REFINITIV

# DELTA REPORT

## 10-Q

PLNT - PLANET FITNESS, INC.

10-Q - JUNE 30, 2023 COMPARED TO 10-Q - MARCH 31, 2023

The following comparison report has been automatically generated

| TOTAL DELTAS | 1087 |
|---|---|
| CHANGES | 327 |
| DELETIONS | 253 |
| ADDITIONS | 507 |

# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**
# FORM 10-Q

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

**For the quarterly period ended March 31, 2023June 30, 2023**

**OR**

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

**For the transition period from ________to ___________**

**Commission file number: 001-37534**

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

| | |
|---|---|
| **Delaware** | **38-3942097** |
| **(State or Other Jurisdiction of Incorporation or Organization)** | **(I.R.S. Employer Identification No.)** |

**4 Liberty Lane West, Hampton, NH 03842**
**(Address of Principal Executive Offices and Zip Code)**
**(603) 750-0001**
**(Registrant's Telephone Number, Including Area Code)**

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

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

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

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

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

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| Emerging growth company | ☐ | | |

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

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

As of May 3, 2023August 2, 2023 there were 84,957,86084,560,973 shares of the Registrant's Class A Common Stock, par value $0.0001 per share, outstanding and 4,234,4133,580,764 shares of the Registrant's Class B Common Stock, par value $0.0001 per share, outstanding.

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

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

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

**PART I-FINANCIAL INFORMATION**

**1. Financial Statements**

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

| | | March 31, 2023 | December 31, 2022 | | June 30, 2023 | December 31, 2022 |
|---|---|---|---|---|---|---|
| Assets | Assets | | | Assets | | |
| Current assets: | Current assets: | | | Current assets: | | |
| Cash and cash equivalents | Cash and cash equivalents | $ 460,425 | $ 409,840 | Cash and cash equivalents | $ 236,144 | $ 409,840 |
| Restricted cash | Restricted cash | 62,578 | 62,659 | Restricted cash | 62,516 | 62,659 |
| Accounts receivable, net of allowances for uncollectible amounts of $0 and $0 as of March 31, 2023 and December 31, 2022, respectively | | 20,750 | 46,242 | | | |
| Short-term marketable securities | | | | Short-term marketable securities | 117,765 | — |
| Accounts receivable, net of allowances for uncollectible amounts of $0 and $0 as of June 30, 2023 and December 31, 2022, respectively | | | | Accounts receivable, net of allowances for uncollectible amounts of $0 and $0 as of June 30, 2023 and December 31, 2022, respectively | 47,385 | 46,242 |
| Inventory | Inventory | 4,996 | 5,266 | Inventory | 6,854 | 5,266 |
| Restricted assets – national advertising fund | Restricted assets – national advertising fund | 13,387 | — | Restricted assets – national advertising fund | 9,918 | — |
| Prepaid expenses | Prepaid expenses | 17,364 | 11,078 | Prepaid expenses | 11,528 | 11,078 |
| Other receivables | Other receivables | 6,570 | 14,975 | Other receivables | 8,902 | 14,975 |
| Income tax receivables | Income tax receivables | 2,689 | 5,471 | Income tax receivables | 4,327 | 5,471 |
| Total current assets | Total current assets | 588,759 | 555,531 | Total current assets | 505,339 | 555,531 |
| Property and equipment, net of accumulated depreciation of $251,251 and $227,869 as of March 31, 2023 and December 31, 2022, respectively | | 344,344 | 348,820 | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Investments, net of allowances for expected credit losses of $15,212 and $14,957 as of March 31, 2023 and December 31, 2022, respectively | | 25,085 | 25,122 | | | |
| Long-term marketable securities | | | | Long-term marketable securities | 2,499 | — |
| Property and equipment, net of accumulated depreciation of $274,160 and $227,869 as of June 30, 2023 and December 31, 2022, respectively | | | | Property and equipment, net of accumulated depreciation of $274,160 and $227,869 as of June 30, 2023 and December 31, 2022, respectively | 346,646 | 348,820 |
| Investments, net of allowances for expected credit losses of $15,052 and $14,957 as of June 30, 2023 and December 31, 2022, respectively | | | | Investments, net of allowances for expected credit losses of $15,052 and $14,957 as of June 30, 2023 and December 31, 2022, respectively | 35,668 | 25,122 |
| Right-of-use assets, net | Right-of-use assets, net | 341,703 | 346,937 | Right-of-use assets, net | 355,405 | 346,937 |
| Intangible assets, net | Intangible assets, net | 404,490 | 417,067 | Intangible assets, net | 398,416 | 417,067 |
| Goodwill | Goodwill | 702,690 | 702,690 | Goodwill | 717,502 | 702,690 |
| Deferred income taxes | Deferred income taxes | 494,695 | 454,565 | Deferred income taxes | 482,834 | 454,565 |
| Other assets, net | Other assets, net | 3,799 | 3,857 | Other assets, net | 3,926 | 3,857 |
| Total assets | Total assets | $ 2,905,565 | $ 2,854,589 | Total assets | $ 2,848,235 | $ 2,854,589 |
| **Liabilities and stockholders' deficit** | **Liabilities and stockholders' deficit** | | | **Liabilities and stockholders' deficit** | | |
| Current liabilities: | Current liabilities: | | | Current liabilities: | | |
| Current maturities of long-term debt | Current maturities of long-term debt | $ 20,750 | $ 20,750 | Current maturities of long-term debt | $ 20,750 | $ 20,750 |
| Accounts payable | Accounts payable | 16,961 | 20,578 | Accounts payable | 29,461 | 20,578 |
| Accrued expenses | Accrued expenses | 47,014 | 66,993 | Accrued expenses | 44,752 | 66,993 |
| Equipment deposits | Equipment deposits | 12,851 | 8,443 | Equipment deposits | 12,098 | 8,443 |
| Deferred revenue, current | Deferred revenue, current | 73,249 | 53,759 | Deferred revenue, current | 72,210 | 53,759 |
| Payable pursuant to tax benefit arrangements, current | Payable pursuant to tax benefit arrangements, current | 31,940 | 31,940 | Payable pursuant to tax benefit arrangements, current | 41,392 | 31,940 |
| Other current liabilities | Other current liabilities | 47,458 | 42,067 | Other current liabilities | 53,751 | 42,067 |
| Total current liabilities | Total current liabilities | 250,223 | 244,530 | Total current liabilities | 274,414 | 244,530 |
| Long-term debt, net of current maturities | Long-term debt, net of current maturities | 1,974,303 | 1,978,131 | Long-term debt, net of current maturities | 1,970,487 | 1,978,131 |
| Lease liabilities, net of current portion | Lease liabilities, net of current portion | 336,024 | 341,843 | Lease liabilities, net of current portion | 346,900 | 341,843 |
| Deferred revenue, net of current portion | Deferred revenue, net of current portion | 33,071 | 33,152 | Deferred revenue, net of current portion | 32,790 | 33,152 |
| Deferred tax liabilities | Deferred tax liabilities | 1,459 | 1,471 | Deferred tax liabilities | 1,399 | 1,471 |
| Payable pursuant to tax benefit arrangements, net of current portion | Payable pursuant to tax benefit arrangements, net of current portion | 464,840 | 462,525 | Payable pursuant to tax benefit arrangements, net of current portion | 433,608 | 462,525 |
| Other liabilities | Other liabilities | 4,224 | 4,498 | Other liabilities | 4,598 | 4,498 |
| Total noncurrent liabilities | Total noncurrent liabilities | 2,813,921 | 2,821,620 | Total noncurrent liabilities | 2,789,782 | 2,821,620 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Commitments and contingencies (Note 14) | Commitments and contingencies (Note 14) | | | Commitments and contingencies (Note 14) | | |
| Stockholders' equity (deficit): | Stockholders' equity (deficit): | | | Stockholders' equity (deficit): | | |
| | Class A common stock, $.0001 par value - 300,000 authorized, 85,230 and 83,430 shares issued and outstanding as of March 31, 2023 and December 31, 2022, respectively | 9 | 8 | | | |
| | Class B common stock, $.0001 par value - 100,000 authorized, 4,245 and 6,146 shares issued and outstanding as of March 31, 2023 and December 31, 2022, respectively | — | 1 | | | |
| Class A common stock, $.0001 par value - 300,000 authorized, 83,980 and 83,430 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively | | | | Class A common stock, $.0001 par value - 300,000 authorized, 83,980 and 83,430 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively | 9 | 8 |
| Class B common stock, $.0001 par value - 100,000 authorized, 4,151 and 6,146 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively | | | | Class B common stock, $.0001 par value - 100,000 authorized, 4,151 and 6,146 shares issued and outstanding as of June 30, 2023 and December 31, 2022, respectively | — | 1 |
| Accumulated other comprehensive loss | Accumulated other comprehensive loss | (367) | (448) | Accumulated other comprehensive loss | (333) | (448) |
| Additional paid in capital | Additional paid in capital | 555,267 | 505,144 | Additional paid in capital | 564,170 | 505,144 |
| Accumulated deficit | Accumulated deficit | (706,017) | (703,717) | Accumulated deficit | (765,815) | (703,717) |
| Total stockholders' deficit attributable to Planet Fitness Inc. | Total stockholders' deficit attributable to Planet Fitness Inc. | (151,108) | (199,012) | Total stockholders' deficit attributable to Planet Fitness Inc. | (201,969) | (199,012) |
| Non-controlling interests | Non-controlling interests | (7,471) | (12,549) | Non-controlling interests | (13,992) | (12,549) |
| Total stockholders' deficit | Total stockholders' deficit | (158,579) | (211,561) | Total stockholders' deficit | (215,961) | (211,561) |
| Total liabilities and stockholders' deficit | Total liabilities and stockholders' deficit | $ 2,905,565 | $ 2,854,589 | Total liabilities and stockholders' deficit | $ 2,848,235 | $ 2,854,589 |

*See accompanying notes to condensed consolidated financial statements*

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

| | | For the three months ended March 31, | | | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|---|---|---|---|
| | | 2023 | 2022 | | 2023 | 2022 | 2023 | 2022 |
| Revenue: | Revenue: | | | Revenue: | | | | |
| Franchise | Franchise | $ 75,878 | $ 66,117 | Franchise | $ 80,846 | $ 67,958 | $ 156,726 | $ 134,075 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| National advertising fund revenue | National advertising fund revenue | 16,804 | 13,967 | National advertising fund revenue | 17,996 | 14,585 | 34,800 | 28,552 |
| Corporate-owned stores | Corporate-owned stores | 105,882 | 76,157 | Corporate-owned stores | 113,759 | 101,453 | 219,640 | 177,610 |
| Equipment | Equipment | 23,661 | 30,435 | Equipment | 73,862 | 40,446 | 97,523 | 70,881 |
| Total revenue | Total revenue | 222,225 | 186,676 | Total revenue | 286,463 | 224,442 | 508,689 | 411,118 |
| Operating costs and expenses: | Operating costs and expenses: | | | Operating costs and expenses: | | | | |
| Cost of revenue | Cost of revenue | 19,354 | 22,361 | Cost of revenue | 59,457 | 32,544 | 78,810 | 54,905 |
| Store operations | Store operations | 66,015 | 47,535 | Store operations | 58,876 | 56,362 | 124,891 | 103,897 |
| Selling, general and administrative | Selling, general and administrative | 27,767 | 30,826 | Selling, general and administrative | 32,646 | 28,202 | 60,415 | 59,028 |
| National advertising fund expense | National advertising fund expense | 16,987 | 14,547 | National advertising fund expense | 17,890 | 18,889 | 34,878 | 33,436 |
| Depreciation and amortization | Depreciation and amortization | 36,010 | 25,683 | Depreciation and amortization | 36,767 | 32,172 | 72,777 | 57,855 |
| Other losses (gains), net | Other losses (gains), net | 3,936 | (2,933) | Other losses (gains), net | 3,825 | 1,181 | 7,761 | (1,752) |
| Total operating costs and expenses | Total operating costs and expenses | 170,069 | 138,019 | Total operating costs and expenses | 209,461 | 169,350 | 379,532 | 307,369 |
| Income from operations | Income from operations | 52,156 | 48,657 | Income from operations | 77,002 | 55,092 | 129,157 | 103,749 |
| Other expense, net: | Other expense, net: | | | Other expense, net: | | | | |
| Interest income | Interest income | 3,931 | 209 | Interest income | 4,163 | 474 | 8,094 | 683 |
| Interest expense | Interest expense | (21,599) | (22,631) | Interest expense | (21,468) | (21,979) | (43,067) | (44,610) |
| Other income | Other income | 113 | 4,090 | Other income | 370 | 148 | 483 | 4,238 |
| Total other expense, net | Total other expense, net | (17,555) | (18,332) | Total other expense, net | (16,935) | (21,357) | (34,490) | (39,689) |
| Income before income taxes | Income before income taxes | 34,601 | 30,325 | Income before income taxes | 60,067 | 33,735 | 94,667 | 64,060 |
| Equity losses of unconsolidated entities, net of tax | Equity losses of unconsolidated entities, net of tax | (265) | (238) | Equity losses of unconsolidated entities, net of tax | (73) | (94) | (338) | (332) |
| Provision for income taxes | Provision for income taxes | 9,567 | 11,711 | Provision for income taxes | 15,814 | 8,570 | 25,381 | 20,281 |
| Net income | Net income | 24,769 | 18,376 | Net income | 44,180 | 25,071 | 68,948 | 43,447 |
| Less net income attributable to non-controlling interests | Less net income attributable to non-controlling interests | 2,064 | 1,912 | Less net income attributable to non-controlling interests | 3,045 | 2,729 | 5,109 | 4,641 |
| Net income attributable to Planet Fitness, Inc. | Net income attributable to Planet Fitness, Inc. | $ 22,705 | $ 16,464 | Net income attributable to Planet Fitness, Inc. | $ 41,135 | $ 22,342 | 63,839 | $ 38,806 |
| Net income per share of Class A common stock: | Net income per share of Class A common stock: | | | Net income per share of Class A common stock: | | | | |
| Basic | Basic | $ 0.27 | $ 0.20 | Basic | $ 0.49 | $ 0.26 | $ 0.76 | $ 0.46 |
| Diluted | Diluted | $ 0.27 | $ 0.19 | Diluted | $ 0.48 | $ 0.26 | $ 0.75 | $ 0.46 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Weighted-average shares of Class A common stock outstanding: | Weighted-average shares of Class A common stock outstanding: | | | Weighted-average shares of Class A common stock outstanding: | | | | |
| Basic | Basic | 84,444 | 84,166 | Basic | 84,618 | 84,810 | 84,532 | 84,490 |
| Diluted | Diluted | 84,787 | 84,635 | Diluted | 84,908 | 85,197 | 84,850 | 84,919 |

*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 March 31, | | | For the three months ended June 30, | | For the six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2023 | 2022 | | 2023 | 2022 | 2023 | 2022 | | |
| Net income including non-controlling interests | Net income including non-controlling interests | $ 24,769 | $ 18,376 | Net income including non-controlling interests | $ 44,180 | $ 25,071 | $ 68,948 | $ 43,447 | | |
| Other comprehensive income, net: | Other comprehensive income, net: | | | Other comprehensive income, net: | | | | | | |
| Foreign currency translation adjustments | Foreign currency translation adjustments | 81 | 85 | Foreign currency translation adjustments | 329 | (207) | 410 | (122) | | |
| Change in unrealized gains/losses on marketable securities, net of tax | | | | | | Change in unrealized gains/losses on marketable securities, net of tax | (295) | — | (295) | — |
| Total other comprehensive income, net | Total other comprehensive income, net | 81 | 85 | Total other comprehensive income, net | 34 | (207) | 115 | (122) | | |
| Total comprehensive income including non-controlling interests | Total comprehensive income including non-controlling interests | 24,850 | 18,461 | Total comprehensive income including non-controlling interests | 44,214 | 24,864 | 69,063 | 43,325 | | |
| Less: total comprehensive income attributable to non-controlling interests | Less: total comprehensive income attributable to non-controlling interests | 2,064 | 1,912 | Less: total comprehensive income attributable to non-controlling interests | 3,045 | 2,729 | 5,109 | 4,641 | | |
| Total comprehensive income attributable to Planet Fitness, Inc. | Total comprehensive income attributable to Planet Fitness, Inc. | $ 22,786 | $ 16,549 | Total comprehensive income attributable to Planet Fitness, Inc. | $ 41,169 | $ 22,135 | $ 63,954 | $ 38,684 | | |

*See accompanying notes to condensed consolidated financial statements.*

**Planet Fitness, Inc. and subsidiaries**
**Condensed consolidated statements of cash flows**

(Unaudited)
(Amounts in thousands)

| | | For the three months ended March 31, | | | For the six months ended June 30, | |
|---|---|---|---|---|---|---|
| | | 2023 | 2022 | | 2023 | 2022 |
| Cash flows from operating activities: | Cash flows from operating activities: | | | Cash flows from operating activities: | | |
| Net income | Net income | $ 24,769 | $ 18,376 | Net income | $ 68,948 | $ 43,447 |
| Adjustments to reconcile net income to net cash provided by operating activities: | Adjustments to reconcile net income to net cash provided by operating activities: | | | Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | Depreciation and amortization | 36,010 | 25,683 | Depreciation and amortization | 72,777 | 57,855 |
| Amortization of deferred financing costs | Amortization of deferred financing costs | 1,360 | 1,369 | Amortization of deferred financing costs | 2,731 | 2,755 |
| Write-off of deferred financing costs | | | | Write-off of deferred financing costs | — | 1,583 |
| Amortization of asset retirement obligations | | 95 | 17 | | | |
| Accretion of marketable securities discount | | | | Accretion of marketable securities discount | (944) | — |
| Dividends accrued on investment | Dividends accrued on investment | (483) | (451) | Dividends accrued on investment | (979) | (914) |
| Deferred tax expense | Deferred tax expense | 8,082 | 10,940 | Deferred tax expense | 21,575 | 18,843 |
| Loss on extinguishment of debt | | — | 1,583 | | | |
| Equity losses of unconsolidated entities, net of tax | Equity losses of unconsolidated entities, net of tax | 265 | 238 | Equity losses of unconsolidated entities, net of tax | 338 | 332 |
| Loss (gain) on adjustment of allowance for credit losses on held-to-maturity investment | Loss (gain) on adjustment of allowance for credit losses on held-to-maturity investment | 255 | (2,110) | Loss (gain) on adjustment of allowance for credit losses on held-to-maturity investment | 95 | (1,845) |
| Gain on re-measurement of tax benefit arrangement | Gain on re-measurement of tax benefit arrangement | — | (3,788) | Gain on re-measurement of tax benefit arrangement | — | (3,871) |
| Loss on reacquired franchise rights | Loss on reacquired franchise rights | — | 1,160 | Loss on reacquired franchise rights | 110 | 1,160 |
| Equity-based compensation | Equity-based compensation | 2,049 | 2,850 | Equity-based compensation | 4,793 | 5,601 |
| Other | Other | (139) | (53) | Other | (51) | 65 |
| Changes in operating assets and liabilities, excluding effects of acquisitions: | Changes in operating assets and liabilities, excluding effects of acquisitions: | | | Changes in operating assets and liabilities, excluding effects of acquisitions: | | |
| Accounts receivable | Accounts receivable | 25,619 | 14,415 | Accounts receivable | (781) | 3,884 |
| Inventory | Inventory | 266 | (589) | Inventory | (1,580) | (1,885) |
| Other assets and other current assets | Other assets and other current assets | 2,010 | (5,522) | Other assets and other current assets | 4,431 | (7,683) |

