repurchase program***

On November 5, 2019, the Company's board of directors approved a share repurchase program of up to \$500,000. During the three and nine months ended September 30, 2022, the Company purchased 831,029 and 1,528,720 shares of Class A common stock for a total cost of \$50,015 and \$94,314, respectively. All purchased shares were retired. Subsequent to these repurchases, there is \$105,686 remaining under the 2019 share repurchase program. The timing of purchases and amount of stock repurchased are subject to the Company's discretion and dependent upon market and business conditions, the Company's general working capital needs, stock price, applicable legal requirements and other factors. Our ability to repurchase shares at any particular time is also subject to the terms of the Indenture governing the Securitized Senior Notes. Purchases may be effected through one or more open market transactions, privately negotiated transactions, transactions structured through investment banking institutions, or a combination of the foregoing.

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 replaces the 2019 share repurchase program.

Preferred stock

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

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(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.

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,	
	2022	2021	2022	2021
Numerator				
Net income	\$ 30,677	\$ 18,632	\$ 74,124	\$ 39,838
Less: net income attributable to non-controlling interests	3,764	1,189	8,405	2,804
Net income attributable to Planet Fitness, Inc.	<u>\$ 26,913</u>	<u>\$ 17,443</u>	<u>\$ 65,719</u>	<u>\$ 37,034</u>
Denominator				
Weighted-average shares of Class A common stock outstanding - basic	84,156,488	83,274,091	84,377,324	83,194,292
Effect of dilutive securities:				
Stock options	338,981	550,778	357,315	559,634
Restricted stock units	50,854	54,573	62,050	53,939
Performance stock units	290	—	1,235	—
Weighted-average shares of Class A common stock outstanding - diluted	<u>84,546,613</u>	<u>83,879,442</u>	<u>84,797,924</u>	<u>83,807,865</u>
Earnings per share of Class A common stock - basic	<u>\$ 0.32</u>	<u>\$ 0.21</u>	<u>\$ 0.78</u>	<u>\$ 0.45</u>
Earnings per share of Class A common stock - diluted	<u>\$ 0.32</u>	<u>\$ 0.21</u>	<u>\$ 0.78</u>	<u>\$ 0.44</u>

Weighted average shares of Class B common stock of 6,145,722 and 3,324,505 for the three months ended September 30, 2022 and 2021, respectively, and 5,773,562 and 3,385,934 for the nine months ended September 30, 2022 and 2021, respectively, were evaluated under the if-converted method for potential dilutive effects and were determined to be anti-dilutive. Weighted average stock options outstanding of 258,093 and 207,360 for the three months ended September 30, 2022 and 2021, respectively, and 243,507 and 154,221 for the nine months ended September 30, 2022 and 2021, respectively, were evaluated under the treasury stock method for potential dilutive effects and were determined to be anti-dilutive. Weighted average restricted stock units outstanding of 705 and 116 for the three months ended September 30, 2022 and 2021, respectively, and 323 and 2 for the nine months ended September 30, 2022 and 2021, respectively, were evaluated under the treasury stock method for potential dilutive effects and were determined to be anti-dilutive. Weighted average performance stock units outstanding of 1,058 and 0 for the three months ended September 30, 2022 and 2021, respectively, and 281 and 0 for the nine months ended September 30, 2022 and 2021, 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.

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Planet Fitness, Inc. is subject to U.S. federal income taxes, in addition to state and local income taxes with respect to our allocable share of any taxable income of Pla-Fit Holdings. The Company's effective tax rate was 33.8% and 25.8% for the three months ended September 30, 2022 and 2021, respectively. The effective tax rate for the three months ended September 30, 2022 differed from the U.S. federal statutory rate of 21% primarily due to remeasurement of deferred taxes, the impact of the sale of corporate-owned stores, state and local taxes, partially offset by income attributable to non-controlling interests. The Company's effective tax rate was 32.6% and 27.3% for the nine months ended September 30, 2022 and 2021, respectively. The effective tax rate for the nine months ended September 30, 2022 differed from the U.S. federal statutory rate of 21% primarily due to remeasurement of deferred taxes, state and local taxes, the recognition of tax expense from the remeasurement of the Company's net deferred tax assets, partially offset by income attributable to non-controlling interests. The Company was also subject to taxes in foreign jurisdictions.

Net deferred tax assets of \$470,530 and \$539,264 as of September 30, 2022 and December 31, 2021, respectively, relate primarily to the tax effects of temporary differences in the book basis as compared to the tax basis of our investment in Pla-Fit Holdings as a result of the secondary offerings, other exchanges, recapitalization transactions and the IPO.

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

Tax benefit arrangements

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

As of September 30, 2022 and December 31, 2021, the Company had a liability of \$505,514 and \$528,107, respectively, related to its projected obligations under the tax benefit arrangements. During the three and nine months ended September 30, 2022, the Company reduced its tax benefit arrangement liability and recognized a gain of \$4,510 and \$8,381, respectively, on the remeasurement of our tax benefit arrangements due to changes in our deferred state rate. Projected future payments under the tax benefit arrangements are as follows:

	Amount
Remainder of 2022	\$ 6,090
2023	36,275
2024	45,939
2025	55,878
2026	56,210
Thereafter	305,122
Total	\$ 505,514

During the nine months ended September 30, 2022, 548,175 Holdings Units were exchanged for newly issued shares of Class A common stock, resulting in an increase in the tax basis of the net assets of Pla-Fit Holdings. As a result of the change in Planet Fitness, Inc.'s ownership percentage of Pla-Fit Holdings, we recorded an increase to our net deferred tax assets of \$1,355 during the nine months ended September 30, 2022. As a result of these exchanges, during the nine months ended September 30, 2022, we also recognized deferred tax assets in the amount of \$16,170 as a result of the increase in tax basis. These exchanges were not made by TRA holders and did not result in an increase in the tax benefit arrangement liability. The offset to the entries recorded in connection with exchanges was to additional paid in capital within stockholders' deficit.

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(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. As of September 30, 2022, the Company has estimated its obligation related to this matter to be approximately \$3,414, which is included in other current liabilities on the condensed consolidated balance sheet. In connection with 2012 acquisition of Pla-Fit Holdings on November 8, 2012, the sellers are obligated to indemnify the Company related to this specific matter. The Company has therefore recorded an offsetting indemnification receivable of \$3,414 in other receivables on the Company's condensed consolidated balance sheet, for which it has determined to record a full reserve as a result of potential uncertainty around collectability. Due to the joint and several nature of the judgment, the Company has determined that the amount of estimated obligation recorded constitutes a related party transaction. The Company has incurred legal costs on behalf of the defendants in the case, which include a related party. These costs have not been and are not expected to be material in the future. Subsequent to September 30, 2022, the Company and other defendants, as applicable, paid the final judgment in full, of which the Company paid \$3,414.

Mexico Acquisition

On March 19, 2020, a franchisee in Mexico exercised a put option that requires the Company to acquire their franchisee-owned stores in Mexico. The Company analyzed the put option contract and estimates that the purchase price will approximate fair value of the acquired business. The transaction has not closed as of September 30, 2022 as the parties are in dispute over the final terms of the transaction and related matters, and an estimate cannot be made at this time regarding potential additional costs related to this matter.

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 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, 2022 and 2021. The "Corporate and other" category, as it relates to Segment EBITDA, primarily includes corporate overhead costs, such as payroll and related benefit costs and professional services which are not directly attributable to any individual segment.

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	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Revenue				
Franchise segment revenue - U.S.	\$ 78,873	\$ 74,105	\$ 237,612	\$ 209,851
Franchise segment revenue - International	1,873	1,278	5,761	2,442
Franchise segment total	80,746	75,383	243,373	212,293
Corporate-owned stores - U.S.	100,247	43,180	275,962	121,487
Corporate-owned stores - International	1,083	719	2,978	868
Corporate-owned stores total	101,330	43,899	278,940	122,355
Equipment segment - U.S.	60,952	34,973	124,781	68,248
Equipment segment - International	1,358	—	8,410	487
Equipment segment total	62,310	34,973	133,191	68,735
Total revenue	\$ 244,386	\$ 154,255	\$ 655,504	\$ 403,383

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

Franchise revenue includes revenue generated from placement services of \$4,376 and \$2,639 for the three months ended September 30, 2022 and 2021, respectively, and \$10,102 and \$5,130 for the nine months ended September 30, 2022 and 2021, respectively.

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Segment EBITDA				
Franchise	\$ 53,475	\$ 52,047	\$ 167,910	\$ 144,983
Corporate-owned stores	40,446	14,102	103,287	35,164
Equipment	15,803	7,917	34,638	15,355
Corporate and other	(10,458)	(12,594)	(41,059)	(33,844)
Total Segment EBITDA	\$ 99,266	\$ 61,472	\$ 264,776	\$ 161,658

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Total Segment EBITDA	\$ 99,266	\$ 61,472	\$ 264,776	\$ 161,658
Less:				
Depreciation and amortization	32,572	16,248	90,427	46,758
Other income	4,762	677	9,000	695
Equity losses of unconsolidated entities, net of tax	(2)	—	(334)	—
Income from operations	61,934	44,547	165,683	114,205
Interest income	1,561	233	2,244	645
Interest expense	(21,917)	(20,350)	(66,527)	(60,719)
Other income	4,762	677	9,000	695
Income before income taxes	\$ 46,340	\$ 25,107	\$ 110,400	\$ 54,826

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

	September 30, 2022	December 31, 2021
Franchise	\$ 167,068	\$ 172,822
Corporate-owned stores	1,560,970	516,714
Equipment	216,245	193,983
Unallocated	901,973	1,132,464
Total consolidated assets	<u>\$ 2,846,256</u>	<u>\$ 2,015,983</u>

The table above includes \$985 and \$1,203 of long-lived assets located in the Company's international corporate-owned stores as of September 30, 2022 and December 31, 2021, respectively. All other assets are located in the U.S.

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

	September 30, 2022	December 31, 2021
Franchise	\$ 16,938	\$ 16,938
Corporate-owned stores	590,603	118,965
Equipment	92,666	92,666
Consolidated goodwill	<u>\$ 700,207</u>	<u>\$ 228,569</u>

(16) Corporate-Owned and Franchisee-Owned Stores

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

	For the three months ended September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Franchisee-owned stores:				
Stores operated at beginning of period	2,091	2,064	2,142	2,021
New stores opened	25	24	89	67
Stores acquired from the Company	6	—	6	—
Stores debranded, sold, closed or consolidated ⁽¹⁾	—	(1)	(115)	(1)
Stores operated at end of period	<u>2,122</u>	<u>2,087</u>	<u>2,122</u>	<u>2,087</u>
Corporate-owned stores:				
Stores operated at beginning of period	233	106	112	103
New stores opened	4	—	11	3
Stores sold to franchisees	(6)	—	(6)	—
Stores acquired from franchisees	—	—	114	—
Stores operated at end of period	<u>231</u>	<u>106</u>	<u>231</u>	<u>106</u>
Total stores:				
Stores operated at beginning of period	2,324	2,170	2,254	2,124
New stores opened	29	24	100	70
Stores acquired, debranded, sold or consolidated ⁽¹⁾	—	(1)	(1)	(1)
Stores operated at end of period	<u>2,353</u>	<u>2,193</u>	<u>2,353</u>	<u>2,193</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 our prior approval. This often coincides with an enlargement, re-equipment and/or refurbishment of the remaining store.

