UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2021

☐ **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

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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 (§232.405 of this chapter) 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 a smaller reporting company or an emerging growth company. See the definitions of the "large accelerated filer," "accelerated filer," "non-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	☐	Small 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes ☒ No ☐

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

The aggregate market value of the Registrant's Class A common stock held by non-affiliates, computed by reference to the last reported sale price of the Class A common stock as reported on the New York Stock Exchange on June 30, 2021 was approximately $6.3 billion.

The number of outstanding shares of the registrant's Class A common stock, par value $0.0001 per share, and Class B common stock, par value $0.0001 per share, as of February 24, 2022 was 84,331,677 shares and 6,693,897 shares, respectively.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Definitive Proxy Statement for the registrant's 2021 Annual Meeting of Stockholders to be held May 2, 2022, are incorporated by reference into Part III, Items 10-14 of this Annual Report on Form 10-K.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such forward-looking statements reflect, among other things, our current expectations and anticipated results of operations, all of which are subject to known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, market trends, or industry results to differ materially from those expressed or implied by such forward-looking statements. Therefore, any statements contained herein that are not statements of historical fact may be forward-looking statements and should be evaluated as such. Without limiting the foregoing, the words "anticipates," "believes," "estimates," "expects," "intends," "may," "plans," "projects," "should," "targets," "will" and the negative thereof and similar words and expressions are intended to identify forward-looking statements. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described in "Item 1A. – Risk Factors," of this report. Unless legally required, we assume no obligation to update any such forward-looking information to reflect actual results or changes in the factors affecting such forward-looking information.

PART I

Item 1. Business.

Planet Fitness, Inc. is a Delaware corporation formed on March 16, 2015. Planet Fitness, Inc. Class A common stock trades on the New York Stock Exchange under the symbol "PLNT."

Our Company

Fitness for everyone

We are one of the largest and fastest-growing franchisors and operators of fitness centers in the United States by number of members and locations, with a highly recognized national brand. Our mission is to enhance people's lives by providing a high-quality fitness experience in a welcoming, non-intimidating environment, which we call the Judgement Free Zone. Our bright, clean stores are typically 20,000 square feet, with a large selection of high-quality, purple and yellow Planet Fitness-branded cardio, circuit- and weight-training equipment and friendly staff trainers who offer unlimited free fitness instruction to all our members in small groups through our PE@PF program. We offer this differentiated fitness experience at only $10 per month for our standard membership. This 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.

In 2021, we recorded revenues of $587.0 million and system-wide sales of $3.4 billion (which we define as monthly dues and annual fees billed by us and our franchisees). We ended the year with approximately 15.2 million members and 2,254 stores in all 50 states, the District of Columbia, Puerto Rico, Canada, Panama, Mexico and Australia. System-wide sales for 2021 include $3.2 billion attributable to franchisee-owned stores, from which we generate royalty revenue, and $170.7 million attributable to our corporate-owned stores. Of our 2,254 stores, 2,142 are franchised and 112 are corporate-owned. Under signed area development agreements ("ADAs") as of December 31, 2021, our franchisees have committed to open more than 1,000 additional stores.

In 2021, our corporate-owned stores had a segment EBITDA margin of 29.4% and had average unit volumes ("AUVs") of approximately $1.6 million with four-wall EBITDA margins (an assessment of store-level profitability which includes local and national advertising expense) of approximately 34.0%, or approximately 26.9% after applying the current 7% royalty rate. Based on franchisee business reviews and management estimates since the onset of COVID-19, we believe that, on average, franchisee stores achieve four-wall EBITDA margins in line with, or higher than these corporate-owned store four-wall EBITDA margins. For a reconciliation of segment EBITDA margin to four-wall EBITDA margin for corporate-owned stores, see "Management's Discussion and Analysis of Results of Operations and Financial Condition."

Our growth is reflected in:

- 2,254 stores as of December 31, 2021, compared to 1,518 as of December 31, 2017, reflecting a compound annual growth rate ("CAGR") of 10.4%;
- 15.2 million members as of December 31, 2021, compared to 10.6 million as of December 31, 2017, reflecting a CAGR of 9.4%;
- 53 consecutive quarters of system-wide same store sales growth through the first quarter of 2020, with a return to system-wide same store sales growth in the third and fourth quarter of 2021 (which we define as year-over-year growth solely of monthly dues from stores that have been open and for which membership dues have been billed for longer than 12 months);

Planet Fitness – Home of the Judgement Free Zone

We bring fitness to a large, previously underserved segment of the population. Our differentiated member experience is driven by three key elements:

- *Welcoming, non-intimidating environment*: We believe fitness is essential to both physical and mental health, and every member should feel accepted and respected when they walk into a Planet Fitness regardless of their fitness level. Our stores provide a Judgement Free Zone where members can experience a non-intimidating and supportive environment. Our "come as you are" approach has fostered a strong sense of community among our members, allowing them not only to feel comfortable as they work toward their fitness goals but also to encourage others to do the same. By outfitting our stores with more cardiovascular and light strength equipment, and a limited offering of heavy free weights, we seek to reinforce our Judgement Free Zone philosophy by discouraging what we call "Lunk" behavior, such as dropping weights and grunting, that can be intimidating to new and occasional gym users.
- *Distinct store experience*: Because our stores are typically 20,000 square feet and we do not offer non-essential amenities such as group exercise classes, pools, day care centers and juice bars, we have more space for the equipment our members do use. We believe our tailored use of space is, at least in part, why we have not needed to impose time limits on our cardio machines. Part of our unique store experience is the diligence our members and employees have to maintain a clean and sanitized environment. Members' etiquette typically includes wiping down the equipment before and after use with our sanitization spray, which is FDA-approved to kill the COVID-19 virus on surfaces.
- *Exceptional value for members*: In the U.S., for only $10 per month, our standard membership includes unlimited access to one Planet Fitness location and unlimited free fitness instruction to all members in small groups through our PE@PF program. And, for approximately $22.99 per month, our PF Black Card members have access to all of our stores system-wide and can bring a guest on each visit, which provides an additional opportunity to attract new members. Our PF Black Card members also have access to exclusive areas in our stores that provide amenities such as water massage beds, massage chairs, tanning equipment and more.

Our competitive strengths

We attribute our success to the following strengths:

- ***Market leader with differentiated member experience, nationally recognized brand and scale advantage.*** We are one of the largest and fastest-growing franchisors and operators of fitness centers in the United States by number of members and locations, with a highly recognized national brand.
  - *Differentiated member experience.* Planet Fitness is the home of the Judgement Free Zone, a place where people of all fitness levels can feel comfortable working out at their own pace, feel supported in their efforts and not feel intimidated by pushy salespeople or other members who may ruin their fitness experience. Our philosophy is simple: Planet Fitness is an environment where members can relax, go at their own pace and be themselves without ever having to worry about being judged. No matter what size the goal, we believe that all of these accomplishments deserve to be celebrated.
  - *Nationally recognized brand*. We have developed a highly relatable and recognizable brand focused on providing our members with a judgement-free environment. We do so through fun and memorable marketing campaigns and in-store signage. As a result, we have among the highest aided and unaided brand awareness scores in the U.S. fitness industry, according to our Brand Health research, a third-party consumer study that we have updated bi-annually.
  - *Scale advantage*. Our scale provides several competitive advantages, including enhanced purchasing power and extended warranties with our fitness equipment and other suppliers and the ability to attract high-quality franchisee partners. In addition, we estimate that our large U.S. national advertising fund, funded by franchisees and us, together with our requirement that franchisees spend 7% of their monthly membership dues on local advertising, enabled us and our franchisees to spend over $225 million in 2021.
- ***Exceptional value proposition that appeals to a broad member demographic***. Our low monthly membership dues combined with our non-intimidating and welcoming environment, enable us to attract a broad member demographic based on age, household income, gender and ethnicity. Our member base is over 50% female and our members come from both high- and low-income households. Approximately 20% of our stores are located in areas that the US government deems "low income," providing access to improve health and wellness in underserved communities. Our broad appeal and ability to attract occasional and first-time gym users enable us to continue to target a large segment of the population in a variety of markets and geographies.

- ***Highly attractive franchise system built for growth***. Our easy-to-operate model, strong store-level economics and brand strength have enabled us to attract a team of professional, successful franchisees from a variety of industries. We believe that our strategy to be predominantly franchisee-owned enables us to scale more rapidly than a predominantly company-owned strategy. Our streamlined model features relatively fixed labor costs, minimal inventory, automatic billing and limited cash transactions. The attractiveness of our franchise model is further evidenced by the fact that our franchisees re-invest their capital into the brand, with over 90% of our new stores in 2021 opened by our existing franchisee base. We view our franchisees as strategic partners in expanding the Planet Fitness store base and brand.
- ***Predictable and recurring revenue streams with high cash flow conversion***. While 2020 brought an unprecedented disruption to the general economy, our industry and our business, when operating in a normal business environment, our model provides us with predictable and recurring revenue streams. In 2021, approximately 90% of both our corporate-owned store and franchise revenues consisted of recurring revenue streams, which include royalties, vendor commissions, monthly dues and annual fees. Generally our franchisees are obligated to purchase fitness equipment from us or our required vendor for their new stores and to replace this equipment approximately every five to seven years. As a result, these "equip" and "re-equip" requirements create a predictable and growing revenue stream as our franchisees open new stores under their ADAs.