| | | | | | | |
|---|---|---|---|---|---|---|
| Restricted assets - national advertising fund | Restricted assets - national advertising fund | (13,387) | (22,569) | Restricted assets - national advertising fund | (9,918) | (12,804) |
| Accounts payable and accrued expenses | Accounts payable and accrued expenses | (19,928) | (7,284) | Accounts payable and accrued expenses | (13,427) | (19,949) |
| Other liabilities and other current liabilities | Other liabilities and other current liabilities | 4,907 | 1,035 | Other liabilities and other current liabilities | 8,312 | 2,225 |
| Income taxes | Income taxes | 2,736 | 625 | Income taxes | 1,368 | 64 |
| Payable pursuant to tax benefit arrangements | | | | Payable pursuant to tax benefit arrangements | (21,780) | (14,211) |
| Equipment deposits | Equipment deposits | 4,408 | 6,869 | Equipment deposits | 3,654 | 16,838 |
| Deferred revenue | Deferred revenue | 19,395 | 15,306 | Deferred revenue | 17,313 | 17,783 |
| Leases | Leases | (379) | (90) | Leases | 345 | 990 |
| Net cash provided by operating activities | Net cash provided by operating activities | 97,910 | 58,010 | Net cash provided by operating activities | 157,330 | 110,263 |
| Cash flows from investing activities: | Cash flows from investing activities: | | | Cash flows from investing activities: | | |
| Additions to property and equipment | Additions to property and equipment | (22,997) | (23,872) | Additions to property and equipment | (45,143) | (41,423) |
| Acquisition of franchises, net of cash acquired | | — | (425,834) | | | |
| Acquisition of franchisees, net of cash acquired | | | | Acquisition of franchisees, net of cash acquired | (26,264) | (424,940) |
| Proceeds from sale of property and equipment | | | | Proceeds from sale of property and equipment | — | 60 |
| Purchases of marketable securities | | | | Purchases of marketable securities | (119,614) | — |
| Other investments | | | | Other investments | (10,000) | — |
| Net cash used in investing activities | Net cash used in investing activities | (22,997) | (449,706) | Net cash used in investing activities | (201,021) | (466,303) |
| Cash flows from financing activities: | Cash flows from financing activities: | | | Cash flows from financing activities: | | |
| Principal payments on capital lease obligations | Principal payments on capital lease obligations | (56) | (52) | Principal payments on capital lease obligations | (107) | (132) |
| Proceeds from issuance of long-term debt | Proceeds from issuance of long-term debt | — | 900,000 | Proceeds from issuance of long-term debt | — | 900,000 |
| Proceeds from issuance of Variable Funding Notes | Proceeds from issuance of Variable Funding Notes | — | 75,000 | Proceeds from issuance of Variable Funding Notes | — | 75,000 |
| Repayment of long-term debt and Variable Funding Notes | Repayment of long-term debt and Variable Funding Notes | (5,188) | (634,250) | Repayment of long-term debt and Variable Funding Notes | (10,375) | (714,438) |

| | | | | | | |
|---|---|---|---|---|---|---|
| Payment of financing and other debt-related costs | Payment of financing and other debt-related costs | — | (16,191) | Payment of financing and other debt-related costs | — | (16,193) |
| Proceeds from issuance of Class A common stock | Proceeds from issuance of Class A common stock | 6,748 | 525 | Proceeds from issuance of Class A common stock | 8,372 | 676 |
| Repurchase and retirement of Class A common stock | Repurchase and retirement of Class A common stock | (25,005) | — | Repurchase and retirement of Class A common stock | (125,030) | (44,299) |
| Distributions paid to members of Pla-Fit Holdings | Distributions paid to members of Pla-Fit Holdings | (1,106) | (815) | Distributions paid to members of Pla-Fit Holdings | (3,736) | (2,023) |
| Net cash (used in) provided by financing activities | Net cash (used in) provided by financing activities | (24,607) | 324,217 | Net cash (used in) provided by financing activities | (130,876) | 198,591 |
| Effects of exchange rate changes on cash and cash equivalents | Effects of exchange rate changes on cash and cash equivalents | 198 | 206 | Effects of exchange rate changes on cash and cash equivalents | 728 | (219) |
| Net increase (decrease) in cash, cash equivalents and restricted cash | | 50,504 | (67,273) | | | |
| Net decrease in cash, cash equivalents and restricted cash | | | | Net decrease in cash, cash equivalents and restricted cash | (173,839) | (157,668) |
| Cash, cash equivalents and restricted cash, beginning of period | Cash, cash equivalents and restricted cash, beginning of period | 472,499 | 603,941 | Cash, cash equivalents and restricted cash, beginning of period | 472,499 | 603,941 |
| Cash, cash equivalents and restricted cash, end of period | Cash, cash equivalents and restricted cash, end of period | $ 523,003 | $ 536,668 | Cash, cash equivalents and restricted cash, end of period | $ 298,660 | $ 446,273 |
| Supplemental cash flow information: | Supplemental cash flow information: | | | Supplemental cash flow information: | | |
| Net (refund received) cash paid for income taxes | | $ (1,016) | $ 130 | | | |
| Net cash paid for income taxes | | | | Net cash paid for income taxes | $ 2,763 | $ 1,353 |
| Cash paid for interest | Cash paid for interest | $ 20,373 | $ 16,874 | Cash paid for interest | $ 40,693 | $ 40,057 |
| Non-cash investing activities: | Non-cash investing activities: | | | Non-cash investing activities: | | |
| Non-cash additions to property and equipment | Non-cash additions to property and equipment | $ 11,682 | $ 4,470 | Non-cash additions to property and equipment | $ 15,058 | $ 9,608 |
| Fair value of common stock issued as consideration for acquisition | Fair value of common stock issued as consideration for acquisition | $ — | $ 393,730 | 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 | Additional paid-in capital | Accumulated deficit | Non-controlling interests | Total (deficit) equity | | Class A common stock | Class B common stock |
|---|---|---|---|---|---|---|---|---|---|---|

| | | Shares | Amount | Shares | Amount | comprehensive income | | | | Shares | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Balance at December 31, 2022 | Balance at December 31, 2022 | 83,430 | $ 8 | 6,146 | $ 1 | $ (448) | $505,144 | $ (703,717) | $(12,549) | | $(211,561) |
| Net income | Net income | — | — | — | — | — | — | 22,705 | 2,064 | | 24,769 |
| Equity-based compensation expense | Equity-based compensation expense | — | — | — | — | — | 2,049 | — | — | | 2,049 |
| Exchanges of Class B common stock and other adjustments | Exchanges of Class B common stock and other adjustments | 1,901 | 1 | (1,901) | (1) | — | (4,353) | — | 4,353 | | — |
| Repurchase and retirement of Class A common stock | Repurchase and retirement of Class A common stock | (318) | — | — | — | — | | (25,005) | — | | (25,005) |
| Exercise of stock options, vesting of restricted share units and ESPP share purchase | Exercise of stock options, vesting of restricted share units and ESPP share purchase | 217 | — | — | — | — | 6,524 | — | — | | 6,524 |
| Tax benefit arrangement liability and deferred taxes arising from exchanges of Class B common stock and other adjustments | Tax benefit arrangement liability and deferred taxes arising from exchanges of Class B common stock and other adjustments | — | — | — | — | — | 45,903 | — | — | | 45,903 |
| Non-cash adjustments to VIEs | Non-cash adjustments to VIEs | — | — | — | — | — | — | — | (233) | | (233) |
| Deconsolidation of VIEs | | | | | | | | | | | |
| Distributions paid to members of Pla-Fit Holdings | Distributions paid to members of Pla-Fit Holdings | — | — | — | — | — | — | — | (1,106) | | (1,106) |
| Other comprehensive income | Other comprehensive income | — | — | — | — | 81 | — | — | — | | 81 |
| Balance at March 31, 2023 | | 85,230 | $ 9 | 4,245 | $ — | $ (367) | $555,267 | $ (706,017) | $ (7,471) | | $(158,579) |
| Balance at June 30, 2023 | | | | | | | | | | | |

| | Amount | | Shares | Amount | c |
|---|---|---|---|---|---|
| Balance at December 31, 2022 | 83,430 | $ 8 | 6,146 | $ 1 | $ |
| Net income | — | — | — | — | |
| Equity-based compensation expense | — | — | — | — | |
| Exchanges of Class B common stock and other adjustments | 1,995 | 1 | (1,995) | (1) | |
| Repurchase and retirement of Class A common stock | (1,699) | — | — | — | |
| Exercise of stock options, vesting of restricted share units and ESPP share purchase | 254 | — | — | — | |
| Tax benefit arrangement liability and deferred taxes arising from exchanges of Class B common stock and other adjustments | — | — | — | — | |
| Non-cash adjustments to VIEs | — | — | — | — | |
| Deconsolidation of VIEs | — | — | — | — | |
| Distributions paid to members of Pla-Fit Holdings | — | — | — | — | |
| Other comprehensive income | — | — | — | — | |
| Balance at June 30, 2023 | 83,980 | $ 9 | 4,151 | $— | $ |

| | | 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 | | | | | Shares | |
| Balance at December 31, 2021 | Balance at December 31, 2021 | 83,804 | $ 8 | 3,056 | $ 1 | $ 12 | $ 63,428 | $ (708,804) | $ 2,510 | | $(642,845) |
| Net income | Net income | — | — | — | — | — | — | 16,464 | 1,912 | | 18,376 |
| Equity-based compensation expense | Equity-based compensation expense | — | — | — | — | — | 2,850 | — | — | | 2,850 |
| Exchanges of Class B common stock | | 548 | — | (548) | — | — | (197) | — | 197 | | — |

| | Class A common stock | | Class B common stock | | Accum ot compre incom |
|---|---|---|---|---|---|
| | Amount | | Shares | Amount | |
| Balance at December 31, 2021 | 83,804 | $ 8 | 3,056 | $1 | $ |
| Net income | — | — | — | — | |
| Equity-based compensation expense | — | — | — | — | |





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| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Exchanges of Class B common stock and other adjustments | | | | | | | | | | | Exchanges of Class B common stock and other adjustments | 548 | — | (548) | — |
| Repurchase and retirement of Class A common stock | | | | | | | | | | | Repurchase and retirement of Class A common stock | (697) | — | — | — |
| Exercise of stock options, vesting of restricted share units and ESPP share purchase | Exercise of stock options, vesting of restricted share units and ESPP share purchase | 38 | — | — | — | — | 374 | — | — | 374 | Exercise of stock options, vesting of restricted share units and ESPP share purchase | 58 | — | — | — |
| Issuance of common stock for acquisition | Issuance of common stock for acquisition | 517 | — | 3,638 | — | — | 395,545 | — | (1,815) | 393,730 | Issuance of common stock for acquisition | 517 | — | 3,638 | — |
| Tax benefit arrangement liability and deferred taxes arising from exchanges of Class B common stock | | — | — | — | — | — | 17,535 | — | — | 17,535 | | | | | |
| Tax benefit arrangement liability and deferred taxes arising from exchanges of Class B common stock and other adjustments | | | | | | | | | | | Tax benefit arrangement liability and deferred taxes arising from exchanges of Class B common stock and other adjustments | — | — | — | — |
| Non-cash adjustments to VIEs | Non-cash adjustments to VIEs | — | — | — | — | — | — | — | (228) | (228) | Non-cash adjustments to VIEs | — | — | — | — |
| Distributions paid to members of Pla-Fit Holdings | Distributions paid to members of Pla-Fit Holdings | — | — | — | — | — | — | — | (815) | (815) | Distributions paid to members of Pla-Fit Holdings | — | — | — | — |
| Other comprehensive income | | — | — | — | — | 85 | — | — | — | 85 | | | | | |
| Balance at March 31, 2022 | | 84,907 | $ 8 | 6,146 | $ 1 | $ 97 | $479,535 | $ (692,340) | $ 1,761 | $(210,938) | | | | | |
| Other comprehensive loss | | | | | | | | | | | Other comprehensive loss | — | — | — | — |
| Balance at June 30, 2022 | | | | | | | | | | | Balance at June 30, 2022 | 84,230 | $ 8 | 6,146 | $1 |
| | | | | | | | | | | | | | | | $ |

| | 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 March 31, 2023 | 85,230 | $ 9 | 4,245 | $ — | $ (367) | $ 555,267 | $ (706,017) | $ (7,471) | $ (158,579) |
| Net income | — | — | — | — | — | — | 41,135 | 3,045 | 44,180 |
| Equity-based compensation expense | — | — | — | — | — | 2,744 | — | — | 2,744 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Exchanges of Class B common stock | 94 | — | (94) | — | — | (313) | — | 313 | — |
| Exercise of stock options, vesting of restricted share units and ESPP share purchase | 37 | — | — | — | — | 1,496 | — | — | 1,496 |
| Repurchase and retirement of Class A common stock | (1,381) | — | — | — | — | 3,117 | (101,074) | (3,117) | (101,074) |
| Tax benefit arrangement liability and deferred taxes arising from exchanges of Class B common stock | — | — | — | — | — | 1,859 | — | — | 1,859 |
| Non-cash adjustments to VIEs | — | — | — | — | — | — | — | (156) | (156) |
| Deconsolidation of VIEs | — | — | — | — | — | — | 141 | (3,976) | (3,835) |
| Distributions paid to members of Pla-Fit Holdings | — | — | — | — | — | — | — | (2,630) | (2,630) |
| Other comprehensive income | — | — | — | — | 34 | — | — | — | 34 |
| Balance at June 30, 2023 | 83,980 | $ 9 | 4,151 | $ — | $ (333) | $ 564,170 | $ (765,815) | $ (13,992) | $ (215,961) |

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

*See accompanying notes to condensed consolidated financial statements.*

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

**(1) Business organization**

Planet Fitness, Inc. (the "Company"), through its subsidiaries, is a franchisor and operator of fitness centers, with more than 18.1 million 18.4 million members and 2,446 2,472 owned and franchised locations (referred to as stores) in 50 states, the District of Columbia, Puerto Rico, Canada, Panama, Mexico and Australia as of March 31, 2023 June 30, 2023.

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

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

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

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

The Company is a holding company whose principal asset is a controlling equity interest in the membership units ("Holdings Units") in Pla-Fit Holdings. As the sole managing member of Pla-Fit Holdings, the Company operates and controls all of the business and affairs of Pla-Fit Holdings, and through Pla-Fit Holdings, conducts its business. As a result, the Company consolidates Pla-Fit Holdings' financial results and reports a non-controlling interest related to the portion of Holdings Units not owned by the Company.

As of March 31, 2023June 30, 2023, the Company held 100.0% of the voting interest and approximately 95.3% of the economic interest in Pla-Fit Holdings and the owners of Holdings Units other than the Company (the "Continuing LLC Owners") held the remaining 4.7% economic interest in Pla-Fit Holdings. As future exchanges of Holdings Units occur, the economic interest in Pla-Fit Holdings held by Planet Fitness, Inc. will increase.

**(2) Summary of significant accounting policies**

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

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

The condensed consolidated financial statements as of and for the three and six months ended March 31, 2023June 30, 2023 and 2022 are unaudited. The condensed consolidated balance sheet as of December 31, 2022 has been derived from the audited financial statements at that date but does not include all of the disclosures required by U.S. GAAP. These interim condensed consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2022 (the "Annual Report") filed with the SEC on March 1, 2023, as amended on March 2, 2023. The Company's significant interim accounting policies include the proportional recognition of national advertising fund expenses within interim periods. Operating results for the interim periods are not necessarily indicative of the results that may be expected for the full year.



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

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

***(c) Marketable securities***

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

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

***(d) Fair Value 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 fair value measurements and levels of marketable securities are included in Note 3.

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

| | March 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|
| | Carrying value | Estimated fair value(1) | Carrying value | Estimated fair value(1) |
| Liabilities | | | | |
| Long-term debt(1) | $ 2,020,000 | $ 1,821,251 | $ 2,025,188 | $ 1,730,634 |

| | June 30, 2023 | | December 31, 2022 | |
|---|---|---|---|---|
| | Carrying value | Estimated fair value(1) | Carrying value | Estimated fair value(1) |
| Liabilities | | | | |
| Long-term debt(1) | $ 2,014,814 | $ 1,774,495 | $ 2,025,188 | $ 1,730,634 |

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

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

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

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

**(3) Investments**

*Investments - Debt Marketable securities*

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

| | June 30, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Amortized Cost | Unrealized Gains | Unrealized Losses | Fair Value | Cash Equivalents | Marketable Securities |
| Level 1 | | | | | | |
| Money market funds | 849 | — | — | 849 | 849 | — |
| Level 2 | | | | | | |
| Commercial paper | 77,855 | — | (105) | 77,751 | 4,990 | 72,761 |
| Corporate debt securities | 40,770 | — | (173) | 40,597 | — | 40,597 |
| U.S. treasury securities | 4,965 | — | (11) | 4,954 | — | 4,954 |
| U.S. government agency securities | 1,958 | — | (6) | 1,952 | — | 1,952 |
| Total level 2 | 125,548 | — | (295) | 125,254 | 4,990 | 120,264 |
| Total | 126,397 | — | (295) | 126,103 | 5,839 | 120,264 |

The Company held no marketable securities as of December 31, 2022. The Company primarily invests in current marketable debt securities with an average duration of approximately six months. As of June 30, 2023, non-current marketable debt securities with a maturity beyond twelve months from the end of the period were $2,499, which are included within investments in the consolidated balance sheet. The remainder of the marketable securities are classified as current.

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

*Investments - Held-to-maturity debt securities*

As of March 31, 2023 June 30, 2023, the Company's debt security investment consists of redeemable preferred shares that are accounted for as a held-to-maturity investment. The Company's investment is measured at amortized cost within investments in the condensed consolidated balance sheets. The Company reviews its held-to-maturity securities for expected credit losses under ASC Topic 326, *Credit Impairment*, on an ongoing basis.

During the three and six months ended March 31, 2023 June 30, 2023 and 2022, the Company's review of the investee's operations and financial position indicated that an adjustment to its allowance for expected credit losses was necessary. Based upon its analysis, the Company recorded a gain for the three months ended June 30, 2023 of $160 and a loss for the three months ended March 31, 2023 June 30, 2022 of $255 $265, and a loss for the six months ended June 30, 2023 of $95 and a gain for the three six months ended March 31, 2022 June 30, 2022 of $2,110, $1,845, within other losses (gains), net on the consolidated statements of operations.

The amortized cost, including accrued dividends, of the Company's held-to-maturity debt security investments was $28,760 $29,256 and $28,277 and the allowance for expected credit losses was $15,212 $15,052 and $14,957, as of March 31, 2023 June 30, 2023 and December 31, 2022, respectively. During the three months ended March 31, 2023 June 30, 2023 and 2022, the Company recognized dividend income of $483 $496 and $451, $463, respectively, and during the six months ended June 30, 2023 and 2022, of $979 and $914, respectively, within other income on the consolidated statements of operations.