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

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

Overview

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

As of September 30, 2022, we had more than 16.6 million members and 2,353 stores in all 50 states, the District of Columbia, Puerto Rico, Canada, Panama, Mexico and Australia. Of our 2,353 stores, 2,122 are franchised and 231 are corporate-owned. As of September 30, 2022, we had commitments to open more than 1,000 new stores under existing ADAs.

Our segments

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

(in thousands)	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Revenue				
Franchise segment	\$ 80,746	\$ 75,383	\$ 243,373	\$ 212,293
Corporate-owned stores segment	101,330	43,899	278,940	122,355
Equipment segment	62,310	34,973	133,191	68,735
Total revenue	<u>\$ 244,386</u>	<u>\$ 154,255</u>	<u>\$ 655,504</u>	<u>\$ 403,383</u>
Segment EBITDA				
Franchise	\$ 53,475	\$ 52,047	\$ 167,910	\$ 144,983
Corporate-owned stores	40,446	14,102	103,287	35,164
Equipment	15,803	7,917	34,638	15,355
Corporate and other	(10,458)	(12,594)	(41,059)	(33,844)
Total Segment EBITDA ⁽¹⁾	<u>\$ 99,266</u>	<u>\$ 61,472</u>	<u>\$ 264,776</u>	<u>\$ 161,658</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, 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 (expense) income	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>
Three months ended September 30, 2021					
Income (loss) from operations	\$ 50,163	\$ 5,137	\$ 6,698	\$ (17,451)	\$ 44,547
Depreciation and amortization	1,884	9,045	1,261	4,058	16,248
Other income (expense)	—	(80)	(42)	799	677
Segment EBITDA ⁽¹⁾	<u>\$ 52,047</u>	<u>\$ 14,102</u>	<u>\$ 7,917</u>	<u>\$ (12,594)</u>	<u>\$ 61,472</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 (expense) income	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>
Nine months ended September 30, 2021					
Income (loss) from operations	\$ 139,317	\$ 8,244	\$ 11,682	\$ (45,038)	\$ 114,205
Depreciation and amortization	5,666	26,910	3,783	10,399	46,758
Other income (expense)	—	10	(110)	795	695
Segment EBITDA ⁽¹⁾	<u>\$ 144,983</u>	<u>\$ 35,164</u>	<u>\$ 15,355</u>	<u>\$ (33,844)</u>	<u>\$ 161,658</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 (loss), the most directly comparable U.S. GAAP measure.

How we assess the performance of our business

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

Number of new store openings

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Franchisee-owned stores:				
Stores operated at beginning of period	2,091	2,064	2,142	2,021
New stores opened	25	24	89	67
Stores acquired from the Company	6	—	6	—
Stores debranded, sold, closed or consolidated ⁽¹⁾	—	(1)	(115)	(1)
Stores operated at end of period	2,122	2,087	2,122	2,087
Corporate-owned stores:				
Stores operated at beginning of period	233	106	112	103
New stores opened	4	—	11	3
Stores sold to franchisees	(6)	—	(6)	—
Stores acquired from franchisees	—	—	114	—
Stores operated at end of period	231	106	231	106
Total stores:				
Stores operated at beginning of period	2,324	2,170	2,254	2,124
New stores opened	29	24	100	70
Stores acquired, debranded, sold or consolidated ⁽¹⁾	—	(1)	(1)	(1)
Stores operated at end of period	2,353	2,193	2,353	2,193

- (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.

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Same store sales data				
Same store sales growth:				
Franchisee-owned stores	8.1 %	7.4 %	14.5 %	NC
Corporate-owned stores	9.7 %	3.1 %	16.3 %	NC
Total stores	8.2 %	7.2 %	14.6 %	NC
Number of stores in same store sales base:				
Franchisee-owned stores	1,962	1,534	1,962	
Corporate-owned stores	100	54	100	
Total stores	2,180	1,588	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 we collect from our members on a monthly basis, which allows us to assess changes in the performance of our corporate-owned and franchisee-owned stores from period to period, any competitive pressures, local or regional membership traffic patterns and general market conditions that might impact our store performance. We collect monthly dues on or around the 17th of every month in the US and Canada. We collect annual fees once per year from each member based upon when the member signed his or her membership agreement. System-wide sales were \$968 million and \$870 million, during the three months ended September 30, 2022 and 2021, respectively, and \$2,948 and \$2,503 million during the nine months ended September 30, 2022 and 2021, respectively.

Non-GAAP financial measures

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

We define EBITDA as net income before interest, taxes, depreciation and amortization. We believe that EBITDA, which eliminates the impact of certain expenses that we do not believe reflect our underlying business performance, provides useful information to investors to assess the performance of our segments as well as the business as a whole. Our board of directors also uses EBITDA as a key metric to assess the performance of management. We define Adjusted EBITDA as net income before interest, taxes, depreciation and amortization, adjusted for the impact of certain additional non-cash and other items that

we do not consider in our evaluation of ongoing performance of the Company's core operations. These items include certain purchase accounting adjustments, stock offering-related costs, acquisition transaction costs, and certain other charges and gains. We believe that Adjusted EBITDA is an appropriate measure of operating performance in addition to EBITDA because it eliminates the impact of other items that we believe reduce the comparability of our underlying core business performance from period to period and is therefore useful to our investors in comparing the core performance of our business from period to period.

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

(in thousands)	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Net income	\$ 30,677	\$ 18,632	\$ 74,124	\$ 39,838
Interest income	(1,561)	(233)	(2,244)	(645)
Interest expense ⁽¹⁾	21,917	20,350	66,527	60,719
Provision for income taxes	15,661	6,475	35,942	14,988
Depreciation and amortization	32,572	16,248	90,427	46,758
EBITDA	\$ 99,266	\$ 61,472	\$ 264,776	\$ 161,658
Purchase accounting adjustments-revenue ⁽²⁾	84	72	213	269
Purchase accounting adjustments-rent ⁽³⁾	109	110	328	324
Loss on reacquired franchise rights ⁽⁴⁾	—	—	1,160	—
Gain on settlement of preexisting contract with acquiree ⁽⁵⁾	—	—	(2,059)	—
Transaction fees and acquisition-related costs ⁽⁶⁾	396	—	5,344	—
Loss (gain) on adjustment of allowance for credit losses on held-to-maturity investments ⁽⁷⁾	273	—	(1,572)	—
Dividend income on held-to-maturity investments ⁽⁸⁾	(477)	—	(1,391)	—
Insurance Recovery ⁽⁹⁾	(174)	—	(174)	(2,500)
Legal matters ⁽¹⁰⁾	238	—	1,189	—
Tax benefit arrangement remeasurement ⁽¹¹⁾	(4,510)	—	(8,381)	(348)
Gain on sale of corporate-owned stores ⁽¹²⁾	(1,324)	—	(1,324)	—
Other ⁽¹³⁾	21	55	1,621	743
Adjusted EBITDA ⁽¹⁴⁾	\$ 93,902	\$ 61,709	\$ 259,730	\$ 160,146

(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 \$45, \$44, \$135 and \$127 in the three and nine months ended September 30, 2022 and 2021, respectively, reflect the difference between the higher rent expense recorded in accordance with U.S. GAAP since the acquisition and the rent expense that would have been recorded had the 2012 Acquisition not occurred. Adjustments of \$65, \$64, \$194, and \$197 in the three and nine months ended September 30, 2022 and 2021, respectively, are due to the amortization of favorable and unfavorable leases. All of the rent related

- purchase accounting adjustments are adjustments to rent expense which is included in store operations on our consolidated statements of operations.
- (4) Represents the impact of a non-cash loss recorded in accordance with ASC 805 – Business Combinations related to our acquisition of franchisee-owned stores. The loss recorded under U.S. GAAP represents the difference between the fair value and the contractual terms of the reacquired franchise rights and is included in other (gains) losses, net on our consolidated statement of operations.
 - (5) Represents a gain on settlement of deferred revenue from existing contracts with acquired franchisee-stores recorded in accordance with ASC 805 – Business Combinations, and is included in other (gains) losses, net on our consolidated statement of operations.
 - (6) Represents transaction fees and acquisition-related costs incurred in connection with our acquisition of franchisee-owned stores.
 - (7) Represents a loss (gain) on the adjustment of the allowance for credit losses on the Company’s held-to-maturity investments.
 - (8) Represents dividend income on held-to-maturity investments.
 - (9) Represents insurance recoveries, which in 2021 included a recovery of previously recognized expenses related to the settlement of legal claims.
 - (10) In the three and nine months ended September 30, 2022, the amounts represent a reserve against an indemnification receivable related to a legal matter. In the three and nine months ended September 30, 2021, the amounts represent an insurance recovery of previously recognized expenses related to the settlement of legal claims.
 - (11) Represents gains related to the adjustment of our tax benefit arrangements primarily due to changes in our deferred state tax rate.
 - (12) Represents a gain on the sale of corporate-owned stores.
 - (13) Represents certain other charges and gains that we do not believe reflect our underlying business performance.
 - (14) Effective September 30, 2022, we no longer exclude pre-opening costs from our computation of Adjusted EBITDA. Adjusted EBITDA for all prior periods presented has been restated to the current period computation methodology.

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,	
	2022	2021	2022	2021
Net income	\$ 30,677	\$ 18,632	\$ 74,124	\$ 39,838
Provision for income taxes, as reported	15,661	6,475	35,942	14,988
Purchase accounting adjustments-revenue ⁽¹⁾	84	72	213	269
Purchase accounting adjustments-rent ⁽²⁾	109	110	328	324
Loss on reacquired franchise rights ⁽³⁾	—	—	1,160	—
Gain on settlement of preexisting contract with acquiree ⁽⁴⁾	—	—	(2,059)	—
Transaction fees and acquisition-related costs ⁽⁵⁾	396	—	5,344	—
Loss on extinguishment of debt ⁽⁶⁾	—	—	1,583	—
Loss (gain) on adjustment of allowance for credit losses on held-to-maturity investments ⁽⁷⁾	273	—	(1,572)	—
Dividend income on held-to-maturity investments ⁽⁸⁾	(477)	—	(1,391)	—
Insurance Recovery ⁽⁹⁾	(174)	—	(174)	(2,500)
Legal matters ⁽¹⁰⁾	238	—	1,189	—
Tax benefit arrangement remeasurement ⁽¹¹⁾	(4,510)	—	(8,381)	(348)
Gain on sale of corporate-owned stores ⁽¹²⁾	(1,324)	—	(1,324)	—
Other ⁽¹³⁾	21	55	1,621	743
Purchase accounting amortization ⁽¹⁴⁾	10,611	4,159	29,644	12,477
Adjusted income before income taxes	\$ 51,585	\$ 29,503	\$ 136,247	\$ 65,791
Adjusted income tax expense ⁽¹⁵⁾	13,361	7,848	35,288	17,500
Adjusted net income ⁽¹⁶⁾	\$ 38,224	\$ 21,655	\$ 100,959	\$ 48,291
Adjusted net income per share, diluted	\$ 0.42	\$ 0.25	\$ 1.11	\$ 0.55
Adjusted weighted-average shares outstanding ⁽¹⁷⁾	90,692	87,204	90,571	87,194

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

applied in accordance with ASC 805. Adjustments of \$45, \$44, \$135 and \$127 in the three and nine months ended September 30, 2022 and 2021, respectively, reflect the difference between the higher rent expense recorded in accordance with U.S. GAAP since the acquisition and the rent expense that would have been recorded had the 2012 Acquisition not occurred. Adjustments of \$65, \$64, \$194, and \$197 in the three and nine months ended September 30, 2022 and 2021, respectively, are due to the amortization of favorable and unfavorable leases. All of the rent related purchase accounting adjustments are adjustments to rent expense which is included in store operations on our consolidated statements of operations.