Our growth strategies

We believe there are significant opportunities to grow our brand awareness, increase our revenues and profitability and deliver shareholder value by executing on the following strategies:

- ***Continue to grow our store base across a broad range of markets.*** We have grown our store count over the last five years, expanding from 1,518 stores as of December 31, 2017 to 2,254 stores as of December 31, 2021. As of December 31, 2021, our franchisees have signed ADAs to open more than 1,000 additional stores, including more than 500 over the next three years. Because our stores are successful across a wide range of geographies and demographics with varying population densities, we believe that our high level of brand awareness and low per capita penetration in certain markets create a significant opportunity to open new Planet Fitness stores. Based on our internal and third party analysis, we believe we have the potential to grow our store base to over 4,000 stores in the U.S. alone.

◦ ***Drive revenue growth and system-wide same store sales***. We have a significant history of positive system-wide same store sales growth, reaching 53 consecutive quarters through the first quarter of 2020, prior to the impact of the COVID-19 pandemic, with a return to system-wide same store sales growth in the third and fourth quarter of 2021. We expect to achieve system-wide same store sales growth primarily by:

  - *Attracting new members to existing Planet Fitness stores.* As the population in the markets where we operate continue to focus on health and wellness, we believe we are well-positioned to capture a disproportionate share of these populations given our affordability and appeal to first-time and occasional gym users. We continue to evolve our offerings and enhance the PE@PF Program, our proprietary small group training program to appeal to our target member base. In addition to our in store experience, we also provide more than 500 workouts to both existing members and prospects via the free Planet Fitness mobile app, featuring differentiated content geared toward engaging with our community outside of our four walls and providing more ways to connect to our target audience – first time and casual gym users.
  - *Increasing mix of PF Black Card memberships by enhancing value and member experience*. We expect to drive sales by attracting new members to join as a PF Black Card member as well as continuing to convert our existing members' standard memberships to our premium PF Black Card membership. We encourage this upgrade by continuing to enhance the value of our PF Black Card benefits through the ability to use any Planet Fitness location, free guest privileges and additional in-store amenities, such as tanning equipment, hydro-massage beds, and affinity partnerships for discounts and promotions. Our PF Black Card members as a percentage of total membership has increased from 59.6% as of December 31, 2017 to 62.6% as of December 31, 2021, and our average monthly dues per member have increased from $16.10 to $17.63 over the same period.

- ***Increase brand investment to drive awareness and growth.*** We plan to continue to increase our strong brand awareness by leveraging significant marketing expenditures by our franchisees and us, which we believe will result in increased membership in new and existing stores and continue to attract high-quality franchisee partners. In 2021, we consolidated our national and local marketing agencies from 16 agency partners across our system to one agency of record in our ongoing efforts to drive greater efficiency, visibility, and national and local marketing coordination. Under our current franchise agreement, franchisees are required to contribute 2% of their monthly membership dues annually to our National Advertising Fund ("NAF") and Canadian advertising fund, from which we spent $59.4 million in 2021 to support our national marketing campaigns, our social media platforms and the development of local advertising materials, and $2.8

million additional funding from our corporate-owned stores and included in store-operations expense on our consolidated statements of operations. Under our current franchise agreement, franchisees are also generally required to spend 7% of their monthly membership dues on local advertising. We expect both our NAF and local advertising spending to grow as our membership grows.

- ***Continue to expand royalties from increases in average royalty rate and new franchisees.*** While our current franchise agreement stipulates a monthly royalty rate of 7% of monthly dues and annual membership fees, as of December 31, 2021, only 39% of our stores are paying royalties at the current franchise agreement rate, primarily due to lower rates in historical agreements. As new franchisees enter our system and, generally, as current franchisees open new stores or renew their existing franchise agreements at the current royalty rate, our average system-wide royalty rate will increase. In 2021, our average royalty rate was 6.38% compared to 4.25% in 2017.
- ***Grow sales from fitness equipment and related services.*** Our franchisees are contractually obligated to purchase fitness equipment from us, and in certain international markets, from our required vendors. Due to our scale and negotiating power, we believe we offer competitive pricing for high-quality, purple and yellow Planet Fitness-branded fitness equipment. We expect our equipment sales to grow as our U.S. franchisees open new stores and replace used equipment as required every five to seven years. As the number of franchise stores continues to increase and existing franchise stores continue to mature, we anticipate incremental growth in revenue related to the sale of equipment to franchisees. In addition, we believe that regularly refreshing equipment helps our franchise stores maintain a consistent, high-quality fitness experience and is one of the contributing factors that drives new member growth. In certain international markets, we earn a commission on the sale of equipment by our required vendors to franchisee-owned stores.

Our industry

Due to our unique positioning to a broader demographic, we believe Planet Fitness has an addressable market that is significantly larger than the traditional health club industry. We view our addressable market as approximately 250 million people, representing the U.S. population over 14 years of age. We compete broadly for consumer discretionary spending related to leisure, sports, entertainment and other non-fitness activities in addition to the traditional health club market. Both our standard and PF Black Card memberships are priced significantly below the 2019 industry average of $52 per month, the latest available estimate from our industry's trade association, the International Health, Racquet & Sportsclub Association's ("IHRSA").

According to IHRSA, from the start of the COVID-19 pandemic in March 2020 through January 1, 2022, 25% of all fitness facilities have permanently closed across the United States as a result of the pandemic. Over the same period of time, Planet Fitness has permanently closed none of its franchisee-owned or corporate-owned stores as a result of the pandemic.

Membership

We make it simple for members to join, whether online, through our mobile application or in-store—no pushy sales tactics, no pressure and no complicated rate structures. Our members generally pay the following amounts (or an equivalent amount in the store's local currency):

- monthly membership dues of only $10 for our standard membership, or approximately $22.99 for PF Black Card members;
- current standard annual fees of approximately $39; and
- enrollment fees of approximately $0 to $59.

Belonging to a Planet Fitness store has perks whether members select the standard membership or the premium PF Black Card membership. Every member can take advantage of free pizza and bagels once a month (when stores are open and health regulations permit) and gets free, unlimited fitness instruction included in their monthly membership fee. Our PF Black Card members also have the right to reciprocal use of all Planet Fitness stores, can bring a friend with them each time they work out, and have access to massage beds and chairs and tanning, among other benefits. PF Black Card benefits extend beyond our store as well, with exclusive specials and discount offers from third-party retail partners. While some of our memberships require a cancellation fee, we offer, and require our franchisees to offer, a non-committal membership option.

As of December 31, 2021, we had approximately 15.2 million members. We utilize electronic funds transfer ("EFT") as our primary method of collecting monthly dues and annual membership fees. Over 85% of membership fee payments to our corporate-owned and franchise stores are collected via Automated Clearing House ("ACH") direct debit. We believe there are certain advantages to receiving a higher concentration of ACH payments, as compared to credit card payments, including less frequent expiration of billing information and reduced exposure to subjective chargeback or dispute claims and fees.

Our stores

We had 2,254 stores system-wide as of December 31, 2021, of which 2,142 were franchised and 112 were corporate-owned, located in 50 states, the District of Columbia, Puerto Rico, Canada, Panama, Mexico and Australia. The map below shows our franchisee-owned stores by location, and the accompanying table shows our corporate-owned stores by location.

Franchisee-owned store count by location

Corporate-owned Clubs	
Canada	2
Ontario	2
United States	110
California	6
Colorado	6
Delaware	5
Maine	4
Massachusetts	4
New Hampshire	18
New Jersey	15
New York	32
Pennsylvania	19
Vermont	1
Total	**112**

Store model

Our store model is designed to generate attractive four-wall EBITDA margins, strong free cash flow and high returns on invested capital for both our corporate-owned and franchisee-owned stores. Based on franchisee business reviews and management estimates since the onset of COVID-19, we believe that, on average, franchisee stores achieve four-wall EBITDA margins in line with, or higher than these corporate-owned store four-wall EBITDA margins. The stores included in these business reviews represent those stores that voluntarily disclosed such information in response to our request, and we believe this information reflects a representative sample of franchisees based on the franchisee groups and geographic areas represented by these stores.

Fitness equipment

We provide our members with high-quality, Planet Fitness-branded fitness equipment from leading suppliers. In order to maintain a consistent experience across our store base, we stipulate specific pieces and quantities of cardio and strength-training equipment and work with franchisees to review and approve layouts and placement. Due to our scale, we are able to negotiate competitive pricing and secure extended warranties from our suppliers. As a result, we believe we offer equipment at more attractive pricing than franchisees could otherwise secure on their own.

Leases

We lease all but one of our corporate-owned stores and our corporate headquarters. Our store leases typically have initial terms of 10 years with two five-year renewal options, exercisable at our discretion. In October 2016, we executed a lease for our current corporate headquarters at 4 Liberty Lane West, Hampton, New Hampshire for an initial term of 15 years with one five-year renewal option, exercisable at our discretion. Our corporate headquarters serves as our base of operations for substantially all of our executive management and employees who provide our primary corporate support functions.

Franchisees own or directly lease from a third-party each Planet Fitness franchise location. We have not historically owned or entered into leases for Planet Fitness franchisee-owned stores and historically have generally not guaranteed franchisees' lease

agreements, although we have done so in a few certain instances. In 2019, in connection with a real estate partnership, we began guaranteeing certain leases of our franchisees up to a maximum period of ten years, with earlier expiration dates if certain conditions are met.