As of March 31, 2023 June 30, 2023, 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:

| | Three months ended March 31, | |
|---|---|---|
| | 2023 | 2022 |
| Beginning allowance for expected credit losses | $ 14,957 | $ 17,462 |
| Loss (gain) on adjustment of allowance for expected credit losses | 255 | (2,110) |
| Write-offs, net of recoveries | — | — |
| Ending allowance for expected credit losses | $ 15,212 | $ 15,352 |

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

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Beginning allowance for expected credit losses | $ 15,212 | $ 15,352 | $ 14,957 | $ 17,462 |
| Loss (gain) on adjustment of allowance for expected credit losses | (160) | 265 | 95 | (1,845) |
| Write-offs, net of recoveries | — | — | — | — |
| Ending allowance for expected credit losses | $ 15,052 | $ 15,617 | $ 15,052 | $ 15,617 |

*Equity method investments*

On April 9, 2021, the Company acquired a 21% ownership interest in Bravo Fit Holdings Pty Ltd, the Company's franchisee and store operator in Australia, which is deemed to be a related party, for $10,000. In the fourth quarter of 2022, the Company invested an additional $2,449 in Bravo Fit Holdings Pty Ltd. Following such additional investment, its ownership remained at 21%. For the three months ended March 31, 2023 June 30, 2023 and 2022, the Company's proportionate share of the earnings in accordance with the equity method was a loss of $265 $73 and $238, $94, respectively, and for the six months ended June 30, 2023 and 2022, the Company's proportionate share of the earnings was a loss of $338 and $332, respectively, recorded within equity earnings of unconsolidated entities on the condensed consolidated statement of operations. The adjusted carrying value of the equity method investment was $11,537 $11,464 and $11,802 as of March 31, 2023 June 30, 2023 and December 31, 2022, respectively.

On June 23, 2023, the Company acquired a 12.5% ownership interest for $10,000 in Planet Fitmex, LLC, (the "Fitmex Transaction"), which is classified as an equity method investment as a result of its organizational structure. Planet Fitmex, LLC, is a franchisee of the Company, store operator in Mexico, and is deemed to be a related party. The Company's proportionate share of the earnings in accordance with the equity method were not material for the three and six months ended June 30, 2023.

Subsequent to June 30, 2023, in August 2023, the Company invested an additional $10,000 in Planet Fitmex, LLC. Following such additional investment, the ownership stake increased to 22.2% with a total investment of $20,000.



## (4) Acquisition Acquisitions

### Sunshine Fitness Acquisition 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 purchase price following pro forma financial information for the six months ended June 30, 2022 summarizes the combined results 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 operations for 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, Sunshine Fitness, as though the companies were combined as of the Company, valued based on beginning of 2021. The three and six months ended June 30, 2023 and 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 losses (gains), three months ended June 30, 2022 total revenues, income before taxes, and net in income are included within the condensed consolidated statement statements 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 losses (gains), net on the condensed consolidated statement of operations. The acquired stores are included in the corporate-owned stores segment.

The allocation of the estimated purchase consideration was as follows:

| | Amount | For the six months ended June 30, 2022 |
|---|---|---|
| Cash and cash equivalents Total revenues | $ 5,917 | |
| Other current assets | 757 | |
| Property and equipment | 153,092 | |
| Right of use assets | 162,827 | |
| Other long term assets | 1,830 | |
| Intangible assets | 259,430 | |
| Goodwill | 488,544 | |
| Deferred income taxes, net | (54,737) | |
| Deferred revenue | (16,973) | |
| Other current liabilities | (13,720) | |
| Lease liabilities | (162,327) | |
| Other long term liabilities | (1,213) | |
| | $823,427 431,568 | |
| Income before taxes | | 63,906 |
| Net income | | 43,331 |

The fair values assigned to tangible and intangible assets acquired and liabilities assumed are based on management's estimates and assumptions, which include Level 3 unobservable inputs, and are determined using generally accepted valuation techniques. 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 $175,600 of the goodwill recorded is expected to be amortizable and deductible for tax purposes, the majority of which is deductible over 15 years.


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


### Florida acquisition

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

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

The preliminary allocation of the purchase consideration was as follows:

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

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

The following table sets forth the components of identifiable intangible assets acquired in the Sunshine Florida Acquisition and their 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 | |

| | Preliminary fair value | Preliminary useful life |
|---|---|---|
| Reacquired franchise rights(1) | $ 6,650 | 6.8 |
| Customer relationships(2) | 230 | 6.0 |
| Total intangible assets subject to amortization | $ 6,880 | |

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

(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' estimated useful lives based acquisition did not have a material effect on the pattern in which the economic benefits are expected to be received.

The following pro forma financial information for the three months ended March 31, 2022 summarizes the combined results of operations of the Company.

Certain estimated values for the Company Florida Acquisition, including goodwill and Sunshine Fitness, intangible assets, are not yet finalized and are subject to revision as though the companies were combined as of the beginning of 2021. The three months ended March 31, 2023 total revenues, income before taxes, additional information becomes available and net income more detailed analyses are included within the condensed consolidated statement of operations.

| | Three months ended March 31, 2022 |
|---|---|
| Total revenues | 207,126 |
| Income before taxes | 30,358 |
| Net income | 18,401 |

completed.

**(5) Sale of corporate-owned stores**

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

**(6) Goodwill and intangible assets**

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

| June 30, 2023 | March 31, 2023 | Gross carrying amount | Accumulated amortization | Net carrying Amount | June 30, 2023 | Gross carrying amount | Accumulated amortization | Net carrying Amount |
|---|---|---|---|---|---|---|---|---|
| Customer relationships | Customer relationships | $ 198,813 | $ (157,214) | $ 41,599 | Customer relationships | $ 199,043 | $ (161,194) | $ 37,849 |
| Reacquired franchise and area development rights | Reacquired franchise and area development rights | 268,058 | (51,767) | 216,291 | Reacquired franchise and area development rights | 274,708 | (60,741) | 213,967 |
| | | 466,871 | (208,981) | 257,890 | | 473,751 | (221,935) | 251,816 |
| Indefinite-lived intangible: | Indefinite-lived intangible: | | | | Indefinite-lived intangible: | | | |
| Trade and brand names | Trade and brand names | 146,600 | — | 146,600 | Trade and brand names | 146,600 | — | 146,600 |
| Total intangible assets | Total intangible assets | $ 613,471 | $ (208,981) | $ 404,490 | Total intangible assets | $ 620,351 | $ (221,935) | $ 398,416 |
| Goodwill | Goodwill | $ 702,690 | $ — | $ 702,690 | Goodwill | $ 717,502 | $ — | $ 717,502 |

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

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

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

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

Amortization expense related to the intangible assets totaled $12,965 and $10,750 for the three months ended June 30, 2023 and 2022, respectively, and $25,552 and $19,320 for the six months ended June 30, 2023 and 2022, respectively. The anticipated annual amortization expense related to intangible assets to be recognized in future years as of June 30, 2023 is as follows:

| | Amount |
|---|---|
| Remainder of 2023 | $ 25,909 |
| 2024 | 49,190 |
| 2025 | 36,713 |
| 2026 | 32,079 |

| | | |
|---|---|---|
| 2027 | | 27,956 |
| Thereafter | | 79,969 |
| Total | $ | 251,816 |

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

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

Amortization expense related to the intangible assets totaled $12,587 and $8,528 for the three months ended March 31, 2023 and 2022, respectively. The anticipated annual amortization expense related to intangible assets to be recognized in future years as of March 31, 2023 is as follows:

| | | Amount |
|---|---|---|
| Remainder of 2023 | $ | 37,730 |
| 2024 | | 47,601 |
| 2025 | | 35,476 |
| 2026 | | 31,024 |
| 2027 | | 27,119 |
| Thereafter | | 78,940 |
| Total | $ | 257,890 |

**(7) Long-term debt**

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

| | | March 31, 2023 | | December 31, 2022 |
|---|---|---|---|---|
| 2018-1 Class A-2-II notes | $ | 596,875 | $ | 598,438 |
| 2019-1 Class A-2 notes | | 532,125 | | 533,500 |
| 2022-1 Class A-2-I notes | | 420,750 | | 421,812 |
| 2022-1 Class A-2-II notes | | 470,250 | | 471,437 |
| Total debt, excluding deferred financing costs | | 2,020,000 | | 2,025,187 |
| Deferred financing costs, net of accumulated amortization | | (24,947) | | (26,306) |
| Total debt | | 1,995,053 | | 1,998,881 |
| Current portion of long-term debt | | 20,750 | | 20,750 |
| Long-term debt and borrowings under Variable Funding Notes, net of current portion | $ | 1,974,303 | $ | 1,978,131 |

**Planet Fitness, Inc. and subsidiaries**
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**(Unaudited)**
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| | | June 30, 2023 | | December 31, 2022 |
|---|---|---|---|---|
| 2018-1 Class A-2-II notes | $ | 595,313 | $ | 598,438 |

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

| | | |
|---|---|---|
| 2019-1 Class A-2 notes | 530,750 | 533,500 |
| 2022-1 Class A-2-I notes | 419,688 | 421,812 |
| 2022-1 Class A-2-II notes | 469,063 | 471,437 |
| Total debt, excluding deferred financing costs | 2,014,814 | 2,025,187 |
| Deferred financing costs, net of accumulated amortization | (23,577) | (26,306) |
| Total debt | 1,991,237 | 1,998,881 |
| Current portion of long-term debt | 20,750 | 20,750 |
| Long-term debt, net of current portion | $ 1,970,487 | $ 1,978,131 |

Future annual principal payments of long-term debt as of March 31, 2023June 30, 2023 are as follows:

| | | Amount | | Amount |
|---|---|---|---|---|
| Remainder of 2023 | Remainder of 2023 | $ 15,563 | Remainder of 2023 | $ 10,375 |
| 2024 | 2024 | 20,750 | 2024 | 20,750 |
| 2025 | 2025 | 600,436 | 2025 | 600,438 |
| 2026 | 2026 | 419,313 | 2026 | 419,313 |
| 2027 | 2027 | 10,250 | 2027 | 10,250 |
| Thereafter | Thereafter | 953,688 | Thereafter | 953,688 |
| Total | Total | $ 2,020,000 | Total | $ 2,014,814 |

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

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



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

**Planet Fitness, Inc. and subsidiaries**
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variable interest rate based on (i) the prime rate, (ii) overnight federal funds rates, (iii) the secured overnight financing rate for U.S. Dollars, or (iv) with respect to advances made by conduit investors, the weighted average cost of, or related to, the issuance of commercial paper allocated to fund or maintain such advances, in each case plus any applicable margin and as specified in the 2022 Variable Funding Notes. There is a commitment fee on the unused portion of the 2022 Variable Funding Notes of 0.5% based on utilization. It is anticipated that the principal and interest on the 2022 Variable Funding Notes, if any, will be repaid in full on or prior to December 2026, subject to two additional one-year extension options. Following the anticipated repayment date (and any extensions thereof), additional interest will accrue on the 2022 Variable Funding Notes equal to 5.0% per year.

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

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

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

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



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 March 31, 2023 June 30, 2023, the Company had restricted cash held by the Trustee of $46,570. $46,508.

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**(Unaudited)**
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**(8) Leases**

| Leases | Leases | Classification | March 31, 2023 | December 31, 2022 | Leases | Classification | June 30, 2023 | December 31, 2022 |
|---|---|---|---|---|---|---|---|---|
| **Assets** | **Assets** | | | | **Assets** | | | |
| Operating lease ROU assets | Operating lease ROU assets | Right of use asset, net | $ 341,703 | $ 346,937 | Operating lease ROU assets | Right of use asset, net | $ 355,405 | $ 346,937 |
| Finance lease assets | Finance lease assets | Property and equipment, net | 314 | 370 | Finance lease assets | Property and equipment, net | 264 | 370 |
| Total lease assets | Total lease assets | | $ 342,017 | $ 347,307 | Total lease assets | | $ 355,669 | $ 347,307 |
| **Liabilities** | **Liabilities** | | | | **Liabilities** | | | |
| Current: | Current: | | | | Current: | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Operating | Operating | Other current liabilities | $ 35,519 | $ 33,233 | Operating | Other current liabilities | $ 37,671 | $ 33,233 |
| Financing | | | | | Financing | Other current liabilities | 26 | 38 |
| Noncurrent: | Noncurrent: | | | | Noncurrent: | | | |
| Operating | Operating | Lease liabilities, net of current portion | 336,024 | 341,843 | Operating | Lease liabilities, net of current portion | 346,900 | 341,843 |
| Financing | Financing | Other liabilities | 324 | 380 | Financing | Other liabilities | 247 | 342 |
| Total lease liabilities | Total lease liabilities | | $ 371,867 | $ 375,456 | Total lease liabilities | | $ 384,844 | $ 375,456 |
| Weighted-average remaining lease term (years) - operating leases | Weighted-average remaining lease term (years) - operating leases | | 7.9 | 8.1 | Weighted-average remaining lease term (years) - operating leases | | 8.0 | 8.1 |
| Weighted-average discount rate - operating leases | Weighted-average discount rate - operating leases | | 4.8 % | 4.7 % | Weighted-average discount rate - operating leases | | 4.9 % | 4.7 % |

During the three and six months ended March 31, 2023 June 30, 2023 and 2022, the components of lease cost were as follows:

| | | Three months ended March 31, | | | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|---|---|---|---|
| | | 2023 | 2022 | | 2023 | 2022 | 2023 | 2022 |
| Operating lease cost | Operating lease cost | $ 14,904 | $ 11,595 | Operating lease cost | $ 15,475 | $ 16,067 | $ 30,462 | $ 26,735 |
| Variable lease cost | Variable lease cost | 5,751 | 4,614 | Variable lease cost | 5,578 | 4,184 | 11,245 | 9,725 |
| Total lease cost | Total lease cost | $ 20,655 | $ 16,209 | Total lease cost | $ 21,053 | $ 20,251 | $ 41,707 | $ 36,460 |

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 March 31, | |
|---|---|---|
| | 2023 | 2022 |
| Cash paid for lease liabilities | $ 13,302 | $ 10,536 |
| Operating lease ROU assets obtained in exchange for operating lease liabilities, excluding the Sunshine Acquisition | $ 4,661 | $ 5,997 |
| Sunshine Acquisition operating lease ROU assets obtained in exchange for operating lease liabilities | $ — | $ 162,827 |

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Cash paid for lease liabilities | $ 14,657 | $ 16,126 | $ 28,030 | $ 25,876 |
| Operating lease ROU assets obtained in exchange for operating lease liabilities, excluding acquisitions | $ 19,065 | $ 17,010 | $ 23,874 | $ 23,008 |
| Operating lease ROU assets obtained in exchange for operating lease liabilities through acquisitions | $ 4,204 | $ — | $ 4,204 | $ 162,827 |

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

As of March 31, 2023 June 30, 2023, maturities of lease liabilities were as follows:

| | | | Amount | | | Amount |
|---|---|---|---|---|---|---|
| Remainder of 2023 | Remainder of 2023 | $ | 36,996 | Remainder of 2023 | $ | 23,261 |
| 2024 | 2024 | | 60,520 | 2024 | | 63,623 |
| 2025 | 2025 | | 61,529 | 2025 | | 64,585 |
| 2026 | 2026 | | 60,858 | 2026 | | 63,555 |
| 2027 | 2027 | | 56,087 | 2027 | | 58,849 |
| Thereafter | Thereafter | | 175,331 | Thereafter | | 197,258 |
| Total lease payments | Total lease payments | $ | 451,321 | Total lease payments | $ | 471,131 |
| Less: imputed interest | Less: imputed interest | | 79,454 | Less: imputed interest | | 86,287 |
| Present value of lease liabilities | Present value of lease liabilities | $ | 371,867 | Present value of lease liabilities | $ | 384,844 |

As of March 31, 2023 June 30, 2023, future operating lease payments exclude approximately $32,037 $42,005 of legally binding minimum lease payments for leases signed but not yet commenced.

**(9) Revenue recognition**

**Contract Liabilities**

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

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

| | | Contract liabilities |
|---|---|---|
| Balance at December 31, 2022 | $ | 86,911 |
| Revenue recognized that was included in the contract liability at the beginning of the year | | (30,159) (42,885) |
| Increase, excluding amounts recognized as revenue during the period | | 49,568 60,974 |
| Balance at March 31, 2023 June 30, 2023 | $ | 106,320 105,000 |

The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of March 31, 2023 June 30, 2023. The Company has elected to exclude short-term contracts, sales and usage-based royalties and any other variable consideration recognized on an "as invoiced" basis.

| Contract liabilities to be recognized in: | Contract liabilities to be recognized in: | | Amount | Contract liabilities to be recognized in: | | Amount |
|---|---|---|---|---|---|---|
| Remainder of 2023 | Remainder of 2023 | $ | 69,023 | Remainder of 2023 | $ | 58,927 |
| 2024 | 2024 | | 8,466 | 2024 | | 16,314 |
| 2025 | 2025 | | 4,123 | 2025 | | 4,451 |
| 2026 | 2026 | | 3,624 | 2026 | | 3,755 |
| 2027 | 2027 | | 3,152 | 2027 | | 3,278 |
| Thereafter | Thereafter | | 17,932 | Thereafter | | 18,275 |
| Total | Total | $ | 106,320 | Total | $ | 105,000 |

Equipment deposits received in advance of delivery as of March 31, 2023 June 30, 2023 and December 31, 2022 were $12,851 $12,098 and $8,443, respectively, and are expected to be recognized as revenue in the next twelve months.



**(10) Related party transactions**

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

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

| | | For the three months ended March 31, 2023 | For the three months ended March 31, 2022 | | For the three months ended June 30, 2023 | For the three months ended June 30, 2022 | For the six months ended June 30, 2023 | For the six months ended June 30, 2022 |
|---|---|---|---|---|---|---|---|---|
| Franchise revenue | Franchise revenue | $ 1,247 | $ 973 | Franchise revenue | $ 1,227 | $ 852 | $ 2,474 | $ 1,825 |
| Equipment revenue | Equipment revenue | 5 | 11 | Equipment revenue | 1,006 | 3 | 1,011 | 14 |
| Total revenue from related parties | Total revenue from related parties | $ 1,252 | $ 984 | Total revenue from related parties | $ 2,233 | $ 855 | $ 3,485 | $ 1,839 |

Additionally, the Company had deferred ADA and franchise agreement revenue from related parties of $472 $457 and $467 as of March 31, 2023 June 30, 2023 and December 31, 2022, respectively.

As of March 31, 2023 June 30, 2023 and December 31, 2022, the Company had $83,032 $81,343 and $80,717, respectively, payable to related parties pursuant to tax benefit arrangements, see Note 13.

The Company provides administrative services to the NAF and typically charges the NAF a fee for providing these services. The services provided include accounting, information technology, data processing, product development, legal and administrative support, and other operating expenses, which amounted to $917 $869 and $684 $619 for the three months ended March 31, 2023 June 30, 2023 and 2022, respectively, and $1,786 and $1,304 for the six months ended June 30, 2023 and 2022, respectively.

For the three months ended March 31, 2023 June 30, 2023 and 2022, the Company incurred approximately $181 $183 and $106, $69, respectively, and $364 and $175 for the six months ended June 30, 2023 and 2022, respectively, which is included within selling, general and administrative expense on the condensed consolidated statements of operations, for corporate travel to a third-party company which is affiliated with the Chief Executive Officer.

A member of the Company's board of directors, who is also a franchisee, holds an approximate 10.5% ownership of a company that sells amenity tracking compliance software to Planet Fitness stores to which the Company made payments of approximately $91 $78 and $63, $26, during the three months ended March 31, June 30, 2023 and 2022, respectively. respectively, and $169 and $89 during the six months ended June 30, 2023 and 2022.

**(11) Stockholders' equity**

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

During the three six months ended March 31, 2022 June 30, 2022, in connection with the Sunshine Acquisition, the Company issued 517,348 shares of Class A Common Stock and 3,637,678 membership units of Pla-Fit Holdings, LLC, together with shares of Class B Common Stock. See Note 4.