- (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 (gains) losses, 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 (gains) losses, net on our consolidated statement of operations.
- (5) Represents transactions 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 loss (gain) on the adjustment of the allowance for credit losses on the Company’s held-to-maturity investments.
- (8) Represents dividend income on held-to-maturity investments.
- (9) Represents insurance recoveries, which in 2021 included a recovery of previously recognized expenses related to the settlement of legal claims.
- (10) In the three and nine months ended September 30, 2022, the amounts represent a reserve against an indemnification receivable related to a legal matter. In the three and nine months ended September 30, 2021, the amounts represent an insurance recovery of previously recognized expenses related to the settlement of legal claims.
- (11) Represents gains related to the adjustment of our tax benefit arrangements primarily due to changes in our deferred state tax rate.
- (12) Represents a gain on the sale of corporate-owned stores.
- (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, 2022 and 2021, recorded in connection with the 2012 Acquisition, and \$7,515, \$1,063, \$20,357 and \$3,189 of amortization of intangible assets for the three and nine months ended September 30, 2022 and 2021, respectively, recorded in connection with historical acquisitions of franchisee-owned stores. The adjustment represents the amount of actual non-cash amortization expense recorded, in accordance with U.S. GAAP, in each period.
- (15) Represents corporate income taxes at an assumed blended tax rate of 25.9% for the three and nine months ended September 30, 2022 and 26.6% for the three and nine months ended September 30, 2021, applied to adjusted income before income taxes.
- (16) Effective September 30, 2022, we no longer exclude pre-opening costs from our computation of Adjusted EBITDA. Adjusted EBITDA for all prior periods presented has been restated to the current period computation methodology.
- (17) 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, 2022 and 2021:

(in thousands, except per share amounts)	For the three months ended September 30, 2022			For the three months ended September 30, 2021		
	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⁾	\$ 26,913	84,547	\$ 0.32	\$ 17,443	83,879	\$ 0.21
Assumed exchange of shares ⁽²⁾	3,764	6,145		1,189	3,325	
Net income	30,677			18,632		
Adjustments to arrive at adjusted income before income taxes ⁽³⁾	20,908			10,871		
Adjusted income before income taxes	51,585			29,503		
Adjusted income tax expense ⁽⁴⁾	13,361			7,848		
Adjusted net income	\$ 38,224	90,692	\$ 0.42	\$ 21,655	87,204	\$ 0.25

- (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% and 26.6% for the three months ended September 30, 2022 and 2021, respectively, applied to adjusted income before income taxes.

(in thousands, except per share amounts)	For the nine months ended September 30, 2022			For the nine months ended September 30, 2021		
	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⁾	\$ 65,719	84,798	\$ 0.78	\$ 37,034	83,808	\$ 0.44
Assumed exchange of shares ⁽²⁾	8,405	5,773		2,804	3,386	
Net income	74,124			39,838		
Adjustments to arrive at adjusted income before income taxes ⁽³⁾	62,123			25,953		
Adjusted income before income taxes	136,247			65,791		
Adjusted income tax expense ⁽⁴⁾	35,288			17,500		
Adjusted net income	\$ 100,959	90,571	\$ 1.11	\$ 48,291	87,194	\$ 0.55

- (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% and 26.6% for the nine months ended September 30, 2022 and 2021, respectively, applied to adjusted income before income taxes.

Results of operations

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Revenue:				
Franchise revenue	27.0 %	39.9 %	30.4 %	43.0 %
Commission income	0.1 %	— %	0.1 %	0.1 %
National advertising fund revenue	5.9 %	8.9 %	6.5 %	9.5 %
Franchise segment	33.0 %	48.8 %	37.0 %	52.6 %
Corporate-owned stores	41.5 %	28.5 %	42.7 %	30.4 %
Equipment	25.5 %	22.7 %	20.3 %	17.0 %
Total revenue	100.0 %	100.0 %	100.0 %	100.0 %
Operating costs and expenses:				
Cost of revenue	19.9 %	17.6 %	15.8 %	13.3 %
Store operations	23.7 %	18.0 %	24.7 %	20.3 %
Selling, general and administrative	11.1 %	14.9 %	13.1 %	16.7 %
National advertising fund expense	7.0 %	10.1 %	7.7 %	10.4 %
Depreciation and amortization	13.3 %	10.5 %	13.8 %	11.6 %
Other (gains) losses, net	(0.3)%	— %	(0.4)%	(0.6)%
Total operating costs and expenses	74.7 %	71.1 %	74.7 %	71.7 %
Income from operations	25.3 %	28.9 %	25.3 %	28.3 %
Other income (expense), net:				
Interest income	0.6 %	0.2 %	0.3 %	0.2 %
Interest expense	(9.0)%	(13.2)%	(10.1)%	(15.1)%
Other income (expense)	1.9 %	0.4 %	1.4 %	0.2 %
Total other expense, net	(6.5)%	(12.6)%	(8.4)%	(14.7)%
Income before income taxes	18.8 %	16.3 %	16.9 %	13.6 %
Equity earnings (losses) of unconsolidated entities, net of tax	— %	— %	(0.1)%	— %
Provision for income taxes	6.4 %	4.2 %	5.5 %	3.7 %
Net income	12.4 %	12.1 %	11.4 %	9.9 %
Less net income attributable to non-controlling interests	1.5 %	0.8 %	1.3 %	0.7 %
Net income attributable to Planet Fitness, Inc.	10.9 %	11.3 %	10.1 %	9.2 %

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
(in thousands)				
Revenue:				
Franchise revenue	\$ 65,975	\$ 61,481	\$ 199,506	\$ 173,419
Commission income	193	39	737	381
National advertising fund revenue	14,578	13,863	43,130	38,493
Franchise segment	80,746	75,383	243,373	212,293
Corporate-owned stores	101,330	43,899	278,940	122,355
Equipment	62,310	34,973	133,191	68,735
Total revenue	244,386	154,255	655,504	403,383
Operating costs and expenses:				
Cost of revenue	48,531	27,097	103,436	53,579
Store operations	57,892	27,751	161,789	82,088
Selling, general and administrative	27,148	22,969	86,176	67,248
National advertising fund expense	17,009	15,586	50,445	41,868
Depreciation and amortization	32,572	16,248	90,427	46,758
Other (gains) losses, net	(700)	57	(2,452)	(2,363)
Total operating costs and expenses	182,452	109,708	489,821	289,178
Income from operations	61,934	44,547	165,683	114,205
Other income (expense), net:				
Interest income	1,561	233	2,244	645
Interest expense	(21,917)	(20,350)	(66,527)	(60,719)
Other income	4,762	677	9,000	695
Total other expense, net	(15,594)	(19,440)	(55,283)	(59,379)
Income before income taxes	46,340	25,107	110,400	54,826
Equity earnings (losses) of unconsolidated entities, net of tax	(2)	—	(334)	—
Provision for income taxes	15,661	6,475	35,942	14,988
Net income	30,677	18,632	74,124	39,838
Less net income attributable to non-controlling interests	3,764	1,189	8,405	2,804
Net income attributable to Planet Fitness, Inc.	\$ 26,913	\$ 17,443	\$ 65,719	\$ 37,034

Comparison of the three months ended September 30, 2022 and three months ended September 30, 2021

Revenue

Total revenues were \$244.4 million in the three months ended September 30, 2022, compared to \$154.3 million in the three months ended September 30, 2021, an increase of \$90.1 million, or 58.4%.

Franchise segment revenue was \$80.7 million in the three months ended September 30, 2022, compared to \$75.4 million in the three months ended September 30, 2021, an increase of \$5.4 million, or 7.1%.

Franchise revenue was \$66.0 million in the three months ended September 30, 2022 compared to \$61.5 million in the three months ended September 30, 2021, an increase of \$4.5 million or 7.3%. Included in franchise revenue is royalty revenue of \$55.9 million, franchise and other fees of \$5.7 million, and placement revenue of \$4.4 million for the three months ended September 30, 2022, compared to royalty revenue of \$53.1 million, franchise and other fees of \$5.7 million, and placement revenue of \$2.6 million for the three months ended September 30, 2021. Of the \$2.8 million increase in royalty revenue, \$3.7 million was attributable to a same store sales increase of 8.1% in franchisee-owned stores and \$1.7 million was attributable to new stores opened since July 1, 2021. Partially offsetting the royalty revenue increases was a decrease of approximately \$2.6 million primarily as a result of the stores acquired in the Sunshine Acquisition becoming corporate-owned stores. The \$1.7 million increase in placement revenue was driven by higher replacement equipment placements in the three months ended September 30, 2022 compared to the three months ended September 30, 2021.

National advertising fund revenue was \$14.6 million in the three months ended September 30, 2022, compared to \$13.9 million in the three months ended September 30, 2021. The \$0.7 million increase in national advertising fund revenue was primarily due to higher same store sales.

Revenue from our corporate-owned stores segment was \$101.3 million in the three months ended September 30, 2022, compared to \$43.9 million in the three months ended September 30, 2021, an increase of \$57.4 million, or 130.8%. Of the increase, \$50.4 million was attributable to the acquisition of 114 stores in the Sunshine Acquisition, \$3.5 million was from the corporate-owned store same store sales increase of 9.7%, \$3.4 million was from new stores opened or acquired since July 1, 2021.

Equipment segment revenue was \$62.3 million in the three months ended September 30, 2022, compared to \$35.0 million in the three months ended September 30, 2021, an increase of \$27.3 million, or 78.2%. The increase was driven by \$27.7 million of higher equipment sales to existing franchisee-owned stores in the three months ended September 30, 2022 compared to the three months ended September 30, 2021. In both the three months ended September 30, 2022 and September 30, 2021, we had equipment sales to 28 new franchisee-owned stores.

Cost of revenue

Cost of revenue was \$48.5 million in the three months ended September 30, 2022 compared to \$27.1 million in the three months ended September 30, 2021, an increase of \$21.4 million, or 79.1%. Cost of revenue, which primarily relates to our equipment segment, increased as a result of higher equipment sales to existing franchisee-owned stores in the three months ended September 30, 2022 compared to the three months ended September 30, 2021, as described above.

Store operations

Store operation expenses, which relate to our corporate-owned stores segment, were \$57.9 million in the three months ended September 30, 2022 compared to \$27.8 million in the three months ended September 30, 2021, an increase of \$30.1 million, or 108.6%. Of the increase, \$25.1 million was attributable to the acquisition of 114 stores in the Sunshine Acquisition, and \$3.0 million from new stores opened or acquired since July 1, 2021.

Selling, general and administrative

Selling, general and administrative expenses were \$27.1 million in the three months ended September 30, 2022 compared to \$23.0 million in the three months ended September 30, 2021, an increase of \$4.2 million, or 18.2%. The \$4.2 million increase was primarily driven by \$2.2 million of higher expense from the Sunshine Acquisition, \$1.0 million as related to the franchisee conference and \$0.9 million of higher travel expense during the three months ended September 30, 2022 compared to the prior year quarter.