Franchising

Franchising strategy

We rely heavily on our franchising strategy to develop new Planet Fitness stores, leveraging the ownership of entrepreneurs with specific local market expertise. As of December 31, 2021, there were 2,142 franchised Planet Fitness stores operated by approximately 120 franchisee groups. The majority of our existing franchise operators are multi-unit operators. As of December 31, 2021, 98% of all franchise stores were owned and operated by a franchisee group that owned at least three stores, and while our largest franchisee owned 175 stores, only 33% of our franchisee groups own more than ten stores. When considering a potential franchisee, we generally evaluate the potential franchisee's prior experience in franchising or other multi-unit businesses, history in managing profit and loss operations, financial history and available capital and financing. We generally do not permit franchisees to borrow more than 80% of the initial investment for their Planet Fitness business.

Area development agreements

An ADA specifies the number of Planet Fitness stores to be developed by the franchisee in a designated geographic area, and requires the franchisee to meet certain scheduled deadlines for the development and opening of each Planet Fitness store authorized by the ADA. If the franchisee meets those obligations and otherwise complies with the terms of the ADA, with a few limited exceptions we agree not to, during the term of the ADA, operate or franchise new Planet Fitness stores in the designated geographic area. The franchisee must sign a separate franchise agreement with us for each Planet Fitness store developed under an ADA and that franchise agreement governs the franchisee's right to own and operate the Planet Fitness store.

Franchise agreements

For each franchised Planet Fitness store, we enter into a franchise agreement covering standard terms and conditions. Planet Fitness franchisees are not granted an exclusive area or territory under the franchise agreement. The franchise agreement requires that the franchisee operate the Planet Fitness store at a specific location and in compliance with our standard methods of operation, including providing the services, using the vendors and selling the merchandise that we require. The typical franchise agreement has a 10-year term. Additionally, franchisees must purchase equipment from us (or our required vendors in the case of our franchisees located in certain international markets) and generally replace the fitness equipment in their stores every five to seven years and periodically refurbish and remodel their stores.

Site selection and approval

Our stores are generally located in free-standing retail buildings or neighborhood shopping centers, and we consider locations in both high- and low-density markets. We seek out locations with (i) high visibility and accessibility, (ii) favorable traffic counts and patterns, (iii) availability of signage, (iv) ample parking or access to public transportation and (v) our targeted demographics. We use third-party site analytics tools that provide us with extensive demographic data and analysis that we use to review new and existing sites and markets for our corporate-owned stores and franchisee-owned stores. We assess population density and drive time, current tenant mix, layout, potential competition and impact on existing Planet Fitness stores and comparative data based upon existing stores. Our real estate team meets regularly to review sites for future development and follows a detailed review process to ensure each site aligns with our strategic growth objectives and critical success factors.

We help franchisees select sites and develop facilities in these stores that conform to the physical specifications for a Planet Fitness store. Each franchisee is responsible for selecting a site, but must obtain site approval from us.

Design and construction

Once we have approved a franchisee's site selection, we assist in the design and layout of the store and track the franchisee's progress from lease signing to grand opening. Franchisees are offered the assistance of our franchise support team to track key milestones, coordinate with vendors and make equipment purchases. Certain Planet Fitness brand elements are required to be incorporated into every new store, and we strive for a consistent appearance across all of our stores, emphasizing clean, attractive facilities, including full-size locker rooms, and modern equipment. Franchisees must abide by our standards related to fixtures, finishes and design elements, including distinctive touches such as our "Lunk" alarm. We believe these elements are critical to ensure brand consistency and member experience system-wide.

In 2021 and 2020, based on a sample of U.S. franchisee data, we believe construction of franchise stores averaged approximately 21 and 22 weeks, respectively, which is higher than our historical average before the COVID-19 pandemic of approximately 14 weeks. We sampled construction costs to build new stores from across a wide range of U.S. geographies, 35

and 43 new stores in 2021 and 2020, respectively. Based upon these samples, franchisees' unlevered (i.e., not debt-financed) investment to open a new store ranged from approximately $1.6 million to $3.3 million and $1.6 million to $3.7 million, based upon our samples in 2021 and 2020, respectively. These amounts include fitness equipment purchased from us as well as costs for non-fitness equipment and leasehold improvements and is based in part upon data we received from four general contractors that oversaw the construction of the stores in the sample set. Additionally, these amounts include an estimate of other costs that are typically paid by the franchisee and not managed by the general contractor. These amounts can vary significantly depending on a number of factors, including landlord allowances for tenant improvements and construction costs from different geographies and does not necessarily represent the total construction costs on a cash basis.

Franchisee support

We live and breathe the motto *One Team, One Planet* in our daily interactions with franchisees. We designed our franchise model to be streamlined and easy-to-operate, with efficient staffing and minimal inventory, and is supported by an active, engaged franchise operations system. We provide our franchisees with operational support, marketing materials and training resources.

Training. We continue to update and expand Planet Fitness University, a comprehensive training resource to help franchisees operate successful stores. Courses are delivered online, and content focuses on customer service, operational policies, brand standards, cleanliness, security awareness, crisis management and vendor product information. The core online curriculum is offered in both English and Spanish to support our Spanish-speaking employees. We regularly add and improve the content available on Planet Fitness University as a no-cost service to help enhance training programs for franchisees. Additional training opportunities offered to our franchisees include new owner orientation, operations training and workshops held at Planet Fitness headquarters (when circumstances permit), in stores and through regularly held webinars and seminars.

Operational support and communication. We believe spending quality time with our franchisees in person is an important opportunity to further strengthen our relationships and share best practices. We have dedicated operations and marketing teams providing ongoing support to franchisees. We are hands on—we often attend franchisees' presales and grand openings, and we host franchisee meetings each year, known as "PF Huddles." We also communicate regularly with our franchisee base to keep them informed, and we host a franchise conference, generally every 18 months, that is geared toward franchisees and their operations teams.

We regularly communicate and collaborate with the Independent Franchise Counsel ("IFC") and send a weekly email communication to all franchisees with timely information related to operations, marketing, financing and equipment. Every month, a franchisee newsletter is emailed to franchisees, which generally includes a personal note from our Chief Executive Officer.

Compliance with brand standards—Franchise Business Coach

Our corporate-owned stores provide incentive compensation for store staff to successfully drive key business metrics in the service, cleanliness, personnel and financial categories, and we encourage our franchisees to follow our lead. We have a dedicated field support team of franchise business coaches focused on ensuring that our franchisee-owned stores adhere to brand standards and providing ongoing assistance, training and coaching to all franchisees. We generally perform a site visit and operations review on each franchise store within 30 to 60 days of opening, and each franchisee ownership group is visited at least once per year in multiple locations for a business review with their franchise business coach thereafter.

We also use mystery shoppers to perform anonymous reviews of franchisee-owned stores. We generally select franchisee-owned stores for review randomly but also target underperforming stores and stores that have not performed well on previous visits from their franchise business coach.

Marketing

Marketing strategy

Our marketing strategy is anchored by our key brand differentiators—the Judgement Free Zone, our exceptional value and our high-quality experience. We employ memorable and creative advertising, which not only drives membership sales, but also showcases our brand philosophy, humor and innovation in the industry. We see Planet Fitness as a community gathering place, and the heart of our marketing strategy is to reinforce the "feel good" mental and physical benefits of exercise and create a welcoming in-store environment for our members.

Marketing spending

National advertising. We support our franchisees both at a national and local level. We manage the NAF and Canadian advertising fund for franchisees and corporate-owned stores, with the goals of generating national awareness through national advertising and media partnerships, developing and maintaining creative assets to support local sale periods throughout the year, and building and supporting the Planet Fitness community via digital, social media and public relations. Our current U.S. and Canadian franchise agreements require franchisees to contribute approximately 2% of their monthly EFT annually to the NAF and Canadian advertising fund, respectively. In 2021 the NAF and Canadian advertising fund spent $62.2 million, $2.8 million of which is from our corporate-owned stores and included in store-operations expense on the consolidated statements of operations.

Local marketing. Our current franchise agreement requires franchisees to spend 7% of their monthly EFT on local marketing to support branding efforts and promotional sale periods throughout the year. In situations where multiple ownership groups exist in a geographic area, we have the right to require franchisees to form or join regional marketing cooperatives to maximize the impact of their marketing spending. Our corporate-owned stores contribute to, and participate in, regional marketing cooperatives with franchisees where practical. All franchisee-owned stores are supported by our dedicated franchisee marketing team, which provides guidance, tracking, measurement and advice on best practices. Franchisees spend their marketing dollars in a variety of ways to promote business at their stores on a local level. These methods may include direct mail, outdoor (including billboards), television, radio and digital advertisements and local partnerships and sponsorships.

Media partnerships

Given our scale and marketing resources through our NAF, we have aligned ourselves with high-profile media partners who have helped to extend the reach of our brand. For the past seven years, we have sponsored “Dick Clark’s New Year’s Rockin’ Eve with Ryan Seacrest,” and have been the sole presenting sponsor of the Times Square New Year’s Eve celebration through the Times Square Alliance, allowing the brand to be featured prominently in TV broadcasts covering Times Square during the celebration. This has allowed us to showcase the Planet Fitness brand and our judgement-free philosophy to an estimated over one billion TV viewers annually at a key time of year when health and wellness is top of mind for consumers.