During the three and six months ended March 31, 2023 June 30, 2023, respectively, certain existing holders of Holdings Units exercised their exchange rights and exchanged 1,900,309 94,400 and 1,994,709 Holdings Units for 1,900,309 94,400 and 1,994,709 newly-issued shares of Class A common stock. Simultaneously, and in connection with these exchanges, 1,900,309 94,400 and 1,994,709 shares of Class B common stock were surrendered by the holders of Holdings Units that exercised their exchange rights and canceled. Additionally, in connection with these exchanges, Planet Fitness, Inc. received 1,900,309 94,400 and 1,994,709 Holdings Units, increasing its total ownership interest in Pla-Fit Holdings.

As a result of the above transactions, as of March 31, 2023 June 30, 2023:

- Holders of Class A common stock owned 85,230,399 83,980,252 shares of Class A common stock, representing 95.3% of the voting power in the Company and, through the Company, 85,230,399 83,980,252 Holdings Units representing 95.3% of the economic interest in Pla-Fit Holdings; and
- the Continuing LLC Owners collectively owned 4,245,413 Holdings Units, representing 4.7% of the economic interest in Pla-Fit Holdings, and 4,245,413 shares of Class B common stock, representing 4.7% of the voting power in the Company.



- the Continuing LLC Owners collectively owned 4,151,013 Holdings Units, representing 4.7% of the economic interest in Pla-Fit Holdings, and 4,151,013 shares of Class B common stock, representing 4.7% of the voting power in the Company.

***Share repurchase program***

*2022 share repurchase program*

On November 4, 2022, the Company's board of directors approved a share repurchase program of up to $500,000, which replaced the 2019 share repurchase program. During the three and six months ended March 31, 2023 June 30, 2023, the Company repurchased 317,599 1,381,154 shares of Class A common stock for a total cost of $25,005. $100,024, and 1,698,753 shares of Class A common stock for a total cost of $125,030, respectively. A one percent share repurchase excise tax of $1,048 was also incurred as a result of new legislation that went into effect beginning in 2023. All repurchased shares were retired. Subsequent to these repurchases, there is $474,995 $374,970 remaining under the 2022 share repurchase program. The timing of purchases and amount of stock repurchased are subject to the Company's discretion and dependent upon market and business conditions, the Company's general working capital needs, stock price, applicable legal requirements and other factors. The ability to repurchase shares at any particular time is also subject to the terms of the Indenture governing the Securitized Senior Notes. Purchases may be effected through one or more open market transactions, privately negotiated transactions, transactions structured through investment banking institutions, or a combination of the foregoing.

***Preferred stock***

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

**(12) Earnings per share**

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

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

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

| | Three months ended March 31, | |
|---|---|---|
| | 2023 | 2022 |
| **Numerator** | | |
| Net income | $ 24,769 | $ 18,376 |
| Less: net income attributable to non-controlling interests | 2,064 | 1,912 |
| Net income attributable to Planet Fitness, Inc. | $ 22,705 | $ 16,464 |
| **Denominator** | | |
| Weighted-average shares of Class A common stock outstanding - basic | 84,444,003 | 84,166,027 |
| Effect of dilutive securities: | | |
| Stock options | 271,680 | 386,486 |
| Restricted stock units | 63,358 | 82,670 |
| Performance stock units | 7,654 | — |
| Weighted-average shares of Class A common stock outstanding - diluted | 84,786,695 | 84,635,183 |
| **Earnings per share of Class A common stock - basic** | $ 0.27 | $ 0.20 |
| **Earnings per share of Class A common stock - diluted** | $ 0.27 | $ 0.19 |

Weighted average shares of Class B common stock of 5,007,448 and 5,016,837 for the three months ended March 31, 2023 and 2022, respectively, were evaluated under the if-converted method for potential dilutive effects and were determined to be anti-

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

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| **Numerator** | | | | |
| Net income | $ 44,180 | $ 25,071 | $ 68,948 | $ 43,447 |
| Less: net income attributable to non-controlling interests | 3,045 | 2,729 | 5,109 | 4,641 |
| Net income attributable to Planet Fitness, Inc. | $ 41,135 | $ 22,342 | $ 63,839 | $ 38,806 |
| **Denominator** | | | | |

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

| | | | | |
|---|---|---|---|---|
| Weighted-average shares of Class A common stock outstanding - basic | 84,618,363 | 84,809,563 | 84,531,664 | 84,489,573 |
| Effect of dilutive securities: | | | | |
| Stock options | 241,418 | 343,797 | 256,290 | 366,236 |
| Restricted stock units | 39,694 | 43,765 | 52,568 | 62,572 |
| Performance stock units | 8,542 | 22 | 9,732 | 289 |
| Weighted-average shares of Class A common stock outstanding - diluted | 84,908,017 | 85,197,147 | 84,850,254 | 84,918,670 |
| **Earnings per share of Class A common stock - basic** | $ 0.49 | $ 0.26 | $ 0.76 | $ 0.46 |
| **Earnings per share of Class A common stock - diluted** | $ 0.48 | $ 0.26 | $ 0.75 | $ 0.46 |

Weighted average shares of Class B common stock of 4,183,672 and 6,145,722 for the three months ended June 30, 2023 and 2022, respectively, and 4,593,284 and 5,584,398 for the six months ended June 30, 2023 and 2022, respectively, were evaluated under the if-converted method for potential dilutive effects and were determined to be anti-dilutive. Weighted average stock options outstanding of 196,209 219,056 and 198,203 269,878 for the three months ended March 31, 2023 June 30, 2023 and 2022, respectively, and 218,034 and 225,195 for the six months ended June 30, 2023 and 2022, were evaluated under the treasury stock method for potential dilutive effects and were determined to be anti-dilutive. Weighted average restricted stock units outstanding of 0 6,852 and 43,969 54,693 for the three months ended March 31, 2023 June 30, 2023 and 2022, respectively, and 3,393 and 15,901 for the six months ended June 30, 2023 and 2022, respectively, were evaluated under the treasury stock method for potential dilutive effects and were determined to be anti-dilutive. Weighted average performance stock units outstanding of 53 1,344 and 0 79,551 for the three months ended March 31, 2023 June 30, 2023 and 2022, respectively, and 84 and 41,993 for the six months ended June 30, 2023 and 2022, respectively, were evaluated under the treasury stock method for potential dilutive effects and were determined to be anti-dilutive.

**(13) Income taxes**

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

Planet Fitness, Inc. is subject to U.S. federal income taxes, in addition to state and local income taxes with respect to the allocable share of any taxable income of Pla-Fit Holdings. The Company's effective tax rate was 27.6% 26.3% and 38.6% 25.4% for the three months ended March 31, 2023 June 30, 2023 and 2022, respectively. The effective tax rate for the three months ended March 31, 2023 June 30, 2023 differed from the U.S. federal statutory rate of 21% primarily due to state and local taxes, partially offset by income attributable to non-controlling interests. The Company's effective tax rate was 26.8% and 31.7% for the six months ended June 30, 2023 and 2022, respectively. The effective tax rate for the six months ended June 30, 2023 differed from the U.S. federal statutory rate of 21% primarily due to state and local taxes, partially offset by income attributable to non-controlling interests. The Company was also subject to taxes in foreign jurisdictions.

Net deferred tax assets of $493,236 $481,435 and $453,094 as of March 31, 2023 June 30, 2023 and December 31, 2022, respectively, relate primarily to the tax effects of temporary differences in the book basis as compared to the tax basis of the investment in Pla-Fit Holdings as a result of the secondary offerings, other exchanges, recapitalization transactions and the IPO.

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



*Tax benefit arrangements*

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

As of March 31, 2023 June 30, 2023 and December 31, 2022, the Company had a liability of $496,780 $475,000 and $494,465, respectively, related to its projected obligations under the tax benefit arrangements. Projected future payments under the tax benefit arrangements are as follows:

| | Amount |
|---|---|
| Remainder of 2023 | $ 31,940 |
| 2024 | 44,716 |
| 2025 | 55,229 |
| 2026 | 54,829 |
| 2027 | 41,949 |

| | |
|---|---|
| Thereafter | 268,117 |
| Total | $ 496,780 |

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| | Amount |
|---|---|
| Remainder of 2023 | $ 10,160 |
| 2024 | 44,615 |
| 2025 | 53,308 |
| 2026 | 58,551 |
| 2027 | 46,948 |
| Thereafter | 261,418 |
| Total | $ 475,000 |

During the three and six months ended March 31, 2023 June 30, 2023, 1,900,309 94,400 and 1,994,709 Holdings Units, respectively, were exchanged for newly issued shares of Class A common stock, resulting in an increase in the tax basis of the net assets of Pla-Fit Holdings. As a result of the change in Planet Fitness, Inc.'s ownership percentage of Pla-Fit Holdings, the Company recorded a $50 and $2,654 decrease to net deferred tax assets of $2,605 during the three and six months ended March 31, 2023. June 30, 2023, respectively. As a result of these exchanges, during the three and six months ended March 31, 2023 June 30, 2023, the Company also recognized deferred tax assets in the amount of $50,823 $1,898 and $52,721, respectively, as a result of the increase in tax basis. A majority of these exchanges were not made by TRA holders, which did not result in an increase in the tax benefit arrangement liability. Of the exchanges that were made by TRA holders, they resulted in an increase in the tax benefit arrangement liability of $2,315. $0 and $2,315 in the three and six months ended June 30, 2023, respectively. The offset to the entries recorded in connection with exchanges was to additional paid in capital within stockholders' deficit.

**(14) Commitments and contingencies**

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

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

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***Mexico Acquisition***

On March 19, 2020, a franchisee in Mexico exercised a put option that requires the Company to acquire their franchisee-owned stores in Mexico. In February 2023, the Company and the franchisee agreed on a summary of terms for a settlement agreement ("Preliminary Settlement Agreement"), which will include the Company's acquisition of the franchisee-owned stores and a release of all claims by all parties. The transaction has not closed as of March 31, 2023 June 30, 2023 as the parties finalize the settlement terms. In connection with the Preliminary Settlement Agreement, the Company recorded an estimated liability for the legal settlement of $8,550 as of December 31, 2022, inclusive of estimated future legal fees, through other loss on the statement of operations. As of March 31, 2023, the The Company revised its estimate of the legal settlement and recorded an increase to the estimated liability of $3,300 to $11,850, inclusive $2,950 for the three months ended June 30, 2023 and $6,250 for the six months ended June 30, 2023. The remaining liability as of June 30, 2023 is $14,500, after utilization of the accrual for estimated legal fees paid. during 2023.

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 six months ended March 31, 2023June 30, 2023 and 2022. The "Corporate and other" category, as it relates to Segment EBITDA, primarily includes corporate overhead costs, such as payroll and related benefit costs and professional services which are not directly attributable to any individual segment.

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| | | Three months ended March 31, 2023 | Three months ended March 31, 2022 | | Three months ended June 30, 2023 | Three months ended June 30, 2022 | Six months ended June 30, 2023 | Six months ended June 30, 2022 |
|---|---|---|---|---|---|---|---|---|
| Revenue | Revenue | | | Revenue | | | | |
| Franchise segment revenue - U.S. | Franchise segment revenue - U.S. | $ 90,288 | $ 78,434 | Franchise segment revenue - U.S. | $ 96,336 | $ 80,304 | $ 186,627 | $ 158,738 |
| Franchise segment revenue - International | Franchise segment revenue - International | 2,394 | 1,650 | Franchise segment revenue - International | 2,506 | 2,239 | 4,899 | 3,889 |
| Franchise segment total | Franchise segment total | 92,682 | 80,084 | Franchise segment total | 98,842 | 82,543 | 191,526 | 162,627 |
| Corporate-owned stores - U.S. | Corporate-owned stores - U.S. | 104,808 | 75,401 | Corporate-owned stores - U.S. | 112,618 | 100,314 | 217,425 | 175,715 |
| Corporate-owned stores - International | Corporate-owned stores - International | 1,074 | 756 | Corporate-owned stores - International | 1,141 | 1,139 | 2,215 | 1,895 |
| Corporate-owned stores total | Corporate-owned stores total | 105,882 | 76,157 | Corporate-owned stores total | 113,759 | 101,453 | 219,640 | 177,610 |
| Equipment segment - U.S. | Equipment segment - U.S. | 23,105 | 29,790 | Equipment segment - U.S. | 72,626 | 34,040 | 95,730 | 63,830 |
| Equipment segment - International | Equipment segment - International | 556 | 645 | Equipment segment - International | 1,236 | 6,406 | 1,793 | 7,051 |
| Equipment segment total | Equipment segment total | 23,661 | 30,435 | Equipment segment total | 73,862 | 40,446 | 97,523 | 70,881 |
| Total revenue | Total revenue | $ 222,225 | $ 186,676 | Total revenue | $ 286,463 | $ 224,442 | $ 508,689 | $ 411,118 |

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

Franchise revenue includes revenue generated from placement services of $1,613$6,263 and $2,339$3,387 for the three months ended March 31, 2023June 30, 2023 and 2022, respectively, and $7,876 and $5,726 for the six months ended June 30, 2023 and 2022, respectively.

| | Three months ended March 31, 2023 | Three months ended March 31, 2022 |
|---|---|---|
| Segment EBITDA | | |
| Franchise | $ 64,735 | $ 60,106 |
| Corporate-owned stores | 33,530 | 23,364 |
| Equipment | 5,571 | 8,653 |
| Corporate and other | (15,822) | (13,931) |
| Total Segment EBITDA | $ 88,014 | $ 78,192 |

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

| | Three months ended March 31, 2023 | | Three months ended March 31, 2022 | |
|---|---|---|---|---|
| Total Segment EBITDA | $ | 88,014 | $ | 78,192 |
| Less: | | | | |
| Depreciation and amortization | | 36,010 | | 25,683 |
| Other income | | 113 | | 4,090 |
| Equity losses of unconsolidated entities, net of tax | | (265) | | (238) |
| Income from operations | | 52,156 | | 48,657 |
| Interest income | | 3,931 | | 209 |
| Interest expense | | (21,599) | | (22,631) |
| Other income | | 113 | | 4,090 |
| Income before income taxes | $ | 34,601 | $ | 30,325 |

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

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

| | Three months ended June 30, | | | | Six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | | 2022 | | 2023 | | 2022 | |
| Total Segment EBITDA | $ | 114,066 | $ | 87,318 | $ | 202,079 | $ | 165,510 |
| Less: | | | | | | | | |
| Depreciation and amortization | | 36,767 | | 32,172 | | 72,777 | | 57,855 |
| Other income | | 370 | | 148 | | 483 | | 4,238 |
| Equity losses of unconsolidated entities, net of tax | | (73) | | (94) | | (338) | | (332) |
| Income from operations | | 77,002 | | 55,092 | | 129,157 | | 103,749 |
| Interest income | | 4,163 | | 474 | | 8,094 | | 683 |
| Interest expense | | (21,468) | | (21,979) | | (43,067) | | (44,610) |
| Other income | | 370 | | 148 | | 483 | | 4,238 |
| Income before income taxes | $ | 60,067 | $ | 33,735 | $ | 94,667 | $ | 64,060 |

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

| | | March 31, 2023 | December 31, 2022 | | June 30, 2023 | December 31, 2022 |
|---|---|---|---|---|---|---|
| Franchise | Franchise | $ 187,264 | $ 161,355 | Franchise | $ 174,719 | $ 161,355 |
| Corporate-owned stores | Corporate-owned stores | 1,563,674 | 1,559,985 | Corporate-owned stores | 1,590,648 | 1,559,985 |
| Equipment | Equipment | 180,164 | 200,020 | Equipment | 195,714 | 200,020 |
| Unallocated | Unallocated | 974,463 | 933,229 | Unallocated | 887,154 | 933,229 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Total consolidated assets | Total consolidated assets | $ 2,905,565 | $ 2,854,589 | Total consolidated assets | $ 2,848,235 | $ 2,854,589 |

The table above includes $868 $814 and $916 of long-lived assets located in the Company's international corporate-owned stores as of March 31, 2023 June 30, 2023 and December 31, 2022, respectively. All other assets are located in the U.S.

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

| | | March 31, 2023 | December 31, 2022 | | June 30, 2023 | December 31, 2022 |
|---|---|---|---|---|---|---|
| Franchise | Franchise | $ 16,938 | $ 16,938 | Franchise | $ 16,938 | $ 16,938 |
| Corporate-owned stores | Corporate-owned stores | 593,086 | 593,086 | Corporate-owned stores | 607,898 | 593,086 |
| Equipment | Equipment | 92,666 | 92,666 | Equipment | 92,666 | 92,666 |
| Consolidated goodwill | Consolidated goodwill | $ 702,690 | $ 702,690 | Consolidated goodwill | $ 717,502 | $ 702,690 |

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

**(16) Corporate-owned and franchisee-owned stores**

The following table shows changes in corporate-owned and franchisee-owned stores for the three and six months ended March 31, 2023 June 30, 2023 and 2022:

| | | For the three months ended March 31, | | | For the three months ended June 30, | | For the six months ended June 30, | |
|---|---|---|---|---|---|---|---|---|
| | | 2023 | 2022 | | 2023 | 2022 | 2023 | 2022 |
| **Franchisee-owned stores:** | **Franchisee-owned stores:** | | | **Franchisee-owned stores:** | | | | |
| Stores operated at beginning of period | Stores operated at beginning of period | 2,176 | 2,142 | Stores operated at beginning of period | 2,211 | 2,062 | 2,176 | 2,142 |
| New stores opened | New stores opened | 35 | 34 | New stores opened | 23 | 30 | 58 | 64 |
| Stores debranded, sold, or consolidated(1) | Stores debranded, sold, or consolidated(1) | — | (114) | Stores debranded, sold, or consolidated(1) | (4) | (1) | (4) | (115) |
| Stores operated at end of period | Stores operated at end of period | 2,211 | 2,062 | Stores operated at end of period | 2,230 | 2,091 | 2,230 | 2,091 |
| **Corporate-owned stores:** | **Corporate-owned stores:** | | | **Corporate-owned stores:** | | | | |
| Stores operated at beginning of period | Stores operated at beginning of period | 234 | 112 | Stores operated at beginning of period | 235 | 229 | 234 | 112 |
| New stores opened | New stores opened | 1 | 3 | New stores opened | 3 | 4 | 4 | 7 |
| Stores acquired from franchisees | Stores acquired from franchisees | — | 114 | Stores acquired from franchisees | 4 | — | 4 | 114 |
| Stores operated at end of period | Stores operated at end of period | 235 | 229 | Stores operated at end of period | 242 | 233 | 242 | 233 |
| **Total stores:** | **Total stores:** | | | **Total stores:** | | | | |
| Stores operated at beginning of period | Stores operated at beginning of period | 2,410 | 2,254 | Stores operated at beginning of period | 2,446 | 2,291 | 2,410 | 2,254 |
| New stores opened | New stores opened | 36 | 37 | New stores opened | 26 | 34 | 62 | 71 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Stores acquired, debranded, sold or consolidated(1) | | | | Stores acquired, debranded, sold or consolidated(1) | | — | (1) | — | (1) |
| Stores operated at end of period | Stores operated at end of period | 2,446 | 2,291 | Stores operated at end of period | 2,472 | 2,324 | 2,472 | 2,324 | |

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

**Planet Fitness, Inc. and subsidiaries**

**Notes to Condensed Consolidated financial statements**

**(Unaudited)**

**(Amounts in thousands, except share and per share amounts)** **(17) VIE deconsolidation**

(17) Subsequent events

On April 16, 2023 During the three months ended June 30, 2023, a triggering event occurred that resulted in the Company completed an acquisition analyzing the PF Melville LLC and Matthew Michael Realty LLC VIEs to determine if they still met the criteria for consolidation. As a result of four franchise stores operating in Florida for approximately $26,300 using cash on hand.