National advertising fund expense

National advertising fund expense was \$17.0 million in the three months ended September 30, 2022 compared to \$15.6 million in the three months ended September 30, 2021, due to higher advertising and marketing expenditures in 2022 as compared to 2021.

Depreciation and amortization

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

Depreciation and amortization expense was \$32.6 million in the three months ended September 30, 2022 compared to \$16.2 million in the three months ended September 30, 2021, an increase of \$16.3 million, or 100.5%. Of the increase, \$14.7 million was attributable to the acquisition of 114 stores in the Sunshine Acquisition.

Other (gains) losses, net

Other (gains) losses, net was a gain of \$0.7 million in the three months ended September 30, 2022 compared to a gain of \$0.1 million in the three months ended September 30, 2021. In the three months ended September 30, 2022, other (gains) losses, net included a \$1.3 million gain on the sale of corporate-owned stores.

Interest income

Interest income was \$1.6 million in the three months ended September 30, 2022, compared to \$0.2 million in the three months ended September 30, 2021, primarily as a result of higher interest rates in the three months ended September 30, 2022 compared to the three months ended September 30, 2021.

Interest expense

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

Interest expense was \$21.9 million in the three months ended September 30, 2022 and \$20.4 million in the three months ended September 30, 2021. The increase in interest expense is due to higher interest expense from the increased principal balance as a result of the debt refinancing completed on February 10, 2022.

Other income

Other income was \$4.8 million in the three months ended September 30, 2022 compared to income of \$0.7 million in the three months ended September 30, 2021. 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 \$15.7 million in the three months ended September 30, 2022, compared to \$6.5 million in the three months ended September 30, 2021, an increase of \$9.2 million. Of the increase in the provision for income taxes, \$4.3 million was as a result of a remeasurement of our deferred tax assets due to changes in our effective tax rate, \$1.8 million was due to the sale of corporate-owned stores, and the remainder was primarily attributable to higher income before income taxes in the three months ended September 30, 2022 as compared to the three months ended September 30, 2021.

Segment results

Franchise

Segment EBITDA for the franchise segment was \$53.5 million in the three months ended September 30, 2022 compared to \$52.0 million in the three months ended September 30, 2021, an increase of \$1.4 million. The franchise segment EBITDA increase in the three months ended September 30, 2022 as compared to the three months ended September 30, 2021 was primarily due to the franchise revenue increases as described above partially offset by higher NAF expenses of \$1.4 million, higher franchise segment selling general and administrative expense of \$1.4 million, and higher equipment placement expense of \$1.1 million in the three months ended September 30, 2022. Depreciation and amortization was \$1.9 million for both the three months ended September 30, 2022 and 2021.

Corporate-owned stores

Segment EBITDA for the corporate-owned stores segment was \$40.4 million in the three months ended September 30, 2022 compared to \$14.1 million in the three months ended September 30, 2021, an increase of \$26.3 million. Of the increase, \$24.9 million was attributable to the corporate-owned stores acquired in the Sunshine Acquisition, \$2.6 million was attributable to the same store sales increase of 9.7%, and \$1.3 million was attributable to the gain on sale of corporate-owned stores. Partially offsetting these increases was higher selling general and administrative expense of \$2.2 million, primarily as a result of the Sunshine Acquisition. Depreciation and amortization was \$25.4 million and \$9.0 million for the three months ended September 30, 2022 and 2021, respectively. The increase in depreciation and amortization was primarily attributable to the Sunshine Acquisition, and the opening of new stores since July 1, 2021.

Equipment

Segment EBITDA for the equipment segment was \$15.8 million in the three months ended September 30, 2022 compared to \$7.9 million in the three months ended September 30, 2021, an increase of \$7.9 million. The increase was primarily driven by higher equipment sales to existing franchisee-owned stores in the three months ended September 30, 2022 compared to the three months ended September 30, 2021, as described above. Depreciation and amortization was \$1.3 million for both the three months ended September 30, 2022 and 2021.

Comparison of the nine months ended September 30, 2022 and nine months ended September 30, 2021

Revenue

Total revenues were \$655.5 million in the nine months ended September 30, 2022, compared to \$403.4 million in the nine months ended September 30, 2021, an increase of \$252.1 million, or 62.5%.

Franchise segment revenue was \$243.4 million in the nine months ended September 30, 2022, compared to \$212.3 million in the nine months ended September 30, 2021, an increase of \$31.1 million, or 14.6%.

Franchise revenue was \$199.5 million in the nine months ended September 30, 2022 compared to \$173.4 million in the nine months ended September 30, 2021, an increase of \$26.1 million or 15.0%. Included in franchise revenue is royalty revenue of \$171.1 million, franchise and other fees of \$18.3 million, and placement revenue of \$10.1 million for the nine months ended September 30, 2022, compared to royalty revenue of \$152.2 million, franchise and other fees of \$16.0 million, and placement

revenue of \$5.1 million for the nine months ended September 30, 2021. Of the \$18.9 million increase in royalty revenue, \$15.3 million was attributable to a same store sales increase of 14.5% in franchisee-owned stores, \$8.1 million was attributable to new stores opened since January 1, 2021 or stores that were not open for all of the prior year period due to COVID-related temporary closures, and \$2.1 million was from higher royalties on annual fees. Partially offsetting the royalty revenue increases was a decrease of approximately \$6.8 million primarily as a result of the stores acquired in the Sunshine Acquisition becoming corporate-owned stores. The \$5.0 million increase in placement revenue was primarily driven by higher new and replacement equipment placements and the \$2.2 million increase in franchise and other fees was primarily attributable to higher online join fees.

Commission income, which is included in our franchise segment, was \$0.7 million in the nine months ended September 30, 2022 compared to \$0.4 million in the nine months ended September 30, 2021.

National advertising fund revenue was \$43.1 million in the nine months ended September 30, 2022, compared to \$38.5 million in the nine months ended September 30, 2021. The increase in national advertising fund revenue in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 was primarily due to higher same store sales, new stores opened since January 1, 2021 and stores that were not open for all of the prior year period due to COVID-related temporary closures.

Revenue from our corporate-owned stores segment was \$278.9 million in the nine months ended September 30, 2022, compared to \$122.4 million in the nine months ended September 30, 2021, an increase of \$156.6 million, or 128.0%. Of the increase, \$128.5 million was attributable to the acquisition of 114 stores in the Sunshine Acquisition, \$15.6 million was from the corporate-owned store same store sales increase of 16.3%, and \$12.5 million was from new stores opened or acquired since January 1, 2021 and stores that were not open for all of the prior year period due to COVID-related temporary closures.

Equipment segment revenue was \$133.2 million in the nine months ended September 30, 2022, compared to \$68.7 million in the nine months ended September 30, 2021, an increase of \$64.5 million, or 93.8%. Of the increase, \$49.0 million was driven by higher equipment sales to existing franchisee-owned stores and \$15.5 million was attributable to higher equipment sales to new franchisee-owned stores in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. In the nine months ended September 30, 2022, we had equipment sales to 87 new franchisee-owned stores compared to 65 in the prior year period.

Cost of revenue

Cost of revenue was \$103.4 million in the nine months ended September 30, 2022 compared to \$53.6 million in the nine months ended September 30, 2021, an increase of \$49.9 million, or 93.1%. Cost of revenue, which primarily relates to our equipment segment, increased as a result of higher equipment sales to new and existing franchisee-owned stores in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 as described above.

Store operations

Store operation expenses, which relate to our corporate-owned stores segment, were \$161.8 million in the nine months ended September 30, 2022 compared to \$82.1 million in the nine months ended September 30, 2021, an increase of \$79.7 million, or 97.1%. Of the increase, \$63.8 million was attributable to the stores acquired in the Sunshine Acquisition, \$9.3 million from new stores opened or acquired since January 1, 2021 and \$6.6 million from mature stores as a result of higher rent, occupancy, payroll and prior year COVID related temporary closures.

Selling, general and administrative

Selling, general and administrative expenses were \$86.2 million in the nine months ended September 30, 2022 compared to \$67.2 million in the nine months ended September 30, 2021, an increase of \$18.9 million, or 28.1%. Of the \$18.9 million increase, \$7.2 million was attributable to higher selling general and administrative expense from the Sunshine Acquisition, \$4.4 million related to transaction costs incurred in connection with the Sunshine Acquisition, \$2.5 million due to higher compensation expense, \$3.1 million of higher legal and consulting fees, \$2.4 million of higher travel expense and \$1.0 million of insurance expense during the nine months ended September 30, 2022 compared to the prior year quarter. Partially offsetting these increases was \$2.7 million of higher spend in the prior year period to support reopening efforts as a result of COVID-19.

National advertising fund expense

National advertising fund expense was \$50.4 million in the nine months ended September 30, 2022 compared to \$41.9 million in the nine months ended September 30, 2021, due to higher advertising and marketing expenditures in 2022 as compared to 2021.

Depreciation and amortization

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

Depreciation and amortization expense was \$90.4 million in the nine months ended September 30, 2022 compared to \$46.8 million in the nine months ended September 30, 2021, an increase of \$43.7 million, or 93.4%. Of the increase, \$39.2 million was attributable to the stores acquired in the Sunshine Acquisition and \$2.1 million was due to depreciation of newly added information system assets.

Other (gains) losses, net

Other (gains) losses, net was a gain of \$2.5 million in the nine months ended September 30, 2022 compared to a gain of \$2.4 million in the nine months ended September 30, 2021. 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. In the nine months ended September 30, 2021, the amount primarily consisted of a \$2.5 million gain from a probable insurance recovery related to the settlement of legal claims.

Interest income

Interest income was \$2.2 million in the nine months ended September 30, 2022 compared to \$0.6 million in the nine months ended September 30, 2021, primarily as a result of higher interest rates in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021.

Interest expense

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

Interest expense was \$66.5 million in the nine months ended September 30, 2022 compared to \$60.7 million in the nine months ended September 30, 2021. The increase in interest expense is due to higher interest expense from the increased principal balance and a \$1.6 million loss on extinguishment of debt from the write-off of remaining deferred financing costs, both as a result of the debt refinancing completed on February 10, 2022.

Other income

Other income was \$9.0 million in the nine months ended September 30, 2022 and \$0.7 million in the nine months ended September 30, 2021. Other income was primarily attributable to a gain on the remeasurement of our tax benefit arrangements due to changes in our deferred tax rate in the nine months ended September 30, 2022.

Provision for income taxes

The provision for income taxes was \$35.9 million in the nine months ended September 30, 2022, compared to \$15.0 million in the nine months ended September 30, 2021. Of the increase in the provision for income taxes, \$8.7 million was the result of a remeasurement of our deferred tax assets due to changes in our deferred tax rate, \$1.8 million was due to the sale of corporate-owned stores, and the remainder was primarily attributable to higher income before income taxes in the nine months ended September 30, 2022 as compared to the nine months ended September 30, 2021.