Judgement Free Generation

The Judgement Free Generation is Planet Fitness’ philanthropic initiative designed to combat the judgement and bullying faced by today’s youth by creating a culture of kindness and encouragement. With our Judgement Free Zone principle as a solid foundation, The Judgement Free Generation aims to empower a generation to grow up contributing to a more judgement free planet— a place where everyone feels accepted and like they belong.

We have partnered with Boys & Girls Clubs of America to make a meaningful impact on the lives of today’s youth. Together with our franchisees, vendors and members, Planet Fitness has donated more than $7.0 million to support anti-bullying, pro-kindness initiatives since 2016.

Competition

In a broad sense, because many of our members are first-time or occasional gym users, we believe we compete with both fitness and non-fitness consumer discretionary spending alternatives for members’ and prospective members’ time and discretionary resources.

To a great extent, we also compete with other industry participants, including:

- other fitness centers;
- recreational facilities established by non-profit organizations such as YMCAs and by businesses for their employees;
- private studios and other boutique fitness offerings;
- racquet, tennis and other athletic clubs;
- amenity and condominium/apartment clubs;
- country clubs;
- online personal training and fitness coaching;
- the home-use fitness equipment industry;
- local tanning salons; and
- businesses offering similar services.

While the COVID-19 pandemic has had a significant impact on the health club industry, we expect that the industry will continue to be highly competitive and fragmented going forward. The number, size and strength of our competitors vary by region. Some of our competitors have an established presence in local markets or name recognition in their respective countries, and some are established in markets in which we have existing stores or intend to locate new stores. This competition is more significant internationally, where we have a limited number of stores and limited brand recognition.

Our objective is to compete primarily based upon the membership value proposition we are able to offer due to our significant economies of scale, high-quality fitness experience, judgement-free atmosphere and superior customer service, all at an attractive value, which we believe differentiates us from our competitors.

Our competition continues to increase as we continue to expand into new markets and add stores in existing markets. See also "Risk Factors—Risks related to our business and industry—The high level of competition in the health and fitness industry could materially and adversely affect our business."

Suppliers

Franchisees are required to purchase fitness equipment from us (or our required vendors in the case of franchisees located in certain international markets) and are required to purchase various other items from vendors that we approve. We sell equipment purchased from third-party equipment manufacturers to franchisee-owned stores in the U.S. We also have one approved supplier of tanning beds, one approved supplier of massage beds and chairs, and various approved suppliers of non-fitness equipment and miscellaneous items. These vendors arrange for delivery of products and services directly to franchisee-owned stores. From time to time, we re-evaluate our supply relationships to ensure we obtain competitive pricing and high-quality equipment and other items.

Human Capital

Workforce

As of December 31, 2021, we employed 1,529 employees at our corporate-owned stores and 241 employees at our corporate headquarters located at 4 Liberty Lane West, Hampton, New Hampshire. None of our employees are represented by labor unions, and we believe we have an excellent relationship with our employees.

Planet Fitness franchises are independently owned and operated businesses. As such, employees of our franchisees are not employees of the Company.

Strategy

At Planet Fitness, we believe that an engaged, diverse, and inclusive culture is essential for the success of our business. To elevate our approach, in 2019 we hired a Chief People Officer to develop and implement an overarching human capital management strategy, programming and initiatives. Based on strategic analysis regarding the immediate and future needs of our business and our team members, we identified three critical areas of focus: Employee Engagement and Workplace Culture, Employee Health and Safety, and Diversity, Equity and Inclusion ("DE&I"). We believe that focus and investment in these three areas will, in turn, generate long-term value.

Employee Engagement and Workplace Culture

At Planet Fitness, we believe that culture is the core of our business. To ensure that our culture is rooted in ongoing engagement with our team members, our Chief People Officer hosts ongoing small informal meetings with team members across all departments. These conversations are designed to bring feedback about aspects of the business that are important to our workforce to the forefront of management's attention, and to increase direct engagement and trust at every level of the company. Feedback is carefully reviewed by our human resources teams and shared with our executive leadership team, including our CEO.

We maintain numerous additional avenues for learning from our team members, ranging from anonymous surveys to town hall Q&A sessions and other ongoing opportunities to share thoughts and ideas. In 2020, we conducted a topic-specific survey to assess sentiment around a variety of topics such as workplace flexibility (i.e., remote/in-office), DE&I efforts, and improving our culture, and, in response, made several updates to our benefits package while ensuring existing programs were properly communicated to eligible team members (including, for instance, our enhanced parental leave and early release Fridays for increased flexibility). To promote employee satisfaction, we are continually seeking new ways to hear from our team members regarding their priorities and needs.

Training & Development

A critical component of maintaining our engaged and inclusive culture is making investments in our team members at all levels.

We offer 80+ courses through Planet Fitness University, our online training development program available to all team members. In response to the remote work environment, webinars and trainings on issues such as avoiding burnout and managing workload were developed in 2021. Ongoing programs at Planet Fitness include professional-level workshops led by our training department, in addition to our Leadership Academy for the accelerated development of our highest-potential team members. In 2021, there were over 30,000 active users of the PF University platform across our franchise community.

Health & Safety

Given our core mission is centered on improving people's lives and keeping people healthy and the customer-facing nature of our business, the overall health and safety of our team members and our members has been a longstanding priority for the company and a core component of our broader environmental, social and corporate governance ("ESG") objectives and strategy. In 2020, we were able to draw on our knowledge, experience and commitment to health and safety to act quickly to protect our Planet Fitness community during the COVID-19 pandemic. Our COVID-19 policies and protocols, which we developed in consultation with national and global health experts, include:

- Implementing policies to keep people safe, including adherence to local policies and regulations regarding capacity, mask wearing, and vaccination requirements;
- Equipping stores with disinfectant effective against COVID-19 on surfaces; and
- Adding a COVID-19 wellness questionnaire and touchless check-in via the Planet Fitness app.

In 2021 we adopted the recognized safety framework put forth by the International WELL Building Institute to ensure a safer and healthier environment for our employees and members across our global network. We aligned our franchised and corporate-owned stores, as well as our headquarters, within WELL's evidence-based, third-party verified rating framework, and prioritized holistic aspects of health from improved air flow, hygienic hand washing practices, reduction in hand contact of high-touch surfaces, effective cleaning protocols and robust emergency preparedness and response. The work done in 2021 resulted in our achievement of the WELL Health-Safety Rating for Facility Operations and Management, making us the first fitness brand to accomplish this.

Diversity, Equity & Inclusion

We recognize that diversity of our workforce at all levels of our company is a business and social imperative. To assess and accelerate our efforts, in 2020 we formed a DE&I Task Force, with responsibility for developing a strategic roadmap to address short- and long-term priorities as well as a plan for ensuring that we continue to make progress. In 2021, we offered Cultural Competency & Unconscious Bias training to our executive leadership team, our headquarters team members, and our franchisees.

Planet Fitness measures diversity across ethnic/racial groups, gender and employee level to help inform human capital management strategies and ensure an engaged workforce. We will publicly disclose Equal Opportunity Employment Standard Form 100 data in our 2021 Impact Report.

Information technology and systems

All stores use a computerized, third-party hosted store management system to process new in-store memberships, bill members, update member information, check-in members, process point of sale transactions as well as track and analyze sales, membership statistics, cross-store utilization, member tenure, amenity usage, billing performance and demographic profiles by member. Our websites, mobile, and digital platforms are hosted by third parties, and we also rely on third-party vendors for related functions such as our system for processing and integrating new online memberships, updating member information and making online payments. We believe these systems are scalable to support our growth plans.

Our back-office computer systems are comprised of a variety of technologies designed to assist in the management and analysis of our revenues, costs and key operational metrics as well as support the daily operations of our headquarters. These computer systems include third-party hosted systems that support our real estate and construction processes, a third-party hosted financial system, third-party hosted data warehouses and business intelligence system to consolidate multiple data sources for reporting, advanced analysis, consumer insights and financial analysis and forecasting, a third-party hosted payroll system, on premise telephony systems and a third-party hosted call center software solution to manage and track member-related requests.

We also provide our franchisees access to a web-based, third-party hosted custom franchise management system to receive informational notices, operational resources and updates, training materials and other franchisee communications.

Beginning in 2018, we engaged with a third-party software development vendor to develop a new, custom digital platform, which, through the exchange of data and introduction of digital products and services, facilitates digital experiences across any digital channel, including mobile, online and in-store media. In 2020, we began introducing premium digital content, across multiple channels, but primarily through our mobile app. In 2021, we introduced content management services to the digital

platform allowing us to support the delivery of various types of content in multiple languages across the digital platform and connected channels. These solutions have facilitated our ability to continue providing differentiated and unique experiences to our customers, allow for various partnership types and are aligned with our ongoing business strategy.

We recognize the value of enhancing and extending the uses of information technology in virtually every area of our business. Our information technology strategy is aligned to support our business strategy and operating plans. We maintain an ongoing comprehensive multi-year program to introduce, replace, or upgrade key systems, enhance security and optimize their performance.

Intellectual property

We own many registered trademarks and service marks in the U.S. and in other countries, including "Planet Fitness," "Judgement Free Zone," "PE@PF," "Lunk Alarm," "Black Card," "PF Black Card," "No Gymtimidation," "You Belong," "The Judgement Free Generation," "PF+" and various other trademarks and trade dress. We believe the Planet Fitness name and the many distinctive marks associated with it are of significant value and are very important to our business. Accordingly, as a general policy, we pursue registration of our marks in select international jurisdictions, monitor the use of our marks in the U.S. and internationally and challenge any unauthorized use of the marks.