Subsequent to March 31, 2023, through May 5, 2023, the analysis, the Company repurchased 490,923 shares determined these entities no longer qualify for consolidation as VIEs as the Company no longer qualifies as the primary beneficiary of Class A common stock under its 2022 share repurchase program for a total cost the VIEs and therefore deconsolidated the entities. The deconsolidation removed the net assets and non-controlling interest from the VIEs and did not impact the Company's condensed consolidated statements of $37,585. operations.

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

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

### Overview

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

As of March 31, 2023 June 30, 2023, we had more than 18.1 million 18.4 million members and 2,446 2,472 stores in all 50 states, the District of Columbia, Puerto Rico, Canada, Panama, Mexico and Australia. Of our 2,446 2,472 stores, 2,211 2,230 are franchised and 235 242 are corporate-owned. As of March 31, 2023 June 30, 2023, we had commitments to open more than 1,000 new stores under existing ADAs.

### Our segments

We operate and manage our business in three business segments: Franchise, Corporate-owned stores and Equipment. Our Franchise segment includes operations related to our franchising business in the United States, Puerto Rico, Canada, Panama, Mexico and Australia, including revenues and expenses from the NAF. Our Corporate-owned stores segment includes operations with respect to all corporate-owned stores throughout the United States and Canada. The Equipment segment primarily includes the sale of equipment to our United States franchisee-owned stores. We evaluate the performance of our segments and allocate resources to them based on revenue and earnings before interest, taxes, depreciation and amortization, referred to as Segment EBITDA. Revenue and Segment EBITDA for all operating segments include only transactions with unaffiliated customers and do not include intersegment transactions. The tables below summarize the financial information for our segments for the three and six months ended March 31, 2023 June 30, 2023 and March 31, 2022 June 30, 2022. "Corporate and other," as it relates to Segment EBITDA, primarily includes corporate overhead costs, such as payroll and related benefit costs and professional services that are not directly attributable to any individual segment.

| | | Three months ended March 31, | | | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|---|---|---|---|
| **(in thousands)** | **(in thousands)** | **2023** | **2022** | **(in thousands)** | **2023** | **2022** | **2023** | **2022** |
| Revenue | Revenue | | | Revenue | | | | |
| Franchise segment | Franchise segment | $ 92,682 | $ 80,084 | Franchise segment | $ 98,842 | $ 82,543 | $ 191,526 | $ 162,627 |
| Corporate-owned stores segment | Corporate-owned stores segment | 105,882 | 76,157 | Corporate-owned stores segment | 113,759 | 101,453 | 219,640 | 177,610 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Equipment segment | Equipment segment | 23,661 | 30,435 | Equipment segment | 73,862 | 40,446 | 97,523 | 70,881 |
| Total revenue | Total revenue | $ 222,225 | $ 186,676 | Total revenue | $ 286,463 | $ 224,442 | $ 508,689 | $ 411,118 |
| Segment EBITDA | Segment EBITDA | | | Segment EBITDA | | | | |
| Franchise | Franchise | $ 64,735 | $ 60,106 | Franchise | $ 66,101 | $ 54,329 | $ 130,835 | $ 114,435 |
| Corporate-owned stores | Corporate-owned stores | 33,530 | 23,364 | Corporate-owned stores | 48,705 | 39,477 | 82,235 | 62,841 |
| Equipment | Equipment | 5,571 | 8,653 | Equipment | 17,129 | 10,182 | 22,700 | 18,835 |
| Corporate and other | Corporate and other | (15,822) | (13,931) | Corporate and other | (17,869) | (16,670) | (33,691) | (30,601) |
| Total Segment EBITDA(1) | Total Segment EBITDA(1) | $ 88,014 | $ 78,192 | Total Segment EBITDA(1) | $ 114,066 | $ 87,318 | $ 202,079 | $ 165,510 |

(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) | (in thousands) | Franchise | Corporate-owned stores | Equipment | Corporate and other | Total | (in thousands) | Franchise | Corporate-owned stores | Equipment | Corporate and other | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Three months ended March 31, 2023** | | | | | | | | | | | | |
| **Three months ended June 30, 2023** | | | | | | | **Three months ended June 30, 2023** | | | | | |
| Income (loss) from operations | | | | | | | Income (loss) from operations | $ 64,165 | $ 19,609 | $ 15,866 | $ (22,638) | $ 77,002 |
| Depreciation and amortization | | | | | | | Depreciation and amortization | 1,845 | 29,100 | 1,263 | 4,559 | 36,767 |
| Other income (expense) | | | | | | | Other income (expense) | 91 | (4) | — | 283 | 370 |
| Equity losses of unconsolidated entities, net of tax | | | | | | | Equity losses of unconsolidated entities, net of tax | — | — | — | (73) | (73) |
| Segment EBITDA(1) | | | | | | | Segment EBITDA(1) | $ 66,101 | $ 48,705 | $ 17,129 | $ (17,869) | $ 114,066 |
| **Three months ended June 30, 2022** | | | | | | | **Three months ended June 30, 2022** | | | | | |
| Income (loss) from operations | Income (loss) from operations | $ 63,019 | $ 4,986 | $ 4,307 | $ (20,156) | $ 52,156 | Income (loss) from operations | $ 52,523 | $ 14,735 | $ 8,924 | $ (21,090) | $ 55,092 |
| Depreciation and amortization | Depreciation and amortization | 1,845 | 28,596 | 1,263 | 4,306 | 36,010 | Depreciation and amortization | 1,854 | 24,812 | 1,260 | 4,246 | 32,172 |
| Other (expense) income | Other (expense) income | (129) | (52) | 1 | 293 | 113 | Other (expense) income | (48) | (70) | (2) | 268 | 148 |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Equity losses of unconsolidated entities, net of tax | Equity losses of unconsolidated entities, net of tax | — | — | — | (265) | (265) | Equity losses of unconsolidated entities, net of tax | — | — | — | (94) | (94) |
| Segment EBITDA(1) | Segment EBITDA(1) | $ 64,735 | $ 33,530 | $ 5,571 | $ (15,822) | $ 88,014 | Segment EBITDA(1) | $ 54,329 | $ 39,477 | $ 10,182 | $ (16,670) | $ 87,318 |
| **Three months ended March 31, 2022** | | | | | | | | | | | | |
| **Six months ended June 30, 2023** | | | | | | | **Six months ended June 30, 2023** | | | | | |
| Income (loss) from operations | Income (loss) from operations | $ 58,251 | $ 4,907 | $ 7,392 | $ (21,893) | $ 48,657 | Income (loss) from operations | $ 127,183 | $ 24,595 | $ 20,172 | $ (42,793) | $ 129,157 |
| Depreciation and amortization | Depreciation and amortization | 1,855 | 18,427 | 1,261 | 4,140 | 25,683 | Depreciation and amortization | 3,690 | 57,696 | 2,526 | 8,865 | 72,777 |
| Other income | | — | 30 | — | 4,060 | 4,090 | | | | | | |
| Other (expense) income | | | | | | | Other (expense) income | (38) | (56) | 2 | 575 | 483 |
| Equity losses of unconsolidated entities, net of tax | Equity losses of unconsolidated entities, net of tax | — | — | — | (238) | (238) | Equity losses of unconsolidated entities, net of tax | — | — | — | (338) | (338) |
| Segment EBITDA(1) | Segment EBITDA(1) | $ 60,106 | $ 23,364 | $ 8,653 | $ (13,931) | $ 78,192 | Segment EBITDA(1) | $ 130,835 | $ 82,235 | $ 22,700 | $ (33,691) | $ 202,079 |
| **Six months ended June 30, 2022** | | | | | | | **Six months ended June 30, 2022** | | | | | |
| Income (loss) from operations | | | | | | | Income (loss) from operations | $ 110,774 | $ 19,642 | $ 16,316 | $ (42,983) | $ 103,749 |
| Depreciation and amortization | | | | | | | Depreciation and amortization | 3,709 | 43,239 | 2,521 | 8,386 | 57,855 |
| Other (expense) income | | | | | | | Other (expense) income | (48) | (40) | (2) | 4,328 | 4,238 |
| Equity losses of unconsolidated entities, net of tax | | | | | | | Equity losses of unconsolidated entities, net of tax | — | — | — | (332) | (332) |
| Segment EBITDA(1) | | | | | | | Segment EBITDA(1) | $ 114,435 | $ 62,841 | $ 18,835 | $ (30,601) | $ 165,510 |

(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 six months ended March 31, 2023 June 30, 2023 and 2022:

| | | Three months ended March 31, | | | Three months ended June 30, | | Six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2023 | 2022 | | 2023 | 2022 | 2023 | 2022 | | |
| **Franchisee-owned stores:** | **Franchisee-owned stores:** | | | **Franchisee-owned stores:** | | | | | | |
| Stores operated at beginning of period | Stores operated at beginning of period | 2,176 | 2,142 | Stores operated at beginning of period | 2,211 | 2,062 | 2,176 | 2,142 | | |
| New stores opened | New stores opened | 35 | 34 | New stores opened | 23 | 30 | 58 | 64 | | |
| Stores debranded, sold, or consolidated(1) | Stores debranded, sold, or consolidated(1) | — | (114) | Stores debranded, sold, or consolidated(1) | (4) | (1) | (4) | (115) | | |
| Stores operated at end of period | Stores operated at end of period | 2,211 | 2,062 | Stores operated at end of period | 2,230 | 2,091 | 2,230 | 2,091 | | |
| **Corporate-owned stores:** | **Corporate-owned stores:** | | | **Corporate-owned stores:** | | | | | | |
| Stores operated at beginning of period | Stores operated at beginning of period | 234 | 112 | Stores operated at beginning of period | 235 | 229 | 234 | 112 | | |
| New stores opened | New stores opened | 1 | 3 | New stores opened | 3 | 4 | 4 | 7 | | |
| Stores acquired from franchisees | Stores acquired from franchisees | — | 114 | Stores acquired from franchisees | 4 | — | 4 | 114 | | |
| Stores operated at end of period | Stores operated at end of period | 235 | 229 | Stores operated at end of period | 242 | 233 | 242 | 233 | | |
| **Total stores:** | **Total stores:** | | | **Total stores:** | | | | | | |
| Stores operated at beginning of period | Stores operated at beginning of period | 2,410 | 2,254 | Stores operated at beginning of period | 2,446 | 2,291 | 2,410 | 2,254 | | |
| New stores opened | New stores opened | 36 | 37 | New stores opened | 26 | 34 | 62 | 71 | | |
| Stores acquired, debranded, sold or consolidated(1) | | | | | | Stores acquired, debranded, sold or consolidated(1) | — | (1) | — | (1) |
| Stores operated at end of period | Stores operated at end of period | 2,446 | 2,291 | Stores operated at end of period | 2,472 | 2,324 | 2,472 | 2,324 | | |

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

*Same store sales*

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

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

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

Consistent with common industry practice, we present same store sales as compared to the same period in the prior year and which is calculated for a given period by including only sales from stores that had sales in the comparable months of both years.

Same store sales of our international stores are calculated on a constant currency basis, meaning that we translate the current year's same store sales of our international stores at the same exchange rates used in the prior year. Since opening new stores will be a significant component of our revenue growth, same store sales is only one measure of how we evaluate our performance.

Stores acquired from or sold to franchisees are removed from the franchisee-owned or corporate-owned same store sales base, as applicable, upon the ownership change and for the 12 months following the date of the ownership change. These stores are included in the corporate-owned or franchisee-owned same store sales base, as applicable, following the 12th month after the acquisition or sale. These stores remain in the system-wide same store sales base in all periods. During the three months ended March 31, 2023 June 30, 2023, the stores acquired in the Sunshine Acquisition came into the corporate-owned same store sales base.

The following table shows our same store sales for the three and six months ended March 31, 2023 June 30, 2023 and 2022:

| | | Three months ended March 31, | | | | | Three months ended June 30, | | | | Six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2023 | | 2022 | | | 2023 | | 2022 | | 2023 | | 2022 | |
| **Same store sales data** | **Same store sales data** | | | | | **Same store sales data** | | | | | | | | |
| Same store sales growth: | Same store sales growth: | | | | | Same store sales growth: | | | | | | | | |
| Franchisee-owned stores | Franchisee-owned stores | 9.7 | % | 15.8 | % | Franchisee-owned stores | 8.6 | % | 13.4 | % | 9.1 | % | 14.5 | % |
| Corporate-owned stores | Corporate-owned stores | 12.1 | % | 17.0 | % | Corporate-owned stores | 10.2 | % | 15.7 | % | 11.0 | % | 16.3 | % |
| Total stores | Total stores | 9.9 | % | 15.9 | % | Total stores | 8.7 | % | 13.6 | % | 9.3 | % | 14.6 | % |
| Number of stores in same store sales base: | Number of stores in same store sales base: | | | | | Number of stores in same store sales base: | | | | | | | | |
| Franchisee-owned stores | Franchisee-owned stores | 2,052 | | 1,828 | | Franchisee-owned stores | 2,094 | | 1,909 | | 2,094 | | 1,909 | |
| Corporate-owned stores | Corporate-owned stores | 222 | | 99 | | Corporate-owned stores | 227 | | 104 | | 227 | | 104 | |
| Total stores | Total stores | 2,280 | | 2,032 | | Total stores | 2,331 | | 2,123 | | 2,331 | | 2,123 | |

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

We define system-wide sales as total monthly dues and annual fees billed by us and our franchisees. System-wide sales is an operating measure that includes sales by franchisees that are not revenue realized by the Company in accordance with GAAP, as well as sales by our corporate-owned stores. While we do not record sales by franchisees as revenue, and such sales are not included in our consolidated financial statements, we believe that this operating measure aids in understanding how we derive royalty revenue and is important in evaluating our performance. We review the total amount of dues we collect from billed to our members on a monthly basis, which allows us to assess changes in the performance of our corporate-owned and franchisee-owned stores from period to period, any competitive pressures, local or regional membership traffic patterns and general market conditions that might impact our store performance. We collect bill monthly dues on or around the 17th of every month in the US and Canada. We collect bill annual fees once per year from each member based upon when the member signed his or her membership agreement. System-wide sales were $1,108 million and $961 million, during During the three months ended March 31, 2023June 30, 2023 and 2022, system-wide sales were $1,147 million and $1,019 million, respectively. During the six months ended June 30, 2023 and 2022, system-wide sales were $2,256 million and $1,980 million, respectively.

**Non-GAAP financial measures**

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

We define EBITDA as net income before interest, taxes, depreciation and amortization. We believe that EBITDA, which eliminates the impact of certain expenses that we do not believe reflect our underlying business performance, provides useful information to investors to assess the performance of our segments as well as the business as a whole. Our board of directors also uses EBITDA as a key metric to assess the performance of management. We define Adjusted EBITDA as net income before interest, taxes, depreciation and amortization, adjusted for the impact of certain additional non-cash and other items that we do not consider in our evaluation of ongoing performance of the Company's core operations. 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 six months ended March 31, 2023June 30, 2023 and 2022:

| | | Three months ended March 31, | | | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|---|---|---|---|
| | | 2023 | 2022 | | 2023 | 2022 | 2023 | 2022 |
| (in thousands) | (in thousands) | | | (in thousands) | | | | |
| Net income | Net income | $ 24,769 | $ 18,376 | Net income | $ 44,180 | $ 25,071 | $ 68,948 | $ 43,447 |
| Interest income | Interest income | (3,931) | (209) | Interest income | (4,163) | (474) | (8,094) | (683) |
| Interest expense(1) | Interest expense(1) | 21,599 | 22,631 | Interest expense(1) | 21,468 | 21,979 | 43,067 | 44,610 |
| Provision for income taxes | Provision for income taxes | 9,567 | 11,711 | Provision for income taxes | 15,814 | 8,570 | 25,381 | 20,281 |
| Depreciation and amortization | Depreciation and amortization | 36,010 | 25,683 | Depreciation and amortization | 36,767 | 32,172 | 72,777 | 57,855 |
| EBITDA | EBITDA | $ 88,014 | $ 78,192 | EBITDA | $ 114,066 | $ 87,318 | $ 202,079 | $ 165,510 |
| Purchase accounting adjustments-revenue(2) | Purchase accounting adjustments-revenue(2) | 86 | 58 | Purchase accounting adjustments-revenue(2) | 247 | 71 | 333 | 129 |
| Purchase accounting adjustments-rent(3) | Purchase accounting adjustments-rent(3) | 104 | 109 | Purchase accounting adjustments-rent(3) | 184 | 109 | 288 | 219 |
| Loss on reacquired franchise rights(4) | Loss on reacquired franchise rights(4) | — | 1,160 | Loss on reacquired franchise rights(4) | 110 | — | 110 | 1,160 |
| Gain on settlement of preexisting contract with acquiree(5) | Gain on settlement of preexisting contract with acquiree(5) | — | (2,059) | Gain on settlement of preexisting contract with acquiree(5) | — | — | — | (2,059) |
| Transaction fees and acquisition-related costs(6) | Transaction fees and acquisition-related costs(6) | 394 | 4,423 | Transaction fees and acquisition-related costs(6) | — | 525 | 394 | 4,948 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Loss (gain) on adjustment of allowance for credit losses on held-to-maturity investments(7) | Loss (gain) on adjustment of allowance for credit losses on held-to-maturity investments(7) | 255 | (2,110) | Loss (gain) on adjustment of allowance for credit losses on held-to-maturity investments(7) | (160) | 265 | 95 | (1,845) |
| Dividend income on held-to-maturity investments(8) | Dividend income on held-to-maturity investments(8) | (483) | (451) | Dividend income on held-to-maturity investments(8) | (496) | (463) | (979) | (914) |
| Legal matters(9) | Legal matters(9) | 3,300 | — | Legal matters(9) | 2,950 | 898 | 6,250 | 951 |
| Tax benefit arrangement remeasurement(10) | Tax benefit arrangement remeasurement(10) | — | (3,788) | Tax benefit arrangement remeasurement(10) | — | (83) | — | (3,871) |
| Other(11) | | (1,459) | 1,153 | | | | | |
| Adjusted EBITDA(12) | | $ 90,211 | $ 76,687 | | | | | |
| Severance costs(11) | | | | Severance costs(11) | 1,220 | — | 1,220 | — |
| Other(12) | | | | Other(12) | 818 | 500 | (640) | 1,600 |
| Adjusted EBITDA(13) | | | | Adjusted EBITDA(13) | $ 118,939 | $ 89,140 | $ 209,150 | $ 165,828 |

(1) Includes a $1,583 loss on extinguishment of debt in the three six months ended March 31, 2022 June 30, 2022.

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

(3) Represents the impact of rent-related purchase accounting adjustments. In accordance with guidance in ASC 805 – Business Combinations, in connection with the 2012 Acquisition, the Company's deferred rent liability was required to be written off as of the acquisition date and rent was recorded on a straight-line basis from the acquisition date through the end of the lease term. This resulted in higher overall recorded rent expense each period than would have otherwise been recorded had the deferred rent liability not been written off as a result of the acquisition push down accounting applied in accordance with ASC 805. Adjustments of $41, $45, $82, and $45 $90 in the three and six months ended March 31, 2023 June 30, 2023 and 2022, respectively, reflect the difference between the higher rent expense recorded in accordance with U.S. GAAP since the acquisition and the rent expense that would have been recorded had the 2012 Acquisition not occurred. Adjustments of $63 $143, $64, $206, and $64 $129 in the three and six months ended March 31, 2023 June 30, 2023 and 2022, respectively, are due to the amortization of favorable and unfavorable leases. All of the rent related purchase accounting adjustments are adjustments to rent expense which is included in store operations on our consolidated statements of operations.