Segment results

Franchise

Segment EBITDA for the franchise segment was \$167.9 million in the nine months ended September 30, 2022 compared to \$145.0 million in the nine months ended September 30, 2021, an increase of \$22.9 million, or 15.8%. The franchise segment EBITDA increase in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021 was primarily due to the \$31.1 million of higher franchise segment revenue as described above and \$3.9 million of lower franchise segment marketing expense related to COVID-related reopening advertising in the prior year period, partially offset by higher NAF expenses of \$8.6 million and \$2.4 million of higher equipment placement expenses. Depreciation and amortization was \$5.6 million and \$5.7 million in the nine months ended September 30, 2022 and 2021, respectively.

Corporate-owned stores

Segment EBITDA for the corporate-owned stores segment was \$103.3 million in the nine months ended September 30, 2022 compared to \$35.2 million in the nine months ended September 30, 2021, an increase of \$68.1 million, or 193.7%. Of the increase, \$56.2 million was attributable to corporate-owned stores acquired in the Sunshine Acquisition, \$10.4 million was attributable to the same store sales increase of 16.3%, \$3.2 million was due to prior year COVID-related temporary closures and \$1.3 million was attributable to a gain on the sale of corporate-owned stores. Partially offsetting the gains was \$2.0 million from new stores opened or acquired since January 1, 2021. Depreciation and amortization was \$68.6 million and \$26.9 million for the nine months ended September 30, 2022 and 2021, respectively. The increase in depreciation and amortization was primarily attributable the Sunshine Acquisition.

Equipment

Segment EBITDA for the equipment segment was \$34.6 million in the nine months ended September 30, 2022 compared to \$15.4 million in the nine months ended September 30, 2021, an increase of \$19.3 million, or 125.6%, driven by higher equipment sales to new and existing franchisee-owned stores in the nine months ended September 30, 2022 compared to the nine months ended September 30, 2021. Depreciation and amortization was \$3.8 million for both the nine months ended September 30, 2022 and 2021.

Liquidity and capital resources

As of September 30, 2022, we had \$404.5 million of cash and cash equivalents.

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

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

(in thousands)	Nine months ended September 30,	
	2022	2021
Net cash provided by (used in):		
Operating activities	\$ 190,426	\$ 149,490
Investing activities	(469,198)	(66,772)
Financing activities	142,737	(13,025)
Effect of foreign exchange rates on cash	(729)	(19)
Net decrease in cash	\$ (136,764)	\$ 69,674

Operating activities

For the nine months ended September 30, 2022, net cash provided by operating activities was \$190.4 million compared to \$149.5 million in the nine months ended September 30, 2021, an increase of \$40.9 million. Of the increase, \$92.2 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, 2022 as compared to the nine months ended September 30, 2021, partially offset by \$51.3 million due to unfavorable changes in working capital primarily from payments made under tax benefit arrangements, a larger decrease in accounts payable and accrued expenses as a result of the Sunshine Acquisition, higher other assets, and a larger increase in accounts receivable as a result of higher equipment sales volume, partially offset by a larger increase in equipment deposits and deferred revenue in the current year period.

Investing activities

For the nine months ended September 30, 2022, net cash used in investing activities was \$469.2 million compared to \$66.8 million in the nine months ended September 30, 2021, an increase of \$402.4 million. The primary drivers for the increase in cash used in investing activities was \$424.9 million of net cash used for the Sunshine Acquisition in the nine months ended September 30, 2022, and \$33.3 million of higher capital expenditures in the current year period as shown in the table below, partially offset by \$20.8 million of cash received on the sale of corporate-owned stores and \$35.0 million of cash used for investments in the prior year period.

(in thousands)	Nine months ended September 30,	
	2022	2021
New corporate-owned stores and corporate-owned stores not yet opened	\$ 29,661	\$ 8,825
Existing corporate-owned stores	23,587	12,350
Information systems	11,890	10,445
Corporate and all other	—	171
Total capital expenditures	\$ 65,138	\$ 31,791

Financing activities

For the nine months ended September 30, 2022, net cash provided by financing activities was \$142.7 million compared to net cash used in financing activities of \$13.0 million in the nine months ended September 30, 2021. 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 2018-1 Class A-2-I Notes, including the payment of transaction costs. The remaining funds were used for the Sunshine Acquisition and other general corporate purposes.

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

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

Off-balance sheet arrangements

As of September 30, 2022, our off-balance sheet arrangements consisted of guarantees of lease agreements for certain franchisees up to a maximum period of ten years with earlier expiration dates possible if certain conditions are met. Our maximum total obligation under these lease guarantee agreements is approximately \$6.1 million and would require payment only upon default by the primary obligor. The estimated fair value of these guarantees as of September 30, 2022 was not material, and no accrual has been recorded for our potential obligation under these arrangements.

Critical accounting policies and use of estimates

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

ITEM 3. Quantitative and Qualitative Disclosure about Market Risk

Interest rate risk

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

Foreign exchange risk

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

Inflation risk

Given the recent rise in inflation, there have been and may continue to be increases in materials, shipping, equipment and labor costs, which could impact our profitability and that of our franchisees. Although we do not believe that inflation has had a material effect on our income from continuing operations, we have a substantial number of hourly employees in our corporate-owned stores that are paid wage rates at or based on the applicable federal or state minimum wage. Any increases in these minimum wages will subsequently increase our labor costs. We may or may not be able to offset cost increases in the future.

ITEM 4. Controls and Procedures

Evaluation of disclosure controls and procedures

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

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

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

Changes in internal control over financial reporting

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

PART II-OTHER INFORMATION

ITEM 1. Legal Proceedings

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

ITEM 1A. Risk Factors.

None.

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

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

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⁾
07/01/22 - 07/31/22	—	—	—	155,700,859
08/01/22 - 08/31/22	—	—	—	155,700,859
09/01/22 - 09/30/22	831,029	60.17	831,029	105,686,343
Total	831,029	\$ 60.17	831,029	

⁽¹⁾On November 5, 2019, our board of directors approved a share repurchase program of \$500,000,000. Purchases may be effected through one or more open market transactions, privately negotiated transactions, transactions structured through investment banking institutions, or a combination of the foregoing. The Company may reinstate or terminate the program at any time. On November 4, 2022, subsequent to quarter end, our board of directors approved a share repurchase program of up to \$500,000,000 which replaces the plan from November 5, 2019.

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	Description of Exhibit Incorporated Herein by Reference			Exhibit Number	Filed Herewith
		Form	File No.	Filing Date		
10.1	Employment agreement with Jennifer Simmons					X
10.2	Employment agreement with Bill Bode					X
10.3	Separation agreement with Jeremy Tucker					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, 2022 formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income (Loss), (iv) Consolidated Statements of Cash Flows, (v) Consolidated Statements of Changes in' Equity (Deficit), and (vi) Notes to Consolidated Financial Statements tagged as blocks of text and including detailed tags					X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)					X

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

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, 2022

/s/ Thomas Fitzgerald

Thomas Fitzgerald

Chief Financial Officer

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

October 22, 2013

Jennifer Simmons
Via Electronic Mail

Dear Jennifer:

This letter (the "Agreement") will confirm our offer to you of employment with Pla-Fit Franchise, LLC (the "Company"), under the terms and conditions that follow.

1. **Position and Duties.** Effective November 4, 2013 (the "Start Date"), you will be employed by the Company, on a full-time basis, as a Business Analyst. You agree to perform the duties of your position and such other duties as may reasonably be assigned to you from time to time. You also agree that, while employed by the Company, you will devote your full business time and your best efforts, business judgment, skill and knowledge exclusively to the advancement of the business interests of the Company and its Affiliates and to the discharge of your duties and responsibilities for them. You also agree to comply with all Company policies, practices and procedures and all codes of ethics or business conduct applicable to your position, as in effect from time to time.
2. **Compensation and Benefits.** During your employment, as compensation for all services performed by you for the Company and its Affiliates and subject to your full performance of your obligations hereunder, the Company will provide you the following pay and benefits:
 - a. Base Salary. The Company will pay you a base salary payable in accordance with the regular payroll practices of the Company and subject to adjustment from time to time by the Company in its discretion (as adjusted, from time to time, the "Base Salary"). The Base Salary will initially be paid at the annual rate of \$85,000 per year.
 - b. Bonus Compensation. For each fiscal year completed during your employment under this Agreement, you will be eligible to earn an annual bonus, with the amount of any such bonus to be determined by the Company in its sole discretion, initially set at 15% of your base salary. For the 2013 fiscal year, you will be eligible to earn a pro-rated bonus. In order to be eligible for a bonus, you must be employed by the Company on the date that the bonus is paid.
 - c. Equity Compensation. You will be eligible to participate in the phantom equity plan or program established by the Company from time to time at a level consistent with your position in the Company.
 - d. Participation in Employee Benefit Plans. You will be entitled to participate in all employee benefit plans from time to time in effect for employees of the Company generally, except to the extent such plans are duplicative of benefits otherwise provided you under this Agreement. Your participation will be subject to the terms of the applicable plan documents and generally applicable Company policies.
 - e. Vacations. You will initially be entitled to earn up to ten (10) days of vacation per year, in addition to holidays observed by the Company. You will also be entitled to receive paid time off and sick time provided to employees of the Company generally, subject to the policies of the Company, as in effect from time to time, and except to the extent that such time is duplicative of benefits otherwise provided under this Agreement. Vacation may be taken at such times and intervals as you shall determine, subject to the business needs of the Company. Vacation shall otherwise be subject to the policies of the Company, as in effect from time to time.
 - f. Business Expenses. The Company will pay or reimburse you for all reasonable business expenses incurred or paid by you in the performance of your duties and responsibilities for the Company, subject to any maximum annual limit and other restrictions on such expenses set by the Company

and to such reasonable substantiation and documentation as may be specified from time to time. Your right to payment or reimbursement for business expenses hereunder shall be subject to the following additional rules: (i) the amount of expenses eligible for payment or reimbursement during any calendar year shall not affect the expenses eligible for payment or reimbursement in any other taxable year, (ii) payment or reimbursement shall be made not later than December 31 of the calendar year following the calendar year in which the expense was incurred and (iii) the right to payment or reimbursement is not subject to liquidation or exchange for any other benefit.