We license the use of our marks to franchisees, third-party vendors and others through franchise agreements, vendor agreements and licensing agreements. These agreements typically restrict third parties' activities with respect to use of the marks and impose brand standards requirements. We require licensees to inform us of any potential infringement of the marks.

We register some of our copyrighted material and otherwise rely on common law protection of our copyrighted works. Such copyrighted materials are not material to our business.

We also license some intellectual property from third parties for use in our stores but such licenses are not material to our business.

Government regulation

We and our franchisees are subject to various federal, international, state, provincial and local laws and regulations affecting our business.

We are subject to the FTC Franchise Rule promulgated by the FTC that regulates the offer and sale of franchises in the U.S. and its territories (including Puerto Rico) and requires us to provide to all prospective franchisees certain mandatory disclosure in a franchise disclosure document ("FDD"), unless otherwise exempt. In addition, we are subject to state franchise registration and disclosure laws in approximately 14 states and various business opportunity laws that regulate the offer and sale of franchises by requiring us, unless otherwise exempt, to register our franchise offering in those states prior to our making any offer or sale of a franchise in those states and to provide a FDD to prospective franchisees in accordance with such laws.

We are subject to franchise disclosure laws in six provinces in Canada that regulate the offer and sale of franchises by requiring us, unless otherwise exempt, to prepare and deliver a franchise disclosure document to disclose our franchise offering in those provinces in a prescribed format to prospective franchisees in accordance with such laws, and that regulate certain aspects of the franchise relationship. We are subject to similar franchise sales laws in Mexico and Australia, and may become subject to similar laws in other countries in which we may offer franchises in the future. We are also subject to franchise relationship laws in approximately 20 states and in various U.S. territories that regulate many aspects of the franchise relationship including, depending upon the jurisdiction, renewals and terminations of franchise agreements, franchise transfers, the applicable law and venue in which franchise disputes may be resolved, discrimination, and franchisees' rights to associate, among others. In addition, we and our franchisees may also be subject to laws in other foreign countries where we or they do business.

We and our franchisees are also subject to the U.S. Fair Labor Standards Act of 1938, as amended, similar state laws in certain jurisdictions, and various other U.S. and international laws governing such matters as minimum-wage requirements, overtime and other working conditions. Based on our experience with hiring employees and operating stores, we believe a significant number of our and our franchisees' employees are paid at rates related to the U.S. federal or state minimum wage, and past increases in the U.S. federal and/or state minimum wage have increased labor costs, as would future increases.

Our and our franchisees' operations and properties are subject to extensive U.S. federal and state, as well as international, provincial and local laws and regulations, including those relating to environmental, building and zoning requirements. Our and our franchisees' development of properties depends to a significant extent on the selection and acquisition of suitable sites, which are subject to zoning, land use, environmental, traffic and other regulations and requirements.

We and our franchisees are responsible at each of our respective locations for compliance with U.S. state laws, Canadian provincial laws and other international local laws that regulate the relationship between health clubs and their members. Nearly

all states and provinces have consumer protection regulations that limit the collection of monthly membership dues prior to opening, require certain disclosures of pricing information, mandate the maximum length of contracts and "cooling off" periods for members (after the purchase of a membership), set escrow and bond requirements for health clubs, govern member rights in the event of a member relocation or disability, provide for specific member rights when a health club closes or relocates or preclude automatic membership renewals.

We and our franchisees primarily accept payments for our memberships through EFTs from members' bank accounts, and therefore, we and our franchisees are subject to federal, state and international laws legislation and certification requirements, including the Electronic Funds Transfer Act. Some states and provinces have passed or have considered legislation requiring gyms and health clubs to offer a prepaid membership option at all times and/or limit the duration for which memberships can auto-renew through EFT payments, if at all. Our business relies heavily on the fact that our memberships continue on a month-to-month basis after the completion of any initial term requirements, and compliance with these laws, regulations, and similar requirements may be onerous and expensive, and variances and inconsistencies from jurisdiction to jurisdiction may further increase the cost of compliance and doing business. States that have such health club statutes provide harsh penalties for violations, including membership contracts being void or voidable.

Additionally, the collection, maintenance, use, disclosure and disposal of personally identifiable data by our, or our franchisees', businesses are regulated at the federal, state and international levels as well as by certain financial industry groups, such as the Payment Card Industry, Security Standards Council, the National Automated Clearing House Association ("NACHA") and the Canadian Payments Association. Federal, state, international and financial industry groups may also consider from time to time new privacy and security requirements that may apply to our businesses and may impose further restrictions on our collection, disclosure, use, and disposal of personally identifiable information that is housed in one or more of our databases. These security requirements and further restrictions, including the General Data Protection Regulation ("GDPR") and the California Consumer Privacy Act ("CCPA"), grant protections and causes of action related to consumer data privacy and the methods in which it is collected, stored, used, and disposed by us, our franchisees, and applicable third parties.

Many of the states and provinces where we and our franchisees operate stores have health and safety regulations that apply to health clubs and other facilities that offer indoor tanning services, including certain temporary regulations related to the COVID-19 pandemic. In addition, U.S. federal law imposes a 10% excise tax on indoor tanning services. Under the rule promulgated by the IRS imposing the tax, a portion of the cost of memberships that include access to our tanning services are subject to the tax.

Our organizational structure

Planet Fitness, Inc. is a holding company, and its principal asset is an equity interest in the membership units ("Holdings Units") in Pla-Fit Holdings, LLC ("Pla-Fit Holdings").

We are the sole managing member of Pla-Fit Holdings. We operate and control all of the business and affairs of Pla-Fit Holdings, and we hold 100% of the voting interest in Pla-Fit Holdings. As a result, we consolidate Pla-Fit Holdings' financial results and report a non-controlling interest related to the Holdings Units not owned by us. See Note 1 to the consolidated financial statements included in Part II, Item 8 for more information.

Available information

Our website address is www.planetfitness.com, and our investor relations website is located at http://investor.planetfitness.com. Information on our website is not incorporated by reference herein. Copies of our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and our Proxy Statements for our annual meetings of shareholders, and any amendments to those reports, as well as Section 16 reports filed by our insiders, are available free of charge on our website as soon as reasonably practicable after we file the reports with, or furnish the reports to, the Securities and Exchange Commission (the "SEC").The SEC maintains an Internet site (http://www.sec.gov) containing reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Item 1A. Risk Factors.

We could be adversely impacted by various risks and uncertainties. If any of these risks actually occurs, our business, financial condition, operating results, cash flow and prospects may be materially and adversely affected. As a result, the trading price of our Class A common stock could decline.

Summary of Risk Factors

Risks related to our business and industry

- Our business and results of operations have been and may in the future be materially impacted by the ongoing COVID-19 pandemic, and could be impacted by similar events in the future.
- Our success depends substantially on the value of our brand, which could be materially and adversely affected by the high level of competition in the health and fitness industry, our ability to anticipate and satisfy consumer preferences, shifting views of health and fitness and our ability to obtain and retain high-profile strategic partnership arrangements.
- Our and our franchisees' stores may be unable to attract and retain members, which would materially and adversely affect our business, results of operations and financial condition.
- Our intellectual property rights, including trademarks, trade names, copyrights and trade dress, may be infringed, misappropriated or challenged by others.
- We and our franchisees rely heavily on information systems, including the use of email marketing and social media, and any material failure, interruption or weakness may prevent us from effectively operating our business, damage our reputation or subject us to potential fines or other penalties.
- If we fail to properly maintain the confidentiality and integrity of our data, including member credit card, debit card, bank account information and other personally identifiable information, our reputation and business could be materially and adversely affected.
- The occurrence of cyber incidents, or a deficiency in cybersecurity, could negatively impact our business by causing a disruption to our operations, a compromise or corruption of confidential information, and/or damage to our employee and business relationships and reputation, all of which could harm our brand and our business.
- If we fail to successfully implement our growth strategy, which includes new store development by existing and new franchisees, our ability to increase our revenues and operating profits could be adversely affected.
- Our planned growth and changes in the industry could place strains on our management, employees, information systems and internal controls, which may adversely impact our business.
- If we cannot retain our key employees and hire additional highly qualified employees, we may not be able to successfully manage our businesses and pursue our strategic objectives.
- Economic, political and other risks associated with our international operations could adversely affect our profitability and international growth prospects.
- Our financial results are affected by the operating and financial results of, our relationships with and actions taken by our franchisees.
- We are subject to a variety of additional risks associated with our franchisees, such as potential franchisee bankruptcies, franchisee changes in control, franchisee turnover rising costs related to construction of new stores and maintenance of existing stores, which could adversely affect the attractiveness of our franchise model, and in turn our business, results of operations and financial condition.
- We and our franchisees could be subject to claims related to health and safety risks to members that arise while at both our corporate-owned and franchise stores.
- Our business is subject to various laws and regulations including, among others, those governing indoor tanning, electronic funds transfer, ACH, credit card, debit card, digital payment options auto-renewal contracts, and consumer protection more generally, and changes in such laws and regulations, failure to comply with existing or future laws and regulations or failure to adjust to consumer sentiment regarding these matters, could harm our reputation and adversely affect our business.
- We are subject to risks associated with leasing property subject to long-term non-cancelable leases.
- If we and our franchisees are unable to identify and secure suitable sites for new franchise stores, our revenue growth rate and profits may be negatively impacted.
- Opening new stores in close proximity may negatively impact our existing stores' revenues and profitability.
- Our franchisees may incur rising costs related to construction of new stores and maintenance of existing stores, which could adversely affect the attractiveness of our franchise model, and in turn our business, results of operations and financial condition.
- 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.