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

(5) Represents a gain on settlement of deferred revenue from existing contracts with acquired franchisee-stores recorded in accordance with ASC 805 – Business Combinations, and is included in other losses (gains), net on our consolidated statement of operations.

(6) Represents transaction fees and acquisition-related costs incurred in connection with our acquisition of franchisee-owned stores.

(7) Represents a loss (gain) on the adjustment of the allowance for credit losses on the Company's held-to-maturity investments.

(8) Represents dividend income on held-to-maturity investments.

(9) Represents costs associated with legal matters in which the Company is a defendant. In connection with the Preliminary Settlement Agreement between the Company and a franchisee in Mexico, the Company recorded an estimated liability for the legal settlement of $8,550 as of December 31, 2022, inclusive of estimated future legal fees. As of March 31, 2023 June 30, 2023, the Company revised its estimate of the legal settlement and recorded an increase to the estimated liability of $3,300 $2,950 for the three months ended June 30, 2023 and $6,250 for the six months ended June 30, 2023 to $11,850, inclusive $14,500, net of legal fees paid. In the three and six months ended June 30, 2022, the amounts represent a reserve against an indemnification receivable related to a legal matter.

(10) Represents gains related to the adjustment of our tax benefit arrangements primarily due to changes in our deferred state tax rate.

(11) Represents severance expense recorded in connection with the elimination of the President and Chief Operating Officer position.

(12) Represents certain other charges and gains that we do not believe reflect our underlying business performance.

(12) (13) Effective September 30, 2022, we no longer exclude pre-opening costs from our computation of Adjusted EBITDA. Adjusted EBITDA for all prior periods presented has been restated to the current period computation methodology.

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

| | | Three months ended March 31, | | | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|---|---|---|---|
| **(in thousands, except per share amounts)** | **(in thousands, except per share amounts)** | **2023** | **2022** | **(in thousands, except per share amounts)** | **2023** | **2022** | **2023** | **2022** |
| Net income | Net income | $ 24,769 | $ 18,376 | Net income | $ 44,180 | $ 25,071 | $ 68,948 | $ 43,447 |
| Provision for income taxes, as reported | Provision for income taxes, as reported | 9,567 | 11,711 | Provision for income taxes, as reported | 15,814 | 8,570 | 25,381 | 20,281 |
| Purchase accounting adjustments-revenue(1) | Purchase accounting adjustments-revenue(1) | 86 | 58 | Purchase accounting adjustments-revenue(1) | 247 | 71 | 333 | 129 |
| Purchase accounting adjustments-rent(2) | Purchase accounting adjustments-rent(2) | 104 | 109 | Purchase accounting adjustments-rent(2) | 184 | 109 | 288 | 219 |
| Loss on reacquired franchise rights(3) | Loss on reacquired franchise rights(3) | — | 1,160 | Loss on reacquired franchise rights(3) | 110 | — | 110 | 1,160 |
| Gain on settlement of preexisting contract with acquiree(4) | Gain on settlement of preexisting contract with acquiree(4) | — | (2,059) | Gain on settlement of preexisting contract with acquiree(4) | — | — | — | (2,059) |
| Transaction fees and acquisition-related costs(5) | Transaction fees and acquisition-related costs(5) | 394 | 4,423 | Transaction fees and acquisition-related costs(5) | — | 525 | 394 | 4,948 |
| Loss on extinguishment of debt(6) | Loss on extinguishment of debt(6) | — | 1,583 | Loss on extinguishment of debt(6) | — | — | — | 1,583 |
| Loss (gain) on adjustment of allowance for credit losses on held-to-maturity investments(7) | Loss (gain) on adjustment of allowance for credit losses on held-to-maturity investments(7) | 255 | (2,110) | Loss (gain) on adjustment of allowance for credit losses on held-to-maturity investments(7) | (160) | 265 | 95 | (1,845) |
| Dividend income on held-to-maturity investments(8) | Dividend income on held-to-maturity investments(8) | (483) | (451) | Dividend income on held-to-maturity investments(8) | (496) | (463) | (979) | (914) |
| Legal matters(9) | Legal matters(9) | 3,300 | — | Legal matters(9) | 2,950 | 898 | 6,250 | 951 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Tax benefit arrangement remeasurement(10) | Tax benefit arrangement remeasurement(10) | — | (3,788) | Tax benefit arrangement remeasurement(10) | — | (83) | — | (3,871) |
| | Other(11) | (1,459) | 1,153 | | | | | |
| | Purchase accounting amortization(12) | 12,577 | 8,518 | | | | | |
| Severance costs(11) | | | | Severance costs(11) | 1,220 | — | 1,220 | — |
| Other(12) | | | | Other(12) | 818 | 500 | (640) | 1,600 |
| Purchase accounting amortization(13) | | | | Purchase accounting amortization(13) | 12,954 | 10,781 | 25,531 | 19,299 |
| Adjusted income before income taxes | Adjusted income before income taxes | $ 49,110 | $ 38,683 | Adjusted income before income taxes | $ 77,821 | $ 46,244 | $ 126,931 | $ 84,928 |
| | Adjusted income tax expense(13) | 12,719 | 10,135 | | | | | |
| | Adjusted net income(14) | $ 36,391 | $ 28,548 | | | | | |
| Adjusted income tax expense(14) | | | | Adjusted income tax expense(14) | 20,156 | 12,347 | 32,875 | 22,676 |
| Adjusted net income(15) | | | | Adjusted net income(15) | $ 57,665 | $ 33,897 | $ 94,056 | $ 62,252 |
| Adjusted net income per share, diluted | Adjusted net income per share, diluted | $ 0.41 | $ 0.32 | Adjusted net income per share, diluted | $ 0.65 | $ 0.37 | $ 1.05 | $ 0.69 |
| | Adjusted weighted-average shares outstanding(15) | 89,794 | 89,652 | | | | | |
| Adjusted weighted-average shares outstanding(16) | | | | Adjusted weighted-average shares outstanding(16) | 89,092 | 91,343 | 89,444 | 90,503 |

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

(2) Represents the impact of rent-related purchase accounting adjustments. In accordance with guidance in ASC 805 – Business Combinations, in connection with the 2012 Acquisition, the Company's deferred rent liability was required to be written off as of the acquisition date and rent was recorded on a straight-line basis from the acquisition date through the end of the lease term. This resulted in higher overall recorded rent expense each period than would have otherwise been recorded had the deferred rent liability not been written off as a result of the acquisition push down accounting applied in accordance with ASC 805. Adjustments of $41, $45, $82, and $45 $90 in the three and six months ended March 31, 2023 June 30, 2023 and 2022, respectively, reflect the difference between the higher rent expense recorded in accordance with U.S.

GAAP since the acquisition and the rent expense that would have been recorded had the 2012 Acquisition not occurred. Adjustments of

$63 $143, $64, $206, and $64 $129 in the three and six months ended March 31, 2023 June 30, 2023 and 2022, respectively, are due to the amortization of favorable and unfavorable leases. All of the rent related purchase accounting adjustments are adjustments to rent expense which is included in store operations on our consolidated statements of operations.

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

(4) Represents a gain on settlement of deferred revenue from existing contracts with acquired franchisee-stores recorded in accordance with ASC 805 – Business Combinations, and is included in other losses (gains), net on our consolidated statement of operations.

(5) Represents transactions transaction fees and acquisition-related costs incurred in connection with our acquisition of franchisee-owned stores.

(6) Represents a loss on extinguishment of debt in the three six months ended March 31, 2022 June 30, 2022.

(7) Represents a loss (gain) on the adjustment of the allowance for credit losses on the Company's held-to-maturity investments.

(8) Represents dividend income on held-to-maturity investments.

(9) Represents costs associated with legal matters in which the Company is a defendant. In connection with the Preliminary Settlement Agreement between the Company and a franchisee in Mexico, the Company recorded an estimated liability for the legal settlement of $8,550 as of December 31, 2022, inclusive of estimated future legal fees. As of March 31, 2023 June 30, 2023, the Company revised its estimate of the legal settlement and recorded an increase to the estimated liability of $3,300 $2,950 for the three months ended June 30, 2023 and $6,250 for the six months ended June 30, 2023 to $11,850, inclusive $14,500, net of legal fees paid. In the three and six months ended June 30, 2022, the amounts represent a reserve against an indemnification receivable related to a legal matter.

(10) Represents gains related to the adjustment of our tax benefit arrangements primarily due to changes in our deferred state tax rate.

(11) Represents severance expense recorded in connection with the elimination of the President and Chief Operating Officer position.

(12) Represents certain other charges and gains that we do not believe reflect our underlying business performance.

(12) (13) Includes $3,096, $3,096, $6,192 and 6,192 of amortization of intangible assets, for the three and six months ended March 31, 2023 June 30, 2023 and 2022, recorded in connection with the 2012 Acquisition, and $9,481 $9,858, $7,685, $19,339 and $5,415 $13,107 of amortization of intangible assets for the three and six months ended March 31, 2023 June 30, 2023 and 2022, respectively, recorded in connection with historical acquisitions of franchisee-owned stores. The adjustment represents the amount of actual non-cash amortization expense recorded, in accordance with U.S. GAAP, in each period.

(13) (14) Represents corporate income taxes at an assumed blended tax rate of 25.9% for the three and six months ended March 31, 2023 June 30, 2023 and 26.2% 26.7% for the three and six months ended March 31, 2022 June 30, 2022, applied to adjusted income before income taxes.

(14) (15) Effective September 30, 2022, we no longer exclude pre-opening costs from our computation of Adjusted EBITDA. Adjusted EBITDA for all prior periods presented has been restated to the current period computation methodology.

(15) (16) Assumes the full exchange of all outstanding Holdings Units and corresponding shares of Class B common stock for shares of Class A common stock of Planet Fitness, Inc.

A reconciliation of net income per share, diluted, to Adjusted net income per share, diluted, is set forth below for the three and six months ended March 31, 2023 June 30, 2023 and 2022:

| | | For the three months ended March 31, 2023 | | | For the three months ended March 31, 2022 | | | | For the three months ended June 30, 2023 | | | For the three months ended June 30, 2022 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **(in thousands, except per share amounts)** | **(in thousands, except per share amounts)** | **Net income** | **Weighted Average Shares** | **Net income per share, diluted** | **Net income** | **Weighted Average Shares** | **Net income per share, diluted** | **(in thousands, except per share amounts)** | **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) | Net income attributable to Planet Fitness, Inc.(1) | $ 22,705 | 84,787 | $ 0.27 | $ 16,464 | 84,635 | $ 0.19 | Net income attributable to Planet Fitness, Inc. (1) | $ 41,135 | 84,908 | $ 0.48 | $ 22,342 | 85,197 | $ 0.26 |
| Assumed exchange of shares(2) | Assumed exchange of shares(2) | 2,064 | 5,007 | | 1,912 | 5,017 | | Assumed exchange of shares(2) | 3,045 | 4,184 | | 2,729 | 6,146 | |
| Net income | Net income | 24,769 | | | 18,376 | | | Net income | 44,180 | | | 25,071 | | |
| Adjustments to arrive at adjusted income before income taxes(3) | Adjustments to arrive at adjusted income before income taxes(3) | 24,341 | | | 20,307 | | | Adjustments to arrive at adjusted income before income taxes(3) | 33,641 | | | 21,173 | | |
| Adjusted income before income taxes | Adjusted income before income taxes | 49,110 | | | 38,683 | | | Adjusted income before income taxes | 77,821 | | | 46,244 | | |
| Adjusted income tax expense(4) | Adjusted income tax expense(4) | 12,719 | | | 10,135 | | | Adjusted income tax expense(4) | 20,156 | | | 12,347 | | |
| Adjusted net income | Adjusted net income | $ 36,391 | 89,794 | $ 0.41 | $ 28,548 | 89,652 | $ 0.32 | Adjusted net income | $ 57,665 | 89,092 | $ 0.65 | $ 33,897 | 91,343 | $ 0.37 |

(1) Represents net income attributable to Planet Fitness, Inc. and the associated weighted average shares, diluted, of Class A common stock outstanding.

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

(3) Represents the total impact of all adjustments identified in the adjusted net income table above to arrive at adjusted income before income taxes. Effective September 30, 2022, we no longer exclude pre-opening costs from our computation of Adjusted EBITDA. Adjusted EBITDA for all prior periods presented has been restated to the current period computation methodology.

(4) Represents corporate income taxes at an assumed blended tax rate of 25.9% and 26.2% 26.7% for the three months ended March 31, June 30, 2023 and 2022, respectively, applied to adjusted income before income taxes.

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

(1) Represents net income attributable to Planet Fitness, Inc. and the associated weighted average shares, diluted, of Class A common stock outstanding.

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

(3) Represents the total impact of all adjustments identified in the adjusted net income table above to arrive at adjusted income before income taxes. Effective September 30, 2022, we no longer exclude pre-opening costs from our computation of Adjusted EBITDA. Adjusted EBITDA for all prior periods presented has been restated to the current period computation methodology.

(4) Represents corporate income taxes at an assumed blended tax rate of 25.9% and 26.7% for the six months ended June 30, 2023 and 2022, respectively, applied to adjusted income before income taxes.

**Results of operations**

The following table sets forth our condensed consolidated statements of operations as a percentage of total revenue for the three and six months ended March 31, 2023 June 30, 2023 and 2022:

| | | Three months ended March 31, 2023 | Three months ended March 31, 2022 | | Three months ended June 30, 2023 | Three months ended June 30, 2022 | Six months ended June 30, 2023 | Six months ended June 30, 2022 |
|---|---|---|---|---|---|---|---|---|
| Revenue: | Revenue: | | | Revenue: | | | | |
| Franchise revenue | Franchise revenue | 34.1 % | 35.4 % | Franchise revenue | 28.2 % | 30.3 % | 30.8 % | 32.6 % |
| National advertising fund revenue | National advertising fund revenue | 7.7 % | 7.5 % | National advertising fund revenue | 6.3 % | 6.5 % | 6.8 % | 6.9 % |
| Franchise segment | Franchise segment | 41.8 % | 42.9 % | Franchise segment | 34.5 % | 36.8 % | 37.6 % | 39.5 % |
| Corporate-owned stores | Corporate-owned stores | 47.6 % | 40.8 % | Corporate-owned stores | 39.7 % | 45.2 % | 43.2 % | 43.3 % |
| Equipment | Equipment | 10.6 % | 16.3 % | Equipment | 25.8 % | 18.0 % | 19.2 % | 17.2 % |
| Total revenue | Total revenue | 100.0 % | 100.0 % | Total revenue | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| Operating costs and expenses: | Operating costs and expenses: | | | Operating costs and expenses: | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Cost of revenue | Cost of revenue | 8.7 % | 12.0 % | Cost of revenue | 20.8 % | 14.5 % | 15.5 % | 13.4 % |
| Store operations | Store operations | 29.7 % | 25.5 % | Store operations | 20.6 % | 25.1 % | 24.6 % | 25.3 % |
| Selling, general and administrative | Selling, general and administrative | 12.5 % | 16.5 % | Selling, general and administrative | 11.4 % | 12.6 % | 11.9 % | 14.4 % |
| National advertising fund expense | National advertising fund expense | 7.6 % | 7.8 % | National advertising fund expense | 6.2 % | 8.4 % | 6.9 % | 8.1 % |
| Depreciation and amortization | Depreciation and amortization | 16.2 % | 13.8 % | Depreciation and amortization | 12.8 % | 14.3 % | 14.3 % | 14.1 % |
| Other losses (gains), net | Other losses (gains), net | 1.8 % | (1.6) % | Other losses (gains), net | 1.3 % | 0.5 % | 1.5 % | (0.4) % |
| Total operating costs and expenses | Total operating costs and expenses | 76.5 % | 74.0 % | Total operating costs and expenses | 73.1 % | 75.4 % | 74.7 % | 74.9 % |
| Income from operations | Income from operations | 23.5 % | 26.0 % | Income from operations | 26.9 % | 24.6 % | 25.3 % | 25.1 % |
| Other income (expense), net: | Other income (expense), net: | | | Other income (expense), net: | | | | |
| Interest income | Interest income | 1.8 % | 0.1 % | Interest income | 1.5 % | 0.2 % | 1.6 % | 0.2 % |
| Interest expense | Interest expense | (9.7) % | (12.1) % | Interest expense | (7.5) % | (9.8) % | (8.5) % | (10.9) % |
| Other income (expense) | Other income (expense) | 0.1 % | 2.2 % | Other income (expense) | 0.1 % | 0.1 % | 0.1 % | 1.0 % |
| Total other expense, net | Total other expense, net | (7.8) % | (9.8) % | Total other expense, net | (5.9) % | (9.5) % | (6.8) % | (9.7) % |
| Income before income taxes | Income before income taxes | 15.7 % | 16.2 % | Income before income taxes | 21.0 % | 15.1 % | 18.5 % | 15.4 % |
| Equity losses of unconsolidated entities, net of tax | Equity losses of unconsolidated entities, net of tax | (0.1) % | (0.1) % | Equity losses of unconsolidated entities, net of tax | — % | — % | (0.1) % | (0.1) % |
| Provision for income taxes | Provision for income taxes | 4.3 % | 6.3 % | Provision for income taxes | 5.5 % | 3.8 % | 5.0 % | 4.9 % |
| Net income | Net income | 11.3 % | 9.8 % | Net income | 15.5 % | 11.3 % | 13.5 % | 10.5 % |
| Less net income attributable to non-controlling interests | Less net income attributable to non-controlling interests | 0.9 % | 1.0 % | Less net income attributable to non-controlling interests | 1.1 % | 1.2 % | 1.0 % | 1.1 % |
| Net income attributable to Planet Fitness, Inc. | Net income attributable to Planet Fitness, Inc. | 10.4 % | 8.8 % | Net income attributable to Planet Fitness, Inc. | 14.4 % | 10.1 % | 12.5 % | 9.4 % |