3. Confidential Information and Restricted Activities.

- a. Confidential Information. During the course of your employment with the Company, you will learn of Confidential Information, as defined below, and you may develop Confidential Information on behalf of the Company and its Affiliates. You agree that you will not use or disclose to any Person (except as required by applicable law or for the proper performance of your regular duties and responsibilities for the Company) any Confidential Information obtained by you incident to your employment or any other association with the Company or any of its Affiliates. You agree that this restriction shall continue to apply after your employment terminates, regardless of the reason for such termination.
 - b. Protection of Documents. All documents, records and files, in any media of whatever kind and description, relating to the business, present or otherwise, of the Company or any of its Affiliates, and any copies, in whole or in part, thereof (the “Documents”), whether or not prepared by you, shall be the sole and exclusive property of the Company. You agree to safeguard all Documents and to surrender to the Company, at the time your employment terminates or at such earlier time or times as the Company may specify, all Documents then in your possession or control. You also agree to disclose to the Company, at the time your employment terminates or at such earlier time or times as the Company may specify, all passwords necessary to enable the Company to obtain, or that would assist the Company in obtaining, access to any Company information you have stored on the Company’s systems.
 - c. Assignment of Rights to Intellectual Property. You shall promptly and fully disclose all Intellectual Property to the Company. You hereby assign and agree to assign to the Company (or as otherwise directed by the Company) your full right, title and interest in and to all Intellectual Property. You agree to execute any and all applications for domestic and foreign patents, copyrights or other proprietary rights and to do such other acts (including without limitation the execution and delivery of instruments of further assurance or confirmation) requested by the Company to assign the Intellectual Property to the Company and to permit the Company to enforce any patents, copyrights or other proprietary rights to the Intellectual Property. You will not charge the Company for time spent in complying with these obligations. All copyrightable works that you create during your employment shall be considered “work made for hire” and shall, upon creation, be owned exclusively by the Company.
 - d. Restricted Activities. You agree that the following restrictions on your activities during and after your employment are necessary to protect the good will, Confidential Information, trade secrets and other legitimate interests of the Company and its Affiliates:
 - i. While you are employed by the Company and during the one (1) year period immediately following termination of your employment, regardless of the reason therefor (in the aggregate, the “Restricted Period”), you shall not, directly or indirectly, whether as owner, partner, investor, consultant, agent, employee, co-venturer or otherwise, compete with the Company or any of its Affiliates in any geographic area in which the Company does business or undertake any planning for any business competitive with the Company or any of its Affiliates. Specifically, but without limiting the foregoing, you agree not to work or provide services, in any capacity, whether as an employee, independent contractor or otherwise, whether with or without compensation, to any Person that is engaged in any business that is competitive with the business of the Company or its Affiliates, as conducted or in planning during your employment with the Company.
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- ii. During the Restricted Period, you will not directly or indirectly (a) solicit or encourage any customer of the Company or any of its Affiliates to terminate or diminish its relationship with them; or (b) seek to persuade any such customer or prospective customer of the Company or any of its Affiliates to conduct with anyone else any business or activity which such customer or prospective customer conducts or could conduct with the Company or any of its Affiliates; provided, however, that these restrictions shall apply (y) only with respect to those Persons who are or have been a customer of the Company or any of its Affiliates at any time within the immediately preceding two year period or whose business has been solicited on behalf of the Company or any of the Affiliates by any of their officers, employees or agents within said Restricted Period, other than by form letter, blanket mailing or published advertisement, and (z) only if you have performed work for such Person during your employment with the Company or one of its Affiliates or been introduced to, or otherwise had contact with, such Person as a result of your employment or other associations with the Company or one of its Affiliates or has had access to Confidential Information which would assist in your solicitation of such Person.
 - iii. During the Restricted Period, you will not, and will not assist any other Person to, (a) hire or solicit for hiring any employee of the Company or any of its Affiliates or seek to persuade any employee of the Company or any of its Affiliates to discontinue employment or (b) solicit or encourage any independent contractor providing services to the Company or any of its Affiliates to terminate or diminish its relationship with them. For the purposes of this Agreement, an “employee” or an “independent contractor” of the Company or any of its Affiliates is any person who was such at any time within the then preceding two years.
 - e. In signing this Agreement, you give the Company assurance that you have carefully read and considered all the terms and conditions of this Agreement, including the restraints imposed on you under this Section 3. You agree without reservation that these restraints are necessary for the reasonable and proper protection of the Company and its Affiliates, and that each and every one of the restraints is reasonable in respect to subject matter, length of time and geographic area. You further agree that, were you to breach any of the covenants contained in this Section 3, the damage to the Company and its Affiliates would be irreparable. You therefore agree that the Company, in addition to any other remedies available to it, shall be entitled to preliminary and permanent injunctive relief against any breach or threatened breach by you of any of those covenants, without having to post bond together with an award of its reasonable attorney’s fees incurred in enforcing its rights hereunder. So that the Company may enjoy the full benefit of the covenants contained in this Section 3, you further agree that the Restricted Period shall be tolled, and shall not run, during the period of any breach by you of any of the covenants contained in this Section 3. You and the Company further agree that, in the event that any provision of this Section 3 is determined by any court of competent jurisdiction to be unenforceable by reason of its being extended over too great a time, too large a geographic area or too great a range of activities, that provision shall be deemed to be modified to permit its enforcement to the maximum extent permitted by law. It is also agreed that each of the Company’s Affiliates shall have the right to enforce all of your obligations to that Affiliate under this Agreement, including without limitation pursuant to this Section 3. Finally, no claimed breach of this Agreement or other violation of law attributed to the Company shall operate to excuse you from the performance of your obligations under this Section 3.
4. **At-Will Employment.** By signing below, you acknowledge that this Agreement is not meant to constitute a contract of employment for a specific duration or term, and that your employment with the Company is at-will. You acknowledge that this means that both you and the Company will retain the right to terminate your employment at any time, with or without notice or cause, subject at all times to the terms and conditions set forth in this Agreement.
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5. **Matters Related to Termination of Employment.**

- a. **Final Compensation.** In the event of termination of your employment with the Company, howsoever occurring, the Company shall pay you (i) your Base Salary for the final payroll period of your employment, through the date your employment terminates; (ii) compensation at the rate of your Base Salary for any vacation time earned but not used as of the date your employment terminates; and (iii) reimbursement for business expenses incurred by you but not yet paid to you as of the date your employment terminates; provided you submit all expenses and supporting documentation required within sixty (60) days of the date your employment terminates, and provided further that such expenses are reimbursable under Company policies as then in effect.
- b. **Benefits Termination.** Except for any right you may have under the federal law known as “COBRA” to continue participation in the Company’s group health and dental plans at your cost, your participation in all employee benefit plans shall terminate in accordance with the terms of the applicable benefit plans based on the date of termination of your employment, and you shall not be eligible to earn vacation or other paid time off following the termination of your employment.
- c. **Survival.** Provisions of this Agreement shall survive any termination of employment if so provided in this Agreement or if necessary or desirable to accomplish the purposes of other surviving provisions, including without limitation your obligations under Section 3 of this Agreement. Upon termination by either you or the Company, all rights, duties and obligations of you and the Company to each other shall cease, except as otherwise expressly provided in this Agreement.

6. **Definitions.** For purposes of this Agreement, the following definitions apply:

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

“**Confidential Information**” means any and all information of the Company and its Affiliates that is not generally available to the public. Confidential Information also includes any information received by the Company or any of its Affiliates from any Person with any understanding, express or implied, that it will not be disclosed. Confidential Information does not include information that enters the public domain, other than through your breach of your obligations under this Agreement.

“**Intellectual Property**” means inventions, discoveries, developments, methods, processes, compositions, works, concepts and ideas (whether or not patentable or copyrightable or constituting trade secrets) conceived, made, created, developed or reduced to practice by you (whether alone or with others, whether or not during normal business hours or on or off Company premises) during your employment that relate either to the business of the Company or to any prospective activity of the Company or any of its Affiliates or that result from any work performed by you for the Company or any of its Affiliates or that make use of Confidential Information or any of the equipment or facilities of the Company or any of its Affiliates.

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

7. **Conflicting Agreements.** You hereby represent and warrant that your signing of this Agreement and the performance of your obligations under it will not breach or be in conflict with any other agreement to which you are a party or are bound, and that you are not now subject to any covenants against competition or similar covenants or any court order that could affect the performance of your obligations under this Agreement. You agree that you will not disclose to or use on behalf of the Company any confidential or proprietary information of a third party without that party’s consent.
 8. **Withholding.** All payments made by the Company under this Agreement shall be reduced by any tax or other amounts required to be withheld by the Company under applicable law.
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9. **Assignment.** Neither you nor the Company may make any assignment of this Agreement or any interest in it, by operation of law or otherwise, without the prior written consent of the other; provided, however, the Company may assign its rights and obligations under this Agreement without your consent to one of its Affiliates or to any Person with whom the Company shall hereafter effect a reorganization, consolidate with, or merge into or to whom it transfers all or substantially all of its properties or assets. This Agreement shall inure to the benefit of and be binding upon you and the Company, and each of our respective successors, executors, administrators, heirs and permitted assigns.
10. **Severability.** If any portion or provision of this Agreement shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.
11. **Miscellaneous.** This Agreement sets forth the entire agreement between you and the Company, and replaces all prior and contemporaneous communications, agreements and understandings, written or oral, with respect to the terms and conditions of your employment. This Agreement may not be modified or amended, and no breach shall be deemed to be waived, unless agreed to in writing by you and an expressly authorized representative of the Company. The headings and captions in this Agreement are for convenience only and in no way define or describe the scope or content of any provision of this Agreement. This Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument. This is a New Hampshire contract and shall be governed and construed in accordance with the laws of the State of New Hampshire, without regard to the conflict of laws principles thereof.
12. **Notices.** Any notices provided for in this Agreement shall be in writing and shall be effective when delivered in person or deposited in the United States mail, postage prepaid, and addressed to you at your last known address on the books of the Company or, in the case of the Company, to it at its principal place of business, attention of the General Counsel, or to such other address as either party may specify by notice to the other actually received.

If the foregoing is acceptable to you, please sign this letter in the space provided and return it to me. At the time you sign and return it, this letter will take effect as a binding agreement between you and the Company on the basis set forth above. The enclosed copy is for your records.

Sincerely yours,
PLA-FIT FRANCHISE, LLC

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

Accepted and Agreed

Signature: /s/ Jennifer Simmons
Jennifer Simmons

Date: 10/14/2013

October 27, 2022

Jennifer Simmons

Via Electronic Delivery

Congratulations on your well-deserved promotion! This letter is an addendum to your original offer letter and confirms your updated title and compensation effective October 24, 2022. All other terms and conditions of employment, including your at-will status, remain the same.

TITLE/REPORTING:

Title: Division President, PF Evolve

Reporting to: Chris Rondeau

Effective Date: October 24, 2022

COMPENSATION/EQUITY:

Annual Base Salary: \$400,000 (\$15,384.62 bi-weekly), effective October 24, 2022

Bonus Compensation: 70% of base salary, effective January 1, 2023

Long Term Incentive: 100% of base salary beginning March of 2023

Temporary Housing Assistance: \$6,500 per month. Stipend to be paid, less applicable taxes and withholdings, on the first pay period of the month for twelve (12) months starting on pay date November 11, 2022.

While in this role, should you elect to relocate, we are prepared to provide an appropriate relocation package.

Cell Phone Stipend: \$75.00 post-tax, bi-weekly stipend (No change)

Congratulations again!

PLA-FIT FRANCHISE, LLC Accepted and Agreed:

By: /s/ Kathy Gentilozzi Signature: /s/ Jennifer Simmons

Kathy Gentilozzi

Chief People Officer Date: 11/1/2022

William Bode
Via Electronic Delivery

Dear Bill,

We are delighted to offer you the position of Senior Vice President of Franchise Operations. This letter will confirm our offer of employment to you with Planet Fitness Franchise, LLC (the "Company"), under the terms and conditions that follow:

1. **Positions and Duties.** Effective October 11 you will be employed by the Company, on a full-time basis, as the Senior Vice President of Franchise Operations. You agree to perform the duties of your position and such other duties as may reasonably be assigned to you. You also agree to comply at all times with the Company's policies, practices and procedures, including, but not limited to, the Planet Fitness Code of Ethics.

2. **Compensation and Benefits.** The Company will pay you a bi-weekly salary of \$8,846.16 (\$230,000 annualized), subject to applicable withholdings. Your salary shall be payable in accordance with the regular payroll practices of the Company and subject to adjustment from time to time by the Company in its discretion. In the annual review process of 2017 (estimated to be March or April), we will review your performance and discuss a possible raise of your bi-weekly salary to \$9,615.39 (\$250,000 annualized), subject to applicable withholdings.