Risks related to the Sunshine Acquisition

- We may be unable to successfully realize the anticipated benefits of the Sunshine Acquisition.
- We may not have discovered undisclosed liabilities of the Sunshine Fitness stores during the due diligence process.

Risks related to our indebtedness

- Substantially all of the assets of certain of our subsidiaries are security, under the terms of securitization transactions that were completed on August 1, 2018, December 3, 2019 and February 10, 2022 and which impose certain restrictions on our activities and the activities of our subsidiaries.
- We have a significant amount of debt outstanding, which will require a significant amount of cash to service and such indebtedness, along with the other contractual commitments of our subsidiaries, could adversely affect our business, financial condition and results of operations, as well as the ability of certain of our subsidiaries to meet their debt payment obligations.
- The ability to generate cash or refinance our indebtedness as it becomes due depends on many factors, some of which are beyond our control.

Risks related to our organizational structure

- We will be required to pay certain of our existing and previous owners for certain tax benefits we may claim. We expect that the payments we will be required to make will be substantial and may be accelerated and/or significantly exceed the actual benefits we realize in respect of the tax attributes subject to the tax receivable agreements and we will not be reimbursed for any payments made pursuant to the tax receivable agreements in the event that any tax benefits are disallowed.
- Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our financial condition and results of operations.
- Our ability to pay taxes and expenses, including payments under the tax receivable agreements, may be limited by our structure.
- In certain circumstances, Pla-Fit Holdings will be required to make distributions to us and the Continuing LLC Owners, and the distributions that Pla-Fit Holdings will be required to make may be substantial.

Risks related to our Class A common stock

- Provisions of our corporate governance documents could make an acquisition of our Company more difficult and may prevent attempts by our stockholders to replace or remove our current management, even if beneficial to our stockholders.
- Our organizational structure, including the tax receivable agreements, confers certain benefits upon the TRA Holders and the Continuing LLC Owners that do not benefit Class A common stockholders to the same extent as it will benefit the TRA Holders and the Continuing LLC Owners.
- If our internal control over financial reporting or our disclosure controls and procedures are not effective, we may not be able to accurately report our financial results, prevent fraud or file our periodic reports in a timely manner, which may cause investors to lose confidence in our reported financial information and may lead to a decline in our stock price.
- Our certificate of incorporation designates courts in the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.
- Our stock price could be extremely volatile, and, as a result, stockholders may not be able to resell shares at or above their purchase price.
- Because we do not currently pay any cash dividends on our Class A common stock, you may not receive any return on investment unless you sell your Class A common stock for a price greater than that which you paid for it.
- Financial forecasting may differ materially from actual results.

Risks related to our business and industry

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.

The outbreak of the novel coronavirus COVID-19 ("**COVID-19**") and the disease it causes, which was declared a pandemic by the World Health Organization in March 2020, continues to impact worldwide consumer behavior and economic activity. A public health pandemic such as COVID-19 poses the risk that we or our employees, franchisees, members, suppliers and other partners may be prevented from conducting business activities for an indefinite period of time, including due to shutdowns, travel restrictions, social distancing requirements, stay at home orders and advisories and other restrictions that may be suggested or mandated by governmental authorities. The COVID-19 pandemic may also have the effect of heightening many of

the other risks described elsewhere in this report, such as those relating to our growth strategy, international operations, our ability to attract and retain members, our supply chain, health and safety risks to our members, loss of key employees and changes in consumer preferences, as well as risks related to our significant indebtedness, including our ability to generate sufficient cash and comply with the terms of and restrictions under the agreements governing such indebtedness.

The duration of the COVID-19 pandemic and the extent of its impact remains highly uncertain and difficult to predict. However, the continued spread of the virus and the measures taken in response to it have disrupted our operations and have adversely impacted our business, financial condition and results of operations. For example, in response to the COVID-19 pandemic, we proactively closed all of our stores system-wide beginning in mid-March 2020, temporarily furloughed a majority of our corporate-owned store employees while corporate-owned stores remained closed, suspended billing membership and annual fees while stores were closed and temporarily suspended sales and placement of equipment. We and our franchisees took other actions, such as temporary rent deferrals and suspension of marketing activities, as additional measures to preserve cash and liquidity during closure periods. Temporary rent deferrals have often led to renegotiated rent payment schedules with landlords, some of which remain unresolved and may affect us or our franchisees in future periods. Our stores began reopening in early May 2020 as local guidelines allowed, and as of December 31, 2021, 2,246 of our 2,254 stores were open and operating, of which 2,134 were franchise stores and 112 were corporate-owned stores. As COVID-19 continues to impact areas in which our stores operate, certain of our stores have had to re-close, and additional stores may have to re-close, pursuant to local guidelines. Store members have not and will not be charged membership dues while our stores are temporarily closed and are credited for any membership dues paid for periods when their store is closed due to the COVID-19 pandemic. Compared to the periods prior to March 2020, we have experienced and may in the future experience decreased new store development and remodels, as well as decreased replacement equipment sales in 2021 and beyond as a result of the COVID-19 pandemic. In addition, as a result of COVID-19, we have experienced to date, and may in the future experience, a decrease in our net membership base compared to membership levels in March 2020, and the COVID-19 pandemic may have an ongoing impact on consumer behavior.

As our stores reopened, we have recognized franchise revenue and corporate-owned store revenue associated with any membership dues collected prior to temporary store closures. We may have to defer revenue in the future if stores are required to re-close.

Further, the constantly evolving nature of the COVID-19 pandemic and the emergence of new variants of coronavirus, such as "Omicron," which the World Health Organization identified as a "variant of concern" in November 2021, may negatively impact our operating results in future periods. The significance of the ultimate operational and financial impact to us will depend on how long and widespread the disruptions caused by COVID-19, and the corresponding response to contain the virus and treat those affected by it, prove to be.

Our success depends substantially on the value of our brand.

Our success is dependent in large part upon our ability to maintain and enhance the value of our brand, our store members' connection to our brand and a positive relationship with our franchisees. Brand value can be severely damaged even by isolated incidents, particularly if the incidents receive considerable negative publicity or result in litigation. Some of these incidents may relate to our policies, the way we manage our relationships with our franchisees, our growth strategies, our development efforts or the ordinary course of our, or our franchisees', businesses. Other incidents that could be damaging to our brand may arise from events that are or may be beyond our ability to control, such as:

- actions taken (or not taken) by one or more franchisees or their employees relating to health, safety, welfare or otherwise;
- data security breaches or fraudulent activities associated with our and our franchisees' electronic payment systems;
- regulatory, investigative or other actions relating to our and our franchisees' data privacy practices;
- litigation and legal claims;
- third-party misappropriation, dilution or infringement or other violation of our intellectual property;
- regulatory, investigative or other actions relating to our and our franchisees' provision of indoor tanning services;
- regulatory, investigative or other actions relating to pricing, billing and cancellation practices;
- illegal activity targeted at us or others; and
- conduct by individuals affiliated with us which could violate ethical standards or otherwise harm the reputation of our brand.

Consumer demand for our stores and our brand's value could diminish significantly if any such incidents or other matters erode consumer confidence in us, our stores or our reputation as a health and fitness brand, which would likely result in fewer

memberships sold or renewed and, ultimately, lower royalty revenue, which in turn could materially and adversely affect our results of operations and financial condition.

The high level of competition in the health and fitness industry could materially and adversely affect our business.

We compete with the following industry participants: other health and fitness clubs; physical fitness and recreational facilities established by non-profit organizations and businesses for their employees; private studios and other boutique fitness offerings; racquet, tennis and other athletic clubs; amenity and condominium/apartment clubs; country clubs; online personal training and fitness coaching; delivery of digital fitness content; the home-use fitness equipment industry; local tanning salons; businesses offering similar services; and other businesses that rely on consumer discretionary spending. We may not be able to compete effectively in the markets in which we operate. Competitors may attempt to copy our business model, or portions thereof, which could erode our market share and brand recognition and impair our growth rate and profitability. Competitors, including companies that are larger and have greater resources than us, may compete with us to attract members in our markets. Non-profit organizations in our markets may be able to obtain land and construct stores at a lower cost and collect membership dues and fees without paying taxes, thereby allowing them to charge lower prices. Luxury fitness companies may attempt to enter our market by lowering prices or creating lower price brand alternatives. Furthermore, due to the increased number of low-cost health and fitness club alternatives, we may face increased competition if we increase our price or if discretionary spending declines. This competition may limit our ability to attract and retain existing members and our ability to attract new members, which in each case could materially and adversely affect our results of operations and financial condition. Consumer demand for digital member management functionality and digital fitness offerings have been increasing, which has required us to effectively recruit the skills and talent structure needed to adequately compete in this space, in addition to investing incremental marketing funds to produce differentiated content.

If we are unable to anticipate and satisfy consumer preferences and shifting views of health and fitness, our business may be adversely affected.