The following table sets forth a comparison of our condensed consolidated statements of operations for the three and six months ended March 31, 2023 June 30, 2023 and 2022:

| | | **Three months ended March 31,** | | | **Three months ended June 30,** | | **Six months ended June 30,** | |
|---|---|---|---|---|---|---|---|---|
| | | **2023** | **2022** | | **2023** | **2022** | **2023** | **2022** |
| **(in thousands)** | **(in thousands)** | | | **(in thousands)** | | | | |
| Revenue: | Revenue: | | | Revenue: | | | | |
| Franchise revenue | Franchise revenue | $ 75,878 | $ 66,117 | Franchise revenue | $ 80,846 | $ 67,958 | $ 156,726 | $ 134,075 |
| National advertising fund revenue | National advertising fund revenue | 16,804 | 13,967 | National advertising fund revenue | 17,996 | 14,585 | 34,800 | 28,552 |
| Franchise segment | Franchise segment | 92,682 | 80,084 | Franchise segment | 98,842 | 82,543 | 191,526 | 162,627 |
| Corporate-owned stores | Corporate-owned stores | 105,882 | 76,157 | Corporate-owned stores | 113,759 | 101,453 | 219,640 | 177,610 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Equipment | Equipment | 23,661 | 30,435 | Equipment | 73,862 | 40,446 | 97,523 | 70,881 |
| Total revenue | Total revenue | 222,225 | 186,676 | Total revenue | 286,463 | 224,442 | 508,689 | 411,118 |
| Operating costs and expenses: | Operating costs and expenses: | | | Operating costs and expenses: | | | | |
| Cost of revenue | Cost of revenue | 19,354 | 22,361 | Cost of revenue | 59,457 | 32,544 | 78,810 | 54,905 |
| Store operations | Store operations | 66,015 | 47,535 | Store operations | 58,876 | 56,362 | 124,891 | 103,897 |
| Selling, general and administrative | Selling, general and administrative | 27,767 | 30,826 | Selling, general and administrative | 32,646 | 28,202 | 60,415 | 59,028 |
| National advertising fund expense | National advertising fund expense | 16,987 | 14,547 | National advertising fund expense | 17,890 | 18,889 | 34,878 | 33,436 |
| Depreciation and amortization | Depreciation and amortization | 36,010 | 25,683 | Depreciation and amortization | 36,767 | 32,172 | 72,777 | 57,855 |
| Other losses (gains), net | Other losses (gains), net | 3,936 | (2,933) | Other losses (gains), net | 3,825 | 1,181 | 7,761 | (1,752) |
| Total operating costs and expenses | Total operating costs and expenses | 170,069 | 138,019 | Total operating costs and expenses | 209,461 | 169,350 | 379,532 | 307,369 |
| Income from operations | Income from operations | 52,156 | 48,657 | Income from operations | 77,002 | 55,092 | 129,157 | 103,749 |
| Other income (expense), net: | Other income (expense), net: | | | Other income (expense), net: | | | | |
| Interest income | Interest income | 3,931 | 209 | Interest income | 4,163 | 474 | 8,094 | 683 |
| Interest expense | Interest expense | (21,599) | (22,631) | Interest expense | (21,468) | (21,979) | (43,067) | (44,610) |
| Other income | Other income | 113 | 4,090 | Other income | 370 | 148 | 483 | 4,238 |
| Total other expense, net | Total other expense, net | (17,555) | (18,332) | Total other expense, net | (16,935) | (21,357) | (34,490) | (39,689) |
| Income before income taxes | Income before income taxes | 34,601 | 30,325 | Income before income taxes | 60,067 | 33,735 | 94,667 | 64,060 |
| Equity losses of unconsolidated entities, net of tax | Equity losses of unconsolidated entities, net of tax | (265) | (238) | Equity losses of unconsolidated entities, net of tax | (73) | (94) | (338) | (332) |
| Provision for income taxes | Provision for income taxes | 9,567 | 11,711 | Provision for income taxes | 15,814 | 8,570 | 25,381 | 20,281 |
| Net income | Net income | 24,769 | 18,376 | Net income | 44,180 | 25,071 | 68,948 | 43,447 |
| Less net income attributable to non-controlling interests | Less net income attributable to non-controlling interests | 2,064 | 1,912 | Less net income attributable to non-controlling interests | 3,045 | 2,729 | 5,109 | 4,641 |
| Net income attributable to Planet Fitness, Inc. | Net income attributable to Planet Fitness, Inc. | $ 22,705 | $ 16,464 | Net income attributable to Planet Fitness, Inc. | $ 41,135 | $ 22,342 | $ 63,839 | $ 38,806 |

***Comparison of the three months ended March 31, 2023 June 30, 2023 and three months ended March 31, 2022 June 30, 2022***

*Revenue*

Total revenues were $222.2 million $286.5 million in the three months ended March 31, 2023 June 30, 2023, compared to $186.7 million $224.4 million in the three months ended March 31, 2022 June 30, 2022, an increase of $35.5 million $62.0 million, or 19.0% 27.6%.

Franchise segment revenue was $92.7 million $98.8 million in the three months ended March 31, 2023 June 30, 2023, compared to $80.1 million $82.5 million in the three months ended March 31, 2022 June 30, 2022, an increase of $12.6 million $16.3 million, or 15.7% 19.7%.

Franchise revenue was $75.9 million $80.8 million in the three months ended March 31, 2023 June 30, 2023 compared to $66.1 million $68.0 million in the three months ended March 31, 2022 June 30, 2022, an increase of $9.8 million $12.9 million or 14.8% 19.0%. Included in franchise revenue is royalty revenue of $64.5 million $66.8 million, franchise and other fees of $9.4 million $6.9 million, and placement revenue of $1.6 million $6.3 million for the three months ended March 31, 2023 June 30, 2023, compared to royalty revenue of $56.5 million $58.7 million, franchise and other fees of $6.8 million $5.8 million, and placement revenue of $2.3 million $3.4 million for the three months ended March 31, 2022 June 30, 2022. Of the $8.0 million $8.1 million increase in royalty revenue, $4.9 million $4.5 million was attributable to a same store sales increase of 9.7% 8.6% in franchisee-owned stores, $2.4 million $2.0 million was attributable to higher royalties on annual fees and $1.9 million $1.6 million was attributable to new stores opened since January 1, 2022 April 1, 2022. The $2.6

million $1.1 million increase in franchise and other fees was primarily attributable to higher online join fees. Partially offsetting the royalty revenue increases was a decrease of approximately $0.9 million primarily as a result of the stores acquired in the Sunshine Acquisition becoming corporate-owned stores beginning February 10, 2022. The $0.7 million decrease $2.9 million increase in placement revenue was driven by lower new higher existing equipment placements in the three months ended March 31, 2023 June 30, 2023 compared to the three months ended March 31, 2022 June 30, 2022.

National advertising fund revenue was $16.8 million $18.0 million in the three months ended March 31, 2023 June 30, 2023, compared to $14.0 million $14.6 million in the three months ended March 31, 2022 June 30, 2022. The $2.8 million $3.4 million increase in national advertising fund revenue was primarily due to new stores, higher the same store sales increase noted above, new stores and the collection of national advertising fund revenue on annual fees billed to new members, which began in 2023.

Revenue from our corporate-owned stores segment was $105.9 million $113.8 million in the three months ended March 31, 2023 June 30, 2023, compared to $76.2 $101.5 million in the three months ended March 31, 2022 June 30, 2022, an increase of $29.7 million $12.3 million, or 39.0% 12.1%. Of the increase, $23.5 million was attributable to the February 10, 2022 acquisition of 114 stores in the Sunshine Acquisition, $3.2 million $7.1 million was from the corporate-owned store same store sales increase of 12.1% 10.2%, and $3.0 million $5.2 million was from new store openings since April 1, 2022 and the April 16, 2023 acquisition of 4 stores opened since January 1, 2022. in Florida.

Equipment segment revenue was $23.7 million $73.9 million in the three months ended March 31, 2023 June 30, 2023, compared to $30.4 million $40.4 million in the three months ended March 31, 2022 June 30, 2022, a decrease an increase of $6.8 million $33.4 million, or 22.3% 82.6%. The decrease increase was driven by $8.5 million of lower equipment sales to 18 new franchisee-owned stores in the three months ended March 31, 2023 compared to 33 new franchisee-owned stores in the three months ended March 31, 2022, which was partially offset by an increase of $1.8 million $33.7 million in sales to existing franchisee-owned stores in the three months ended March 31, 2023 June 30, 2023. We had equipment sales to 26 new franchisee-owned stores in both the three months ended June 30, 2023 and June 30, 2022.

*Cost of revenue*

Cost of revenue was $19.4 million $59.5 million in the three months ended March 31, 2023 June 30, 2023 compared to $22.4 million $32.5 million in the three months ended March 31, 2022 June 30, 2022, a decrease an increase of $3.0 million $26.9 million, or 13.4% 82.7%. Cost of revenue, which primarily relates to our equipment segment, decreased increased primarily as a result of lower higher equipment sales to new existing franchisee-owned stores in the three months ended March 31, 2023 June 30, 2023 compared to the three months ended March 31, 2022 June 30, 2022, as described above.

*Store operations*

Store operation expenses, which relate to our corporate-owned stores segment, were $66.0 million $58.9 million in the three months ended March 31, 2023 June 30, 2023 compared to $47.5 million $56.4 million in the three months ended March 31, 2022 June 30, 2022, an increase of $18.5 million $2.5 million, or 38.9% 4.5%. Of the The increase $17.8 million was attributable primarily due to the acquisition higher rent and occupancy expense and higher payroll as a result of 114 new stores in the February 10, 2022 Sunshine Acquisition. opened or acquired since April 1, 2022.

*Selling, general and administrative*

Selling, general and administrative expenses were $27.8 million $32.6 million in the three months ended March 31, 2023 June 30, 2023 compared to $30.8 million $28.2 million in the three months ended March 31, 2022 June 30, 2022, a decrease an increase of $3.1 million $4.4 million, or 9.9% 15.8%. This decrease increase was primarily a result of due to $2.4 million in higher compensation related expense and $1.5 million in operational expenses, in the prior year period including $4.4 million of transaction fees incurred in connection with the Sunshine Acquisition, and $2.1 million of higher expense from the Sunshine Acquisition. Partially offsetting the decrease was higher expenses in the three months ended March 31, 2023, primarily from higher payroll, information technology expenses, and travel. costs.

*National advertising fund expense*

National advertising fund expense was $17.0 million $17.9 million in the three months ended March 31, 2023 June 30, 2023 compared to $14.5 million $18.9 million in the three months ended March 31, 2022 June 30, 2022, due to higher lower advertising and marketing expenditures in the current year period as a result of an increase in net membership. period.

*Depreciation and amortization*

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

Depreciation and amortization expense was $36.0 million $36.8 million in the three months ended March 31, 2023 June 30, 2023 compared to $25.7 million $32.2 million in the three months ended March 31, 2022 June 30, 2022, an increase of $10.3 million $4.6 million, or 40.2% 14.3%. Of the increase, $10.2 million was attributable to corporate-owned stores, reflecting $6.1 million of depreciation and $4.1 million of amortization. The increase was primarily attributable to the acquisition of 114 corporate stores in the Sunshine Acquisition. opened or acquired since April 1, 2022.

*Other losses, (gains), net*

Other losses, (gains), net was a loss of $3.9 million $3.8 million in the three months ended March 31, 2023 June 30, 2023 compared to a gain loss of $2.9 million $1.2 million in the three months ended March 31, 2022 June 30, 2022. In the three months ended March 31, 2023 June 30, 2023, the other loss losses, net was primarily attributable to a $3.3 million $3.0 million increase in to an estimated liability for a legal estimated liability. matter. In the three months ended March 31, 2022 June 30, 2022, the other gain was primarily attributable losses, net included a $0.9 million reserve against an indemnification receivable related to a $2.1 million gain on the settlement of preexisting contracts associated with the Sunshine Acquisition.

legal matter.

*Interest income*

Interest income was $3.9 million $4.2 million in the three months ended March 31, 2023 June 30, 2023, compared to $0.2 million $0.5 million in the three months ended March 31, 2022 June 30, 2022, primarily as a result of higher interest rates in the three months ended March 31, 2023 June 30, 2023 compared to the three months ended March 31, 2022 June

30, 2022.

*Interest expense*

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

Interest expense was $21.6 million $21.5 million in the three months ended March 31, 2023 June 30, 2023 and $22.6 million $22.0 million in the three months ended March 31, 2022 June 30, 2022. The decrease in interest expense is due to the repayment of the $75.0 million variable funding notes in May 2022 and amortization of principal.

*Other income*

Other income was $0.4 million in the three months ended June 30, 2023 compared to income of $0.1 million in the three months ended June 30, 2022.

*Provision for income taxes*

Provision for income taxes was $15.8 million in the three months ended June 30, 2023, compared to $8.6 million in the three months ended June 30, 2022, an increase of $7.2 million. The increase in the provision for income taxes was attributable to an increase in pretax profits in the three months ended June 30, 2023 as compared to the three months ended June 30, 2022.

***Segment results***

*Franchise*

Segment EBITDA for the franchise segment was $66.1 million in the three months ended June 30, 2023 compared to $54.3 million in the three months ended June 30, 2022, an increase of $11.8 million. The franchise segment EBITDA increase was primarily attributable to the franchise revenue increases as described above of $12.9 million, higher national advertising fund revenue of $3.4 million, and lower national advertising fund expenses of $1.0 million partially offset by higher expenses related to placement services of $1.3 million, higher selling, general, and administrative expenses of $1.3 million, and a $3.0 million increase in an estimated liability for a legal matter.

*Corporate-owned stores*

Segment EBITDA for the corporate-owned stores segment was $48.7 million in the three months ended June 30, 2023 compared to $39.5 million in the three months ended June 30, 2022, an increase of $9.2 million. Of the increase, $7.8 million was attributable to the same store sales increase of 10.2% and $1.7 million was from new store openings since April 1, 2022 and the April 16, 2023 acquisition of 4 stores in Florida, partially offset by higher store operation expenses.

*Equipment*

Segment EBITDA for the equipment segment was $17.1 million in the three months ended June 30, 2023 compared to $10.2 million in the three months ended June 30, 2022, an increase of $6.9 million. The increase was primarily driven by higher equipment sales to existing franchisee-owned stores in the three months ended June 30, 2023 compared to the three months ended June 30, 2022, as described above.

***Comparison of the six months ended June 30, 2023 and six months ended June 30, 2022***

*Revenue*

Total revenues were $508.7 million in the six months ended June 30, 2023, compared to $411.1 million in the six months ended June 30, 2022, an increase of $97.6 million, or 23.7%.

Franchise segment revenue was $191.5 million in the six months ended June 30, 2023, compared to $162.6 million in the six months ended June 30, 2022, an increase of $28.9 million, or 17.8%.

Franchise revenue was $156.7 million in the six months ended June 30, 2023 compared to $134.1 million in the six months ended June 30, 2022, an increase of $22.7 million, or 16.9%. Included in franchise revenue is royalty revenue of $131.4 million, franchise and other fees of $16.3 million, and placement revenue of $7.9 million for the six months ended June 30, 2023, compared to royalty revenue of $115.2 million, franchise and other fees of $12.6 million, and placement revenue of $5.7 million for the six months ended June 30, 2022. Of the $16.2 million increase in royalty revenue, $9.4 million was attributable to a same store sales increase of 9.1% in franchisee-owned stores, $3.4 million was attributable to new stores opened since January 1, 2022, and $4.1 million was from higher royalties on annual fees, partially offset by $0.8 million of lower royalty revenue primarily as a result of the stores acquired in the Sunshine Acquisition no longer being franchisee-owned stores. The $3.7 million increase in franchise and other fees was primarily attributable to higher online join fees, and the $2.2 million increase in placement revenue was primarily driven by higher replacement equipment placements.

National advertising fund revenue was $34.8 million in the six months ended June 30, 2023, compared to $28.6 million in the six months ended June 30, 2022. The increase in national advertising fund revenue in the six months ended June 30, 2023 compared to the six months ended June 30, 2022 was primarily due to higher same store sales, new stores opened since January 1, 2022 and the collection of national advertising fund revenue on annual fees billed to new members, which began in 2023.

Revenue from our corporate-owned stores segment was $219.6 million in the six months ended June 30, 2023, compared to $177.6 million in the six months ended June 30, 2022, an increase of $42.0 million, or 23.7%. Of the increase, $28.6 million was attributable to the acquisition of 114 stores in the Sunshine Acquisition in February 2022, $8.7 million was from new stores opened or acquired since January 1, 2022, and $4.7 million was from the corporate-owned store same store sales increase of 11.0%.

Equipment segment revenue was $97.5 million in the six months ended June 30, 2023, compared to $70.9 million in the six months ended June 30, 2022, an increase of $26.6 million, or 37.6%. Of the increase, $35.3 million was driven by higher equipment sales to existing franchisee-owned stores, partially offset by $8.9 million of lower equipment sales to new franchisee-owned stores in the six months ended June 30, 2023 compared to the six months ended June 30, 2022. In the six months ended June 30, 2023, we had equipment sales to 44 new franchisee-owned stores compared to 59 in the prior year period.

*Cost of revenue*

Cost of revenue was $78.8 million in the six months ended June 30, 2023 compared to $54.9 million in the six months ended June 30, 2022, an increase of $23.9 million, or 43.5%. Cost of revenue, which primarily relates to our equipment segment, increased primarily as a result of higher equipment sales to existing franchisee-owned stores, partially offset by lower equipment sales to existing franchisee-owned stores in the six months ended June 30, 2023 compared to the six months ended June 30, 2022, as described above.

*Store operations*

Store operation expenses, which relate to our corporate-owned stores segment, were $124.9 million in the six months ended June 30, 2023 compared to $103.9 million in the six months ended June 30, 2022, an increase of $21.0 million, or 20.2%. Of the increase, $7.0 million was attributable to rent and occupancy expense, $5.7 million was from higher marketing expense, $5.2 million was from higher payroll, and $1.9 million repairs and maintenance expense, primarily as a result of new stores opened or acquired since January 1, 2022.

*Selling, general and administrative*

Selling, general and administrative expenses were $60.4 million in the six months ended June 30, 2023 compared to $59.0 million in the six months ended June 30, 2022, an increase of $1.4 million, or 2.3%. Of the $1.4 million increase, $3.7 million was related to payroll and $1.2 million was from higher technology expense, which were partially offset by lower advisory fees as a result of the Sunshine Acquisition in the prior year.

*National advertising fund expense*

National advertising fund expense was $34.9 million in the six months ended June 30, 2023 compared to $33.4 million in the six months ended June 30, 2022, due to higher national advertising and marketing expenditures in 2023 as compared to 2022 as a result of higher national advertising fund revenue.

*Depreciation and amortization*

Depreciation and amortization expense consists of the depreciation of property and equipment, including leasehold and building improvements and equipment. Amortization expense consists of amortization related to our intangible assets, including customer relationships and reacquired franchise rights.

Depreciation and amortization expense was $72.8 million in the six months ended June 30, 2023 compared to $57.9 million in the six months ended June 30, 2022, an increase of $14.9 million, or 25.8%. The increase was primarily attributable to depreciation and amortization of the assets acquired in the Sunshine Acquisition and Florida Acquisition as well as new stores opened since January 1, 2022.

*Other losses (gains), net*

Other losses (gains), net was a loss of $7.8 million in the six months ended June 30, 2023 compared to a gain of $1.8 million in the six months ended June 30, 2022. In the six months ended June 30, 2023, the $7.8 million loss was primarily related to a $6.3 million increase in an estimated reserve for a legal matter. In the six months ended June 30, 2022, the $1.8 million gain includes a $1.8 million gain from the reduction in the Company's allowance for credit losses and a $2.1 million gain from the settlement of preexisting contracts in connection with the Sunshine Acquisition, partially offset by the $1.2 million loss on unfavorable reacquired franchise rights in connection with the Sunshine Acquisition and a $0.9 million reserve against an indemnification receivable related to a legal matter.

*Interest income*

Interest income was $8.1 million in the six months ended June 30, 2023 compared to $0.7 million in the six months ended June 30, 2022, primarily as a result of higher interest rates in the six months ended June 30, 2023 compared to the six months ended June 30, 2022.

*Interest expense*

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

Interest expense was $43.1 million in the six months ended June 30, 2023 compared to $44.6 million in the six months ended June 30, 2022. The decrease in interest expense is due to a $1.6 million loss on extinguishment of debt from the write-off of remaining deferred financing costs in the three months ended March 31, 2022. This was partially offset by a full quarter prior year period and $0.5 million of lower interest expense from the repayment of the variable funding notes in May 2022. Partially offsetting these decreases is higher interest expense in the six months ended June 30, 2023 from an the increased principal balance during the three months ended March 31, 2023. Both items were as a result of the debt refinancing completed on February 10, 2022.