(a) **Bonus Compensation.** You are eligible to participate in the Planet Fitness Corporate Bonus Plan. You shall be eligible to earn an annual bonus, the amount of any such bonus to be determined by the Company in its sole discretion, initially set at 30% of your Base Salary. The final calculation of your bonus is based upon achievement of Company goals and an Individual Goal Plan for the performance period, prorated per active service within the plan year. In order to be eligible for a bonus payout, you must be employed by the Company on the date that the bonus is paid. The Company retains the right to modify its bonus plans at any time.

(b) **Long Term Incentive Award.** On your date of hire, you will be granted an option to purchase up to a certain number of PLNT shares based upon target fair value of approximately \$69,000 (30% of your base pay amount) with the exercise price of such options to be determined by the closing share price on such date. This grant is governed by our 2015 Omnibus Incentive Plan and subject to vesting of 25% annually over a period of four years, beginning on the date of your hire.

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

(d) **Paid Vacation Time.** 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 are eligible for five floating holidays per calendar year. The Company's Paid Time-Off Policy is available upon request.

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

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

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

your employment may only be changed in an express written agreement signed by you and a duly authorized officer of the Company.

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

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

Sincerely yours,

PLA-FIT FRANCHISE, LLC Accepted and Agreed:

By: /s/ Richard Moore Signature: /s/ William Bode

Richard Moore William Bode

Chief Administrative Officer and General Counsel Date: August 30, 2016

December 4, 2020

Bill Bode
Via Electronic Delivery

Dear Bill,
Congratulations on your well-deserved promotion! This letter is an addendum to your original offer letter and confirms your updated title and compensation.

1. TITLE/REPORTING:
Title: Chief Operations Officer

Reporting to: Chris Rondeau

Effective Date: December 7, 2020

2. COMPENSATION/EQUITY:
Base Salary: \$350,000 annualized, effective December 7, 2020 (Will be eligible for 2021 merit increase)

Bonus Compensation: 60% of base salary, effective January 1, 2021

Equity: 100% of base salary beginning with the March 2021 grant

We look forward to you expanding your knowledge, skills and abilities as you continue to grow with Planet Fitness. Congratulations again!

PLA-FIT FRANCHISE, LLC Accepted and Agreed:

By: /s/ Kathy Gentilozzi Signature: /s/Bill Bode
Kathy Gentilozzi Bill Bode
Chief People Officer
Date: 12/7/2020

By: /s/ Chris Rondeau
Chris Rondeau
Chief Executive Officer

SEPARATION AGREEMENT

This agreement is made and entered into between Pla-Fit Franchise, LLC, a subsidiary of Planet Fitness Holdings, LLC, ("Company," or "Planet Fitness") and Jeremy Tucker ("Employee" or "you" or "your") concerning the terms of your separation from the Company and the Company's offer to pay you severance payments and other benefits in exchange for a general release of claims and your observance of the terms and conditions of this agreement ("Agreement"). The Company and Employee are hereinafter sometimes collectively referred to as the "Parties."

1. Separation Date. Your employment will terminate effective May 9, 2022 (the "Separation Date").
2. Acknowledgment of Payment of Wages. By your signature below, you acknowledge that on the Separation Date or as required by state law, you were provided a final paycheck for all wages (including but not limited to any bonus or incentive compensation and payment for accrued and unused vacation hours), salary and any similar payments due you from the Company as of the Separation Date, less applicable federal, state and local withholding taxes.
3. Severance Benefits. In exchange for your agreement to the general release and waiver of claims set forth in paragraph 7 ("Release") below and your observance of the other terms and conditions of this Agreement, the Company agrees that you will be considered an Eligible Employee under the Planet Fitness, Inc. Executive Severance & Change in Control Policy, effective July 1, 2021 ("Executive Severance Policy") and provided benefits in accordance with the Executive Severance Policy. Specifically, in addition to Accrued Compensation, as defined in the Executive Severance Policy, you will receive the following Severance Benefits in accordance with Sections 4.1 and 4.2 of the Executive Severance Policy:
 - a. Salary. Following the Effective Date (as defined in paragraph 20 below) of this Agreement, an amount equal to FOUR HUNDRED THOUSAND DOLLARS AND 38/100 CENTS (\$400,000.38), less applicable federal, state and local taxes and withholdings, paid in 26 (twenty-six) equal installments ("Severance Payment"). The Severance Payment will be paid out in installments on the Company's regularly scheduled pay dates beginning with the first pay date following the Effective Date until the Severance Payment has been paid ("Severance Period"), in accordance with Section 4.3 of the Executive Severance Policy.
 - b. Bonus. An amount equal to EIGHTY-FOUR THOUSAND, EIGHT HUNDRED AND TWENTY-ONE DOLLARS AND 98/100 CENTS (\$84,821.98), representing the prorated portion of the target annual cash bonus for 2022, to be paid no later than the payment date for the annual cash bonus to the Company's employees for 2022;
 - c. Benefits. Provided that you were eligible for and properly enrolled in a Company sponsored benefit plan, an amount equal to the Company's monthly portion of the premium for each such enrollment multiplied by twelve (12), totaling NINETEEN THOUSAND, ONE HUNDRED AND ONE DOLLARS AND 60/100 CENTS (\$19,101.60); and
 - d. Equity Awards. Twelve (12) additional months of service credit toward vesting for all unvested time-based equity awards, subject to complying with all obligations under such awards except for the requirement to continue working for such 12 months. All unvested time-based equity awards that do not become vested as a result of the 12 additional months described in the immediately preceding sentence shall be forfeited. All performance-based equity awards shall be forfeited immediately upon the Separation Date; *provided, however*, that if the Separation Date is after the performance period associated with such performance-based equity award, but before the performance-based equity award is paid, then you shall retain the right to be paid in accordance with the terms of the award. Except as expressly provided herein, the treatment of equity awards shall be governed by the terms of the applicable equity incentive plan and award agreement under which the award was granted. Without limiting the generality of the foregoing, all equity awards that become vested shall be paid at the time prescribed by the applicable award agreement.

By signing below, you acknowledge that you are receiving the Severance Benefits outlined in this paragraph in consideration for waiving your rights to claims referred to in this Agreement and your agreement to adhere to the terms of this Agreement, and that you would not otherwise be entitled to the Severance Benefits.

4. Insurance. Following the Separation Date, if you are currently covered by the Company's group health insurance plans, you will be eligible to elect to continue your group medical and dental coverage at your own expense for a period of up to eighteen months subject to the terms of the Consolidated Omnibus Budget Reconciliation Act ("COBRA"). You may elect COBRA coverage, regardless of whether you accept the Severance Payment set forth herein, for as long as you are eligible to do so. If you have participated in the Health Care Flexible Spending Account program, you will have until the end of the current year to submit for reimbursement any qualifying expenses incurred prior to the Separation Date. Except as expressly provided in this Section 4, your participation in all employee benefit plans of the Company will end as of the Separation Date, in accordance with the terms of those plans. You will not continue to earn vacation or other similar benefits after the Separation Date. No employee benefit plan provides for post-termination benefits except as required under COBRA.
 5. Availability, Unemployment Claims. During the Severance Period, you agree that you will be available by phone and/or email to assist with transition questions which may arise. You will not be required to travel to the Company to provide this assistance. You will make your best efforts to provide this transition assistance in a timely manner following a Company inquiry. You understand and agree that you will not receive any additional compensation for providing this assistance. The Company agrees that it will not contest any claim for unemployment compensation you file; however, you understand that determinations regarding eligibility for benefits rest with the State, not the Company.
 6. Property, Expenses. By the close of business on the Separation Date you warrant that (i) you have returned all Company property and data that has been in your possession or control including but not limited to Company credit card, computer recorded information, tangible property, entry cards, keys and cell phone, and that if you have used any non-Company computer, server, or e-mail system to receive, store, review, prepare or transmit any Company confidential or proprietary data, materials or information, you agree to provide the Company with a computer-useable copy of such information and then permanently delete and expunge such Company confidential or proprietary information from those systems and you will provide the Company with access to such systems as requested to verify that the necessary copying and/or deletion is completed; and (ii) you have submitted all legitimate requests for reimbursement of business expenses. The Company will reimburse you in accordance with Company policies.
 7. Releases. In consideration of the Severance Benefits to be provided to you in connection with the termination of your employment, as set forth in Section 3 of this Agreement, you hereby agree to the following:
 - a. To the fullest extent permitted by law, you, on behalf of yourself and your successors-in-interest, heirs, executors, agents, trustees, affiliates, servants, representatives, transferees, successors and assigns, hereby release and forever discharge the Company, its parents, subsidiaries and affiliates and all of their respective past, present and/or future predecessors, successors, agents, officers, directors, employees, parent companies, shareholders, employee benefit plans, administrators, trustees, attorneys and representatives, and all others connected with any of them, both individually and in their official capacities ("Releasees"), from and against any and all claims, demands, obligations, liabilities, costs, expenses, fees (including without limitation attorneys' fees), actions, causes of action, rights, promises, judgments, losses, liens and damages of every kind, combination or description, in law or at equity, which you have against the Releasees or have ever had, whether known or unknown, anticipated or unanticipated, liquidated or unliquidated, fixed, conditional or contingent, concerning, relating to, or arising out of any alleged acts or omissions by any of the Releasees from the beginning of time to the date on which you execute this Agreement, including, without limitation, all claims arising under any act, statute, constitution, regulation, executive order, ordinance, or the common law. Without limiting the generality of the foregoing, the claims released by you hereunder include, but are not limited to claims under any employment laws, including, but not limited to, claims of unlawful discharge,
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retaliation, breach of contract, breach of the covenant of good faith and fair dealing, fraud, violation of public policy, defamation, physical injury, emotional distress, claims for additional compensation or benefits arising out of your employment or your separation of employment, claims under Title VII of the Civil Rights Act of 1964, as amended, the Family and Medical Leave Act, the Employee Retirement Income Security Act, the New Hampshire Law Against Discrimination (N.H. RSA. §§ 354-A:6-354-A:26); the New Hampshire Whistleblowers' Protection Act (N.H. RSA §§ 275-E:1-275-E:9); the New Hampshire Minimum Wage Law (N.H. RSA § 279:29); the Protective Legislation Law (N.H. RSA §§ 275:1-275:75); New Hampshire Unemployment Compensation Law (N.H. RSA § 282-A:160); New Hampshire's Uniform Trade Secrets Act (N.H. RSA §§ 350-B:1-350-B:9); New Hampshire Safety and Health of Employees Law (N.H. RSA § 277:35-a); all as amended, and any other federal, state or local laws and/or regulations relating to employment, leaves of absence from employment, or employment discrimination, including, without limitation, claims based on age or under the Age Discrimination in Employment Act of 1967 ("ADEA") or Older Workers Benefit Protection Act, and/or claims based on disability or under the Americans with Disabilities Act. This release also includes claims arising under the Sarbanes-Oxley Act of 2002, 18 U.S.C. §1514; Sections 748(h)(i), 922(h)(i), and 1057 of the Dodd-Frank Wall Street and Consumer Protection Act (the "Dodd Frank Act"), 7 U.S.C. §26(h), 15 U.S.C. §78u-6(h)(i) and 12 U.S.C. §5567(a), but this Agreement does not release any right you may have to receive a monetary award from the Securities and Exchange Commission (the "SEC") as an SEC Whistleblower, pursuant to the bounty provision under Section 922(a)-(g) of the Dodd Frank Act, 7 U.S.C. Sec. 26(a)-(g), or directly from any other federal or state agency pursuant to a similar program. You recognize and agree that this is a general release, waiving and releasing claims to the fullest extent permitted under the law. You also knowingly and intentionally waive any rights to any additional recovery that might be sought on your behalf against the Releasees by any other person, entity, local, state or federal government or agency thereof, including specifically and without limitation, the state and federal Departments of Labor. The parties intend that the claims released herein be construed as broadly as possible.