Our success depends on our ability to anticipate and satisfy consumer preferences relating to health and fitness. Our business is and all of our services are subject to changing consumer preferences that cannot be predicted with certainty. Developments or shifts in research or public opinion on the types of health and fitness services we provide could negatively impact the business or consumers' preferences for health and fitness services could shift rapidly to different types of health and fitness centers or at-home fitness options; and we may be unable to anticipate and respond to shifts in consumer preferences. It is also possible that competitors could introduce new products and services that negatively impact consumer preference for our business model, or that consumers could prefer health and fitness opportunities outside of the gym that do not align with our business model. Failure to predict and respond to changes in public opinion, public research and consumer preferences could adversely impact our business.

If we fail to obtain and retain high-profile strategic partnership arrangements, or if the reputation of any of our partners is impaired, our business may suffer.

A principal component of our marketing program has been to partner with high-profile marketing partners, such as our sponsorship of ABC's "Dick Clark's New Year's Rockin' Eve with Ryan Seacrest 2022," to help us extend the reach of our brand. Although we have partnered with several well-known partners in this manner, we may not be able to attract and partner with new marketing partners in the future. In addition, if the actions of our partners were to damage their reputation, our partnerships may be less attractive to our current or prospective members. Any of these failures by us or our partners could adversely affect our brand, business and revenues.

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 target market is people seeking regular exercise and people who are new to fitness. The success of our business depends on our and our franchisees' ability to attract and retain members. Our and our franchisees' marketing efforts may not be successful in attracting members to stores, and membership levels may materially decline over time, especially at stores in operation for an extended period of time. Members may cancel their memberships at any time after giving proper notification, in accordance with the terms of their membership agreement, subject to an initial minimum term applicable to certain memberships. We may also cancel or suspend memberships if a member fails to provide payment for an extended period of time. In addition, we experience attrition and must continually engage existing members and attract new members in order to maintain membership levels. A portion of our member base does not regularly use our stores and may be more likely to cancel their memberships. Some of the factors that could lead to a decline in membership levels include changing desires and behaviors of consumers or their perception of our brand, a shift to digital fitness versus our core bricks and mortar fitness offerings, changes in discretionary spending trends and general economic conditions, changes in customer behavior resulting from the COVID-19 pandemic, market maturity or saturation, a decline in our ability to deliver quality service at a competitive price, an increase in

monthly membership dues due to inflation, direct and indirect competition in our industry and a decline in the public's interest in health and fitness, among other factors. In order to increase membership levels, we may from time to time offer promotions or lower monthly dues or annual fees. If we and our franchisees are not successful in optimizing price or in adding new memberships in new and existing stores, growth in monthly membership dues or annual fees may suffer. Any decrease in our average dues or fees or higher membership costs may adversely impact our 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.

Our intellectual property (including our brand) is important to our continued success. We seek to protect our trademarks, trade names, copyrights, trade dress and other intellectual property by exercising our rights under applicable state, provincial, federal and international laws. Policing unauthorized use and other violations of our intellectual property rights is difficult, and the steps we take may not prevent misappropriation, infringement, dilution or other violations of our intellectual property, especially internationally where foreign nations may not have laws to protect against "squatting," or in "first-to-file" nations where trademark rights can be obtained despite a third party's prior use of our intellectual property. If we were to fail to successfully protect our intellectual property rights for any reason, or if any third party misappropriates, dilutes, infringes or violates our intellectual property, the value of our brand may be harmed, which could have an adverse effect on our business, results of operations and financial condition. Any damage to our reputation could cause membership levels to decline or make it more difficult to attract new members.

We may also from time to time be required to initiate litigation to enforce our intellectual property rights. Third parties may also assert that we have infringed, diluted, misappropriated or otherwise violated their intellectual property rights, which could lead to litigation against us. Litigation, even where we are likely to prevail, is inherently uncertain and could divert the attention of management, result in substantial costs and diversion of resources and negatively affect our membership sales and profitability regardless of whether we are able to successfully enforce or defend our rights. Despite our efforts to enforce and defend our intellectual property rights, title defects can arise from conduct of third parties that we cannot anticipate or control, or our exclusive ownership and control over our intellectual property, especially our rights in trademarks and trade secrets, could be diminished or impaired. For example, under U.S. law a third party's prior use of a trademark similar to a Planet Fitness trademark could impair our rights in our trademarks, which, despite reasonable research and efforts, we may not have been able to discover or anticipate. In addition, our trade secrets and confidential information could be compromised through misappropriation or unauthorized disclosure, including through a cyber incident, and, despite our reasonable efforts to protect our confidential information and trade secrets, and to maintain the proprietary status thereof, the information could be disclosed or a court could reasonably rule that legal protections provided to trade secrets are no longer enforceable, which could have a material adverse effect on our business, results of operations, financial condition and cash flow.

We and our franchisees rely heavily on information systems, and any material failure, interruption or weakness may prevent us from effectively operating our business and damage our reputation.

We and our franchisees increasingly rely on information systems, including point-of-sale processing systems in our stores and other information systems managed by third parties, to interact with our franchisees and members and collect, maintain, store and transmit member information, billing information and other personally identifiable information, including for the operation of stores, collection of cash, legal and regulatory compliance, management of our supply chain, accounting, staffing, payment of obligations, ACH transactions, credit and debit card transactions and other processes and procedures. Since 2015, we have used a commercially available third-party point-of-sale system. Unforeseen issues, such as bugs, data inconsistencies, outages, changes in business processes, and other interruptions with the point-of-sale system in the past have had, and in the future could have, an adverse impact on our business. Additionally, if we move to different third-party systems, or otherwise significantly modify the point-of-sale system, our operations, including EFT drafting, could be interrupted. Our ability to efficiently and effectively manage our franchisee and corporate-owned stores depends significantly on the reliability and capacity of these systems, and any potential failure of these third parties to provide quality uninterrupted service is beyond our control.

In 2018, we engaged with a new third-party software development company to develop a digital platform that runs on new data services and solutions, and facilitates digital experiences across digital channels, including mobile, online, and in-club media. We continue to invest in this platform to deliver new digital experiences that provide better services and value to our store members and franchisees. If we move to a different partner to develop and maintain this platform, or if the current partner's ability to provide its services is impaired, our operations could increasingly be interrupted. This platform is built on commercial cloud computing platforms and future digital services we may offer could also be sourced from third-party platforms. In 2019, we worked with one of our third-party software development partners to develop and roll out a new customized mobile application. We also evaluated and selected a new in-store media solution that we began rolling out to our stores in 2020. In 2020, we began introducing premium digital content throughout a partnership across multiple channels, but primarily through our mobile application. In 2021, we engaged a new third-party vendor to assist with the development and implementation of a strategy focused on increasing member engagement across all our digital platforms. Such platforms depend on the internet,

internet providers and cloud computing providers to deliver ongoing services, the interruption of which could disrupt our operations. Disruption to those platforms and/or services could impact the products and services we offer to our members and affect our membership sales and retention.

Our and our franchisees' operations depend upon our ability, and the ability of our franchisees and third-party service providers (as well as their third-party service providers), to protect our computer equipment and systems against damage from physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, viruses, denial-of-service attacks and other disruptions. The failure of these systems to operate effectively, stemming from maintenance problems, upgrading or transitioning to new platforms, expanding our systems as we grow, a breach in security or other unanticipated problems could result in interruptions to or delays in our business and member services and reduce efficiency in our operations. In addition, the implementation of technology changes and upgrades to maintain current and integrate new systems may also cause service interruptions, operational delays due to the learning curve associated with using a new system, transaction processing errors and system conversion delays and may cause us to fail to comply with applicable laws. If our information systems, or those of our franchisees and third-party service providers (as well as their third-party service providers), fail and our or our partners' third-party back-up or disaster recovery plans are not adequate to address such failures, our revenues and profits could be reduced and the reputation of our brand and our business could be materially adversely affected, which in turn may materially and adversely affect our results of operations and financial condition. Furthermore, as a result of the COVID-19 pandemic, certain of our employees have been required to work from home. The significant increase in remote working, particularly for an extended period of time, could exacerbate certain risks to our business, including an increased risk of cyber incidents and improper collection and dissemination of personal or confidential information.

Use of email marketing and social media may adversely impact our reputation or subject us to fines or other penalties.

There has been a substantial increase in the use and popularity of email, social media and other consumer-oriented technologies, including v-logs, blogs, chat platforms, social media websites and applications, and other forms of internet-based communication, which has increased the speed and accessibility of information dissemination and broadened the pool of consumers and other interested persons. Negative or false commentary about us may be posted on social media platforms or similar devices at any time and may harm our business, brand, reputation, marketing partners, financial condition, and results of operations, regardless of the information's accuracy. Consumers value readily available information about health clubs and often act on such information without further investigation and without regard to its accuracy. The harm may be immediate without affording us an opportunity for redress or correction. In addition, social media platforms provide users with access to such a broad audience that collective action against our stores, such as boycotts, can be more easily organized. If such actions were organized, we could suffer reputational damage as well as physical damage to our stores. Social media and other platforms have in the past been and may in the future be used to attack us, our information security systems and our reputation, including through use of spam, spyware, ransomware, phishing and social engineering, viruses, worms, malware, distributed denial of service attacks, password attacks, "Man in the Middle" attacks, cybersquatting, impersonation of employees or officers, abuse of comments and message boards, fake reviews, doxing and swatting. We have a cyber security policy that attempts to prevent and respond to these attacks. Nonetheless, these types of attacks are pervasive inside and outside of the industry and could lead to the improper disclosure of proprietary information, negative comments about our brand, exposure of personally identifiable information, fraud, hoaxes or malicious dissemination of false information, which could lead to a decline in the value of our brand, which could have a material adverse effect on our business.