*Other income*

Other income was $0.1 million $0.5 million in the three six months ended March 31, 2023 compared to income of $4.1 million June 30, 2023 and $4.2 million in the three six months ended March 31, 2022 June 30, 2022. In During the three six months ended March 31, 2022 June 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 $9.6 million in the three months ended March 31, 2023, compared to $11.7 million in the three months ended March 31, 2022, a decrease of $2.1 million. The decrease in the provision for income taxes was attributable to a remeasurement of our deferred tax assets $3.8 million due to changes in our effective tax rate which did not impact the six months ended June 30, 2023.

*Provision for income taxes*

The provision for income taxes was $25.4 million in the three six months ended March 31, 2022 June 30, 2023, compared to $20.3 million in the six months ended June 30, 2022. The increase was attributable to higher income before income taxes in the six months ended June 30, 2023 as compared to the six months ended June 30, 2022.

**Segment results**

*Franchise*

Segment EBITDA for the franchise segment was $64.7 million $130.8 million in the three six months ended March 31, 2023 June 30, 2023 compared to $60.1 million $114.4 million in the three six months ended March 31, 2022 June 30, 2022, an increase of $4.6 million $16.4 million, or 14.3%. The franchise segment EBITDA increase in the six months ended June 30, 2023 compared to the six months ended June 30, 2022 was primarily attributable due to the $28.9 million of higher franchise segment revenue, increases as described above partially offset by $1.5 million of higher equipment placement expenses, $1.4 million of higher NAF expenses and $1.4 million of $2.4 million, higher selling, general and administrative expense. Also offsetting the revenue increase was a $3.3 million $6.3 million increase in an estimated reserve for a legal estimated liability, and matter in the current year period as compared to a $2.1 million gain in the three prior year period as described in other losses (gains), net above. Depreciation and amortization was $3.7 million and $3.7 million in the six months ended March 31, 2022 on the settlement of preexisting contracts associated with the Sunshine Acquisition.June 30, 2023 and 2022, respectively.

*Corporate-owned stores*

Segment EBITDA for the corporate-owned stores segment was $33.5 million $82.2 million in the three six months ended March 31, 2023 June 30, 2023 compared to $23.4 million $62.8 million in the three six months ended March 31, 2022 June 30, 2022, an increase of $10.2 million $19.4 million, or 30.9%. Of the Segment EBITDA increase, $5.3 million $13.3 million was attributable to the corporate-owned stores acquired in the Sunshine Acquisition, and $5.4 million $4.4 million was attributable to the same store sales increase of 12.1%. Partially offsetting these increases 11.0%, and $2.3 million was from new stores opened or acquired since January 1, 2022, partially offset by higher selling, general and administrative expense of $0.9 million, $1.0 million. Depreciation and amortization was $57.7 million and $43.2 million for the six months ended June 30, 2023 and 2022, respectively. The increase in depreciation and amortization was primarily as a result of attributable the Sunshine Acquisition.

*Equipment*

Segment EBITDA for the equipment segment was $5.6 million $22.7 million in the three six months ended March 31, 2023 June 30, 2023 compared to $8.7 million $18.8 million in the three six months ended March 31, 2022 June 30, 2022, a decrease an increase of $3.1 million. The decrease was primarily $3.9 million, or 20.5%, driven by higher equipment sales to existing franchisee-owned stores, partially offset by lower equipment sales to new franchisee-owned stores in the three six months ended March 31, 2023 June 30, 2023 compared to the three six months ended March 31, 2022, as described above. June 30, 2022. Depreciation and amortization was $2.5 million for both the six months ended June 30, 2023 and 2022.

**Liquidity and capital resources**

As of March 31, 2023 June 30, 2023, we had $460.4 million $236.1 million of cash and cash equivalents, $117.8 million of short-term marketable securities, $2.5 million of long-term marketable securities and $62.6 million $62.5 million of restricted cash.

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

The following table presents summary cash flow information for the three six months ended March 31, 2023 June 30, 2023 and 2022:

| | | Three months ended March 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|---|
| **(in thousands)** | **(in thousands)** | **2023** | **2022** | **(in thousands)** | **2023** | **2022** |
| Net cash provided by (used in): | Net cash provided by (used in): | | | Net cash provided by (used in): | | |
| Operating activities | Operating activities | $ 97,910 | $ 58,010 | Operating activities | $ 157,330 | $ 110,263 |
| Investing activities | Investing activities | (22,997) | (449,706) | Investing activities | (201,021) | (466,303) |
| Financing activities | Financing activities | (24,607) | 324,217 | Financing activities | (130,876) | 198,591 |
| Effect of foreign exchange rates on cash | Effect of foreign exchange rates on cash | 198 | 206 | Effect of foreign exchange rates on cash | 728 | (219) |
| Net increase (decrease) in cash | Net increase (decrease) in cash | $ 50,504 | $ (67,273) | Net increase (decrease) in cash | $ (173,839) | $ (157,668) |

***Operating activities***

For the three six months ended March 31, 2023 June 30, 2023, net cash provided by operating activities was $97.9 million $157.3 million compared to $58.0 million $110.3 million in the three six months ended March 31, 2022 June 30, 2022, an increase of $39.9 million $47.1 million. Of the increase, $16.4 million $44.4 million is due to higher net income after adjustments to reconcile net income to net cash provided by operating activities in the three six months ended March 31, 2023 June 30, 2023 as compared to the three six months ended March 31, 2022 June 30, 2022, and $23.5 million partially offset by $2.7 million is due to favorable unfavorable changes in working capital primarily from a larger increase in accounts receivable collections, a larger increase in deferred revenue collected, and favorable changes in the national advertising fund and other assets and other current assets partially offset by a larger reduction in accounts payable and accrued expenses and a reduction in equipment deposits. capital.

***Investing activities***

For the three six months ended March 31, 2023 June 30, 2023, net cash used in investing activities was $23.0 million $201.0 million compared to $449.7 million $466.3 million in the three six months ended March 31, 2022 June 30, 2022, a decrease of $426.7 million $265.3 million. The primary driver for the decrease in cash used in investing activities was $425.8 million $424.9 million of net cash used for the Sunshine Acquisition in the prior year period. period, partially offset by a net $119.6 million investment in marketable securities, $26.4 million used for the Florida Acquisition, and $10.0 million equity method investment in the current year.

Capital expenditures for the three six months ended March 31, 2023 June 30, 2023 and 2022:

| | | Three months ended March 31, | | | Six months ended June 30, | |
|---|---|---|---|---|---|---|
| **(in thousands)** | **(in thousands)** | **2023** | **2022** | **(in thousands)** | **2023** | **2022** |
| New corporate-owned stores and corporate-owned stores not yet opened | New corporate-owned stores and corporate-owned stores not yet opened | $ 5,906 | $ 5,722 | New corporate-owned stores and corporate-owned stores not yet opened | $ 12,460 | $ 16,962 |
| Existing corporate-owned stores | Existing corporate-owned stores | 12,826 | 14,784 | Existing corporate-owned stores | 22,161 | 16,552 |
| Information systems | Information systems | 4,195 | 3,366 | Information systems | 10,507 | 7,909 |
| Corporate and all other | Corporate and all other | 70 | — | Corporate and all other | 15 | — |
| Total capital expenditures | Total capital expenditures | $ 22,997 | $ 23,872 | Total capital expenditures | $ 45,143 | $ 41,423 |

***Financing activities***

For the three six months ended March 31, 2023 June 30, 2023, net cash used in financing activities was $24.6 million $130.9 million compared to net cash provided by financing activities of $324.2 million $198.6 million in the three six months ended March 31, 2022 June 30, 2022. The primary drivers of the net cash used in financing activities in the three six months ended March 31, 2023 June 30, 2023, were share repurchases of $125.0 million and the repayment of long-term debt partially offset by proceeds from issuance of Class A common stock. The primary drivers of the net cash provided by financing activities in the three months ended March 31, 2022, was $324.6 million $244.4 million of net cash provided from long-term debt, consisting of $975 million of borrowings, $634.3 million $714.4 million of principal payments and $16.2 million of deferred financing costs incurred. incurred, in addition to share repurchases of $44.3 million.

**Securitized Financing Facility**

Planet Fitness Master Issuer LLC (the “Master Issuer”), a limited-purpose, bankruptcy remote, wholly-owned indirect subsidiary of Pla-Fit Holdings, LLC, is the master issuer of outstanding senior secured notes under a securitized financing facility that was entered into in August 2018. In February 2022, the Master Issuer completed a refinancing transaction with respect to this facility under which the Master Issuer issued the Series 2022-1 Class A-2 Notes with initial principal amounts totaling $900 million. The net proceeds from the sale of the Series 2022-1 Class A-2 Notes were used to repay in full the Master Issuer’s outstanding Series 2018 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 March 31, 2023 June 30, 2023 due to repayment in full on May 9, 2022 using cash on hand.

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

**Off-balance sheet arrangements**

As of March 31, 2023 June 30, 2023, our off-balance sheet arrangements consisted of guarantees of lease agreements for certain franchisees up to a maximum period of ten years with earlier expiration dates possible if certain conditions are met. Our maximum total obligation under these lease guarantee agreements is approximately $5.8 million $5.6 million and would require payment only upon default by the primary obligor. The estimated fair value of these guarantees as of March 31, 2023 June 30, 2023 was not material, and no accrual has been recorded for our potential obligation under these arrangements.

**Critical accounting policies and use of estimates**

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

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

***Interest rate risk***

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

***Foreign exchange risk***

We are exposed to fluctuations in exchange rates, primarily those of the Canadian dollar, Mexican peso, and Australian dollar, which are the functional currencies of our Canadian, Mexican, and Australian entities, respectively. Our sales, costs and expenses of our foreign subsidiaries, when translated into U.S. dollars, can fluctuate due to exchange rate movement. As of March 31, 2023June 30, 2023, a 10% increase or decrease in the exchange rate of the U.S. and foreign currencies to which we are exposed would increase or decrease net income by a negligible amount.

***Inflation risk***

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

## ITEM 4. Controls and Procedures

### Evaluation of disclosure controls and procedures

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

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

Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of March 31, 2023June 30, 2023, our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in the reports it files or submits with the Securities and Exchange Commission is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and is accumulated and communicated to our management, including the principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

### Changes in internal control over financial reporting

There have been no changes in our internal control over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

# PART II-OTHER INFORMATION

## ITEM 1. Legal Proceedings

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

## ITEM 1A. Risk Factors.

***None. Our marketable debt securities portfolio is subject to credit, liquidity, market, and interest rate risks that could cause its value to decline and materially adversely affect our financial condition.***

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

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

The following table provides information regarding purchases of shares of our Class A common stock by us and our "affiliated purchasers" (as defined in Rule 10b-18(a)(3) under the Exchange Act) during the three months ended March 31, 2023 June 30, 2023.

| | Issuer Purchases of Equity Securities | | | |
|---|---|---|---|---|
| Period | 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) |
| 01/01/23 - 01/31/23 | 317,599 | 78.73 | 317,599 | 474,994,466 |
| 02/01/23 - 02/28/23 | — | — | — | 474,994,466 |
| 03/01/23 - 03/31/23 | — | — | — | 474,994,466 |
| Total | 317,599 | $ 78.73 | 317,599 | |

| | Issuer Purchases of Equity Securities | | | |
|---|---|---|---|---|
| **Period** | **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)** |
| 04/01/23 - 04/30/23 | 310,267 | $ 80.44 | 310,267 | $ 450,035,615 |
| 05/01/23 - 05/31/23 | 714,921 | 70.02 | 714,921 | 399,976,647 |
| 06/01/23 - 06/30/23 | 355,966 | 70.25 | 355,966 | 374,970,426 |
| Total | 1,381,154 | $ 72.42 | 1,381,154 | |

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

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

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

None.

**ITEM 4. Mine Safety Disclosures.**

None.

**ITEM 5. Other Information.**

***None. Trading Plans***

The adoption or termination of contracts, instructions or written plans for the purchase or sale of our securities by our Section 16 officers and directors for the three months ended June 30, 2023, one of which is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act ("Rule 10b5-1 Plan") and one of which is a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K) (a "non-Rule 10b5-1 trading plan"), were as follows:

| **Name** | **Title** | **Action** | **Date Adopted or Terminated** | **Original Expiration Date** | **Aggregate # of Securities to be Purchased/Sold or for which the Rule 10b5-1 Plan was Terminated** |
|---|---|---|---|---|---|
| Christopher Rondeau(1) | Chief Executive Officer | Termination | 6/5/2023 | 7/14/2023 | Sell 400,000 |
| Christopher Rondeau(2) | Chief Executive Officer | Adoption | 5/17/2023 | 8/16/2024 | Sell 750,000 |
| Christopher Rondeau(2) | Chief Executive Officer | Termination | 6/5/2023 | 8/16/2024 | Sell 750,000 |

(1) A non-Rule 10b5-1 Plan of Christopher Rondeau, Chief Executive Officer, adopted on December 12, 2022, was terminated during the three months ended June 30, 2023, on June 5, 2023. The non-Rule 10b5-1 Plan provided for the exchange of Holding Units, along with a corresponding number of shares of Class B common stock, for shares of the Company's

Class A common stock, which would then be sold up to the specified maximum aggregate amount until plan expiration on the original expiration date or upon the earlier completion of all authorized transactions. There were no transactions pursuant to the non-Rule 10b5-1 Plan.

(2) Christopher Rondeau, Chief Executive Officer, entered into a Rule 10b5-1 Plan that was adopted and subsequently terminated during the three months ended June 30, 2023. The Rule 10b5-1 Plan was adopted on May 17, 2023, and was terminated on June 5, 2023. The Rule 10b5-1 Plan provided for the exchange of Holding Units, along with a corresponding number of shares of Class B common stock, for shares of the Company's Class A common stock, which would then be sold up to the specified maximum aggregate amount until plan expiration on the original expiration date or upon the earlier completion of all authorized transactions. There were no transactions pursuant to the Rule 10b5-1 Plan.

**ITEM 6. Exhibits**

| | | Description of Exhibit Incorporated Herein by Reference | | | | |
|---|---|---|---|---|---|---|
| **Exhibit Number** | **Exhibit Description** | **Form** | **File No.** | **Filing Date** | **Exhibit Number** | **Filed Herewith** |
| 10.1 | Separation Agreement with Edward Hymes | | | | | 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 March 31, 2023June 30, 2023 formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income (Loss), (iv) Consolidated Statements of Cash Flows, (v) Consolidated Statements of Changes in' Equity (Deficit), and (vi) Notes to Consolidated Financial Statements tagged as blocks of text and including detailed tags | | | | | X |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) | | | | | X |

* 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: May 8, 2023 August 9, 2023

/s/ Thomas Fitzgerald

Thomas Fitzgerald

*Chief Financial Officer*

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

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**Exhibit 10.1**

**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 Edward Hymes ("Employee" or "m") 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"). You and the Company are hereinafter sometimes collectively referred to as the "Parties.

1. Separation Date. Your employment will terminate effective May 31, 2023 (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 of the Executive Severance Policy:

3.1 Following the Effective Date (as defined in paragraph 20 below) of this Agreement, an amount equal to 150% of your Base Salary, less applicable federal, state and local taxes and withholdings, paid in 26 (twenty-six) equal installments ("Severance Payment" and the “Severance Payment Period”). 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, in accordance with Section 4.3 of the Executive Severance Policy.

3.2 An amount equal to the prorated portion of the target annual cash bonus for 2023 that you would have received if your employment with the Company was not terminated, to be paid in accordance with Section 4.3(b)

3.3 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);

3.4 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; and

3.5 You are not required to repay the Sign-On Bonus or One-Time Bonus set forth in the November 23, 2022 Offer Letter.

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. Cooperation, Unemployment Claims. During the Severance Payment 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. You further agree that during the Severance Payment Period, you will cooperate fully with the Company and its counsel with respect to any matter (including litigation, investigations, or governmental proceedings) which relates to matters with which you were involved during your employment with the Company. You shall render such cooperation in a timely manner on reasonable notice from the Company.

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:

7.1 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, 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); Texas Commission on Human Rights Act, Tex. Lab. Code § 21.001, et seq.; Texas Equal Work, Equal Pay Law, Tex. Gov't Code Ann. § 659.001; Texas Whistleblower Protection Law, Tex. Gov't Code Ann. § 554.002; Texas Worker's Compensation Retaliation Law, Tex. Lab. Code Ann. § 451.001; Texas Blacklisting Law, Tex. Lab. Code Ann. § 52.031; Texas Payment of Wages Law, Tex. Lab. Code Ann. § 61.011 et seq.; Texas Minimum Wage Law, Tex. Lab. Code Ann. § 62.051 et seq.; Texas AIDS Testing Law, Tex. Health & Safety Code Ann. § 81.101 et seq., 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

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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.

7.2 ADEA Waiver. You acknowledge that you arc 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 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.

7.3 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.

7.4 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 into 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.

7.5 You and the Company do not intend to release claims that you may not release as a matter of law.

7.6 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 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.

7.7 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:

9.1 Confidential Information. Subject to Section 9.6 below, you agree to the confidentiality provision in Section 6.4 of the Executive Severance Policy.

9.2 Non-solicitation of Employees. You agree to the non-competition provision in Section 6.2 of the Executive Severance Policy.

9.3 Non-compete. You agree to the non-competition provision in Section 6.1 of the Executive Severance Policy.

9.4 Non-disparagement. Subject to Section 9.6 below, you agree to the non-disparagement provision in Section 6.3 of the Executive Severance Policy.

9.5 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

9.6 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, slate, 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.

10. Confidentiality. Subject to Section 9.6 above, (a) you agree to keep the contents, terms and conditions of this Agreement confidential except you may disclose the terms to your immediate family, accountant or attorneys or pursuant to subpoena or court order; (b) you acknowledge that you have not disclosed any such information in violation of this paragraph prior to signing this Agreement. and (c) you agree that if you are asked for information concerning this Agreement, you will only state that you and the Company reached an amicable resolution of your 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.

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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.

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 he 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 he 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 Releases 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 reliance only upon such promises, representations and warranties as arc 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:



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19.1 You have read and understand the terms and effect of this Agreement.

19.2 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

19.3 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 (8'') date after you sign it, after the Revocation Period has expired, provided that you have not revoked this Agreement.



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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/ Edward Hymes Dated: June 15, 2023

**Exhibit 31.1**

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

I, Chris Rondeau, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Planet Fitness, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2023 August 9, 2023

/s/ Christopher Rondeau

Christopher Rondeau

*Chief Executive Officer*

(Principal Executive Officer)

**Exhibit 31.2**

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

I, Thomas Fitzgerald, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Planet Fitness, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2023 August 9, 2023

/s/ Thomas Fitzgerald

Thomas Fitzgerald
*Chief Financial Officer*
(Principal Financial Officer)

**Exhibit 32.1**

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

In connection with the quarterly report of Planet Fitness, Inc. (the "Company") on Form 10-Q for the fiscal quarter ended March 31, 2023 June 30, 2023 filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Chris Rondeau, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: May 8, 2023 August 9, 2023

/s/ Christopher Rondeau

Christopher Rondeau
*Chief Executive Officer*
(Principal Executive Officer)

**Exhibit 32.2**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350**
**AS ADOPTED PURSUANT TO SECTION 906**

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

In connection with the quarterly report of Planet Fitness, Inc. (the "Company") on Form 10-Q for the fiscal quarter ended March 31, 2023 June 30, 2023 filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas Fitzgerald, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: May 8, 2023 August 9, 2023

/s/ Thomas Fitzgerald

Thomas Fitzgerald

*Chief Financial Officer*

(Principal Financial Officer)

## DISCLAIMER