- b. ADEA Waiver. You acknowledge that you are waiving and releasing any rights you may have under the ADEA and that this waiver and release is knowing and voluntary. You and the Company agree that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the date of this Agreement. You acknowledge that the consideration given for this waiver and release Agreement is in addition to anything of value to which you were already entitled. You further acknowledge that you have been advised by the Company that (a) you should consult with an attorney prior to executing this Agreement; (b) you had at least twenty-one (21) days within which to consider this Agreement, and if you sign it in less than 21 days, you have voluntarily waived the full 21-day consideration period; and (c) you have seven (7) days following your execution of this Agreement to revoke the Agreement by providing written notice to Kathy Gentilozzi, Human Resources, Planet Fitness Worldwide Headquarters, 4 Liberty Lane West, Hampton, New Hampshire, 03842 (the "Revocation Period"). This Agreement shall not be effective until the Revocation Period has expired.
 - c. You represent and warrant that you have not filed any claims, charges, suits, or actions of any kind against any of the Releasees that have not been fully resolved as of the date of the signing of this Agreement.
 - d. You represent and warrant that you have been properly paid for all time worked while you were employed and that you have received all benefits to which you were entitled. You further represent and warrant that you know of no facts and have no reason to believe that your rights under the Fair Labor Standards Act ("FLSA") have been violated. You agree not to opt in to any collective action seeking recovery for minimum wages or overtime under the FLSA or any similar state law, and will opt out of any class action seeking such a recovery.
 - e. You and the Company do not intend to release claims that you may not release as a matter of law.
 - f. Notwithstanding the foregoing, nothing in this Agreement prohibits you from reporting possible violations of federal law or regulation to any governmental agency or entity including but not
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limited to the Department of Justice, the Securities and Exchange Commission, Congress, and any Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation. You do not need the prior authorization of the Company to make any such reports or disclosures and you are not required to notify the Company that you have made such reports or disclosures.

- g. Nothing in this Agreement shall be construed to prohibit you from filing a charge or complaint with a government agency such as but not limited to the Equal Employment Opportunity Commission, the National Labor Relations Board, the Department of Labor, or other applicable state or local agency or from participating in any way with any investigation or proceeding conducted by any such agency. However, you understand and agree that, by entering into this Agreement, you are releasing your right to recover monetary damages or other individual relief in any charge, complaint or lawsuit filed by you or by anyone else on your behalf.
 - 8. Contact with Company Employees. You may contact the Company's Human Resources personnel or Legal Department if you have any questions about your benefits or this Agreement. Except as otherwise permitted under paragraph 5 of this Agreement, you agree that you will not contact other Company employees about your employment or the end of your employment with the Company.
 - 9. Employee's Representations. You hereby represent and warrant to the Company, with full knowledge that the Company intends to rely on these representations, the following:
 - a. Confidential Information. Subject to Section 9.6 below, you agree to the confidentiality provision in Section 6.4 of the Executive Severance Policy.
 - b. Non-solicitation of Employees. You agree to the non-competition provision in Section 6.2 of the Executive Severance Policy.
 - c. Non-compete. You agree to the non-competition provision in Section 6.1 of the Executive Severance Policy.
 - d. Non-disparagement. Subject to Section 9.6 below, you agree to the non-disparagement provision in Section 6.3 of the Executive Severance Policy. The Company will instruct the members of the Company's Executive team to not disparage you or your performance or otherwise take any action which could reasonably be expected to adversely affect your personal or professional reputation. Should you seek employment verification, please use The Work Number at www.theworknumber.com or call (800) 367-5690 (Employer – Planet Fitness World Headquarters; Code – 25561; Your ID – your social security number). Only your dates of employment and position will be provided.
 - e. You acknowledge that from and after the Separation Date, you shall have no authority to represent yourself as an employee or agent of the Company, and you agree not to represent yourself thereafter as an employee or agent of the Company. Furthermore, you agree not to discuss any matters pertaining to the Company with any current or former Company marketing vendors, including but not limited to the Publicis Groupe and Media Link, LLC. However, nothing in this provision shall be construed or interpreted as to limit your right to utilize, hire, or contract with marketing vendors currently used by the Company including, but not limited to, Publicis Groupe and Media Link, LLC, as a marketing vendor in the course of your future employment or business dealings as long as such future employment or business dealings do not violate any provision of this Agreement or the Executive Severance Policy, including, but not limited to, Sections 6.1, 6.2, and 6.4 of the Executive Severance Policy.
 - f. Nothing in this Agreement limits, restricts or in any other way affects your communicating with any governmental agency or entity, or communicating with any official or staff person of a governmental agency, concerning matters relevant to the governmental agency or entity. In addition, an action that would otherwise count as trade secret misappropriation will be immunized if the disclosure (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.
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10. Confidentiality. Subject to Section 9.6 above, (a) the Parties agree to keep the contents, terms and conditions of this Agreement confidential except (i) Employee may disclose the terms to his immediate family, accountant, or attorneys; (ii) the Company may disclose the terms to its Board of Directors, legal counsel, accountants, auditors, tax advisors, and/or any other individual(s) who need to know the terms in the ordinary course of business; or (iii) the Parties may disclose the terms pursuant to subpoena or court order; (b) the Parties acknowledge that they have not disclosed any such information in violation of this paragraph prior to signing this Agreement, and (c) the Parties agree that if they are asked for information concerning this Agreement, they will only state that Employee and the Company reached an amicable resolution of Employee's separation from the Company.
 11. No Admission of Liability. This Agreement is not and shall not be construed or contended by you to be an admission or evidence of any wrongdoing or liability on the part of Releasees, their representatives, heirs, executors, attorneys, agents, partners, officers, shareholders, directors, employees, subsidiaries, parents, affiliates, divisions, successors or assigns. This Agreement shall be afforded the maximum protection allowable under any state or federal provisions regarding such admissibility.
 12. Waiver and Invalidity. The failure of any party to enforce at any time any of the provisions of this Agreement shall in no way be construed as a waiver of any such provision, nor in any way affect the validity of this Agreement or any part thereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to be a waiver of any other or subsequent breach. The parties agree that the provisions of this Agreement shall be deemed severable and that the invalidity or unenforceability of any portion or any provision shall not affect the validity or enforceability of the other portions or provisions. Such provisions shall be appropriately limited and given effect to the extent that they may be enforceable.
 13. Remedies for Breach by Employee. You understand and agree that the Company's obligation to perform under this Agreement is conditioned upon your covenant and promise to the Company as set forth in this Agreement. In the event you breach any such covenants and promises or cause any such covenants or promises to be breached, you acknowledge and agree that the Company may suspend performance under this Agreement and/or seek all legal remedies including injunctive relief to enforce the provisions of this Agreement. In the event, however, you successfully challenge the Company's suspension or termination of performance under this Agreement or other legal remedy brought hereunder by the Company, the Company will be liable to you for all losses, costs, damages, fees, and expenses including, without limitation, attorneys' fees, incurred by you in defending against the Company's claims, causes of action, suspensions, terminations, or other legal remedies.
 14. Arbitration. The Parties agree that any dispute, controversy, or claim arising out of or related to your employment with Planet Fitness or termination of employment, this Agreement, or any alleged breach of this Agreement shall be governed by the Federal Arbitration Act ("FAA") and submitted to and decided by binding arbitration to be held in Rockingham County, New Hampshire. Arbitration shall be administered before the American Arbitration Association ("AAA") in accordance with AAA's Employment Due Process Protocol and the AAA's Employment Arbitration Rules. Any arbitral award determination shall be final and binding on the Parties and may be entered as a judgment in a court of competent jurisdiction.
 15. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of New Hampshire without regard to its conflict of laws principles.
 16. Successors, Assigns, and Representatives. This Agreement shall inure to and be binding upon the parties hereto, their respective heirs, legal representatives, successors, and assigns.
 17. Entire Agreement. Other than the Executive Severance Policy, which is hereby incorporated by reference in full, this Agreement constitutes the entire agreement between you and Releasees with respect to the subject matter hereof and, other than the Executive Severance Policy or unless specifically noted in Section 9 of this Agreement, supersedes all prior negotiations and agreements, whether written or oral, relating to such subject matter. Capitalized terms used herein without definition shall have the meanings assigned to them in the Executive Severance Policy, as applicable. You acknowledge that neither Releasees nor their agents or attorneys have made any promise, representation or warranty whatsoever, either express or implied, written or oral, which is not contained in this Agreement for the purpose of inducing you to execute the Agreement, and you acknowledge that you have voluntarily executed this Agreement in
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reliance only upon such promises, representations and warranties as are contained herein. This Agreement may only be modified in a writing signed by the parties.

18. Review of Separation Agreement. The Company hereby advises you to discuss this Agreement with an attorney before executing it. You may take up to twenty-one (21) days from the date of receipt to consider this Agreement and you understand that if you do not sign the Agreement within those twenty-one (21) days, then the Agreement shall be void. You have seven (7) days following your execution of this Agreement to revoke the Agreement.
19. Knowing and Voluntary Acknowledgement. You acknowledge, understand and agree that:
 - a. You have read and understand the terms and effect of this Agreement;
 - b. You affirm that you are fully competent to execute this Agreement and that you do so voluntarily and without any coercion, undue influence, threat, or intimidation of any kind or type and that you are not under duress; and
 - c. You release and waive claims under this Agreement knowingly and voluntarily, in exchange for consideration in addition to anything of value which you may already be entitled to receive.
20. Effective Date. This Agreement shall be effective on the eighth (8th) date after you sign it, after the Revocation Period has expired, provided that you have not revoked this Agreement.

If you agree to the terms of this Agreement, please sign below and return it to Kathy Gentilozzi, Human Resources, Planet Fitness Worldwide Headquarters, 4 Liberty Lane West, Hampton, NH 03842.

Sincerely,
Pla-Fit Franchise, LLC

By: /s/ Kathy Gentilozzi
Kathy Gentilozzi
Chief People Officer

By signing this Agreement, I represent and warrant that I agree to all provisions contained in this Agreement and hereby execute it voluntarily and with full understanding of its terms.

Signed: /s/ Jeremy Tucker Date: June 1, 2022

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

I, Chris Rondeau, certify that:

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

Date: November 9, 2022

/s/ Christopher Rondeau

Christopher Rondeau

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, 2022

/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, 2022 filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Chris Rondeau, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: November 9, 2022

/s/ Christopher Rondeau

Christopher Rondeau

Chief Executive Officer

(Principal Executive Officer)

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

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

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

Date: November 9, 2022

/s/ Thomas Fitzgerald

Thomas Fitzgerald

Chief Financial Officer

(Principal Financial Officer)