We also use email and social media platforms as marketing tools. For example, we maintain social media accounts and may occasionally email members to inform them of certain offers or promotions. As laws and regulations, including Federal Trade Commission (the "FTC") enforcement, rapidly evolve to govern the use of these platforms and devices, the failure by us, our employees, our franchisees, our spokespeople and brand ambassadors or other third parties acting at their direction to abide by applicable laws and regulations in the use of these platforms and devices could adversely impact our and our franchisees' business, financial condition and results of operations or subject us to 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.

In the ordinary course of business, we and our franchisees handle member, prospective member and employee data, including credit and debit card numbers, bank account information, driver's license numbers, dates of birth and other highly sensitive personally identifiable information, in information systems that we maintain and in those maintained by franchisees and third parties with whom we contract to provide services. In 2019, we introduced a mobile application that tracks exercise and activity-related data, which may in the future track other personal information. Some of this data is sensitive and could be an attractive target of a criminal attack by malicious third parties with a wide range of motives and expertise, including lone

wolves, organized criminal groups, "hacktivists," disgruntled current or former employees and others. The integrity and protection of member, prospective member and employee data is critical to us.

Despite the security measures we have in place to comply with applicable laws and rules, our facilities and systems, and those of our franchisees and third-party vendors (as well as their third-party service providers), may be vulnerable to security breaches, acts of cyber terrorism or sabotage, vandalism or theft, computer viruses, loss or corruption of data, programming or human errors or other similar events. Furthermore, the size and complexity of our information systems, and those of our franchisees and our third-party vendors (as well as their third-party service providers), make such systems potentially vulnerable to security breaches from inadvertent or intentional actions by our employees, franchisees or vendors, or from attacks by malicious third parties. Because such attacks are increasing in sophistication and change frequently in nature, we, our franchisees and our third-party vendors may be unable to anticipate these attacks or implement adequate preventative measures, and any compromise of our systems, or those of our franchisees and third-party vendors (as well as their third-party service providers), may not be discovered and remediated promptly. Changes in consumer behavior following a security breach or perceived security breach, act of cyber terrorism or sabotage, vandalism or theft, computer viruses, loss or corruption of data or programming or human error or other similar event affecting a competitor, large retailer or financial institution may materially and adversely affect our business, which in turn may materially and adversely affect our results of operations and financial condition.

Additionally, the handling of personally identifiable information by our, or our franchisees', businesses are regulated at the federal, state and international levels, as well as by certain industry groups, such as the Payment Card Industry Security Standards Council, National Automated Clearing House Association, Canadian Payments Association and individual credit card issuers. Federal, state, international and industry groups may also consider and implement from time to time new privacy and security requirements that apply to our businesses. Compliance with contractual obligations and evolving privacy and security laws, requirements and regulations may result in cost increases due to necessary systems changes, new limitations or constraints on our business models and the development of new administrative processes. They also may impose further restrictions on our handling of personally identifiable information that are housed in one or more of our, or our franchisees' databases, or those of our third-party service providers. Noncompliance with privacy laws or industry group requirements or a security breach or perceived non-compliance or breach involving the misappropriation, loss or other unauthorized disclosure of personal, sensitive or confidential information, whether by us or by one of our franchisees or vendors, could have material adverse effects on our and our franchisees' business, operations, brand, reputation and financial condition, including decreased revenue, material fines and penalties, litigation, increased financial processing fees, compensatory, statutory, punitive or other damages, adverse actions against our licenses to do business and injunctive relief by court or consent order. Despite our efforts, the handling of personally identifiable information may not be in compliance with applicable law, or this information could be disclosed or lost due to a hacking event or unauthorized access to our information system, or through publication or improper disclosure, any of which could affect the value of our brand. We maintain and we require our franchisees to maintain cyber risk insurance, but in the event of a significant data security breach, this insurance may not cover all of the losses that we would be likely to suffer.

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 subject us to loss and harm our brand and our business.

We have been in the past, and we could be in the future, subject to cyber incidents or other adverse events that threaten the confidentiality, integrity or availability of information resources, including intentional attacks or unintentional events where parties gain unauthorized access to systems to disrupt operations, corrupt data or steal confidential, personal or other information about customers, franchisees, vendors and employees. Such attacks have become more common, and many companies have recently experienced serious cyber incidents and breaches of their information technology systems. As our reliance on technology has increased, so have the risks posed to our systems, both internal and those we have outsourced. We could also be subject to negative impacts on our business caused by cyber incidents relating to our third-party vendors. The three primary risks that could directly result from the occurrence of a cyber incident include operational interruption, damage to the relationship with members and private data exposure, which each in turn could create additional risks and exposure. We maintain insurance coverage to address cyber incidents, and have also implemented processes, procedures and controls to help mitigate these risks. However, these measures do not guarantee that our reputation and financial results will not be adversely affected by such an incident.

Because our franchisees accept electronic forms of payment from their customers, our business requires the collection and retention of customer data, including credit and debit card numbers and other personally identifiable information in various information systems that we and our franchisees maintain and in those maintained by third parties with whom we and our franchisees contract to provide credit card processing. We also maintain important internal company data, such as personally identifiable information about our employees and franchisees and information relating to our operations. Our use of personally identifiable information is regulated by foreign, federal and state laws, as well as by certain third-party agreements. As privacy

and information security laws and regulations and contractual obligations with third parties evolve, we may incur additional costs to ensure that we remain in compliance with those laws and regulations and contractual obligations. If our security and information systems are compromised or if we, our employees or franchisees fail to comply with these laws, regulations, or contract terms, and this information is obtained by unauthorized persons or used inappropriately, it could adversely affect our reputation and could disrupt our operations and result in costly litigation, judgments, or penalties arising from violations of federal and state laws and payment card industry regulations.

Under certain laws, regulations and contractual obligations, a cyber incident could also require us to notify customers, employees or other groups of the incident or could result in adverse publicity, loss of sales and profits or an increase in fees payable to third parties. We could also incur penalties or remediation and other costs that could adversely affect the operation of our business and results of operations, which in turn may materially and adversely affect our results of operations and financial condition.

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 growth strategy relies in large part upon new store development by existing and new franchisees. Our franchisees face many challenges in opening new stores, including:

- availability and cost of financing;
- selection and availability of suitable store locations;
- competition for store sites;
- negotiation of acceptable lease and financing terms;
- securing required domestic or foreign governmental permits and approvals;
- health and fitness trends in new geographic regions and acceptance of our offerings;
- employment, training and retention of qualified employees;
- ability to open new stores during the timeframes we and our franchisees expect; and
- general economic and business conditions.

In particular, because the majority of our new store development is funded by franchisee investment, our growth strategy is dependent on our franchisees' (or prospective franchisees') ability to access funds to finance such development. If our franchisees (or prospective franchisees) are not able to obtain financing at commercially reasonable rates, or at all, they may be unwilling or unable to invest in the development of new stores, and our future growth could be adversely affected.

Our growth strategy also relies on our ability to identify, recruit and enter into agreements with a sufficient number of franchisees. In addition, our ability and the ability of our franchisees to successfully open and operate new stores in new or existing markets may be adversely affected by a lack of awareness or acceptance of our brand, as well as a lack of existing marketing efforts and operational execution in these new markets. To the extent that we are unable to implement effective marketing and promotional programs and foster recognition and affinity for our brand in new domestic and international markets, our and our franchisees' new stores may not perform as expected and our growth may be significantly delayed or impaired. In addition, franchisees of new stores may have difficulty securing adequate financing, particularly in new markets where there may be a lack of adequate history and brand familiarity. New stores may not be successful or our average store membership sales may not increase at historical rates, which could materially and adversely affect our business, results of operations and financial condition.

To the extent our franchisees are unable to open new stores as we anticipate, we will not realize the revenue growth that we hope or expect. Our failure to add a significant number of new stores would adversely affect our ability to increase our revenues and operating income and could materially and adversely affect our business, results of operations and financial condition.

Our planned growth could place strains on our management, employees, information systems and internal controls, which may adversely impact our business.

Over the past several years prior to the COVID-19 pandemic, we have experienced growth in our business activities and operations, including a significant increase in the number of system-wide stores. Although such growth was temporarily slowed by measures put in place in response to the COVID-19 pandemic and the resulting temporary closure of stores and accompanying decrease in membership, we are resuming the implementation of our expansion strategy, in line with prior plans for growth. Our past expansion has placed, and our planned future expansion may place, significant demands on our administrative, operational, financial and other resources. Any failure to manage growth effectively could seriously harm our business. To be successful, we will need to continue to implement management information systems and improve our operating,

administrative, financial and accounting systems and controls. We will also need to train new employees and maintain close coordination among our executive, accounting, finance, legal, human resources, risk management, marketing, technology, sales and operations functions. These processes are time-consuming and expensive, increase management responsibilities and divert management attention, and we may not realize a return on our investment in these processes. In addition, we believe the culture we foster at our and our franchisees' stores is an important contributor to our success. However, as we expand, we may have difficulty maintaining our culture or adapting it sufficiently to meet the needs of our operations. These risks may be heightened as our growth accelerates. In 2021 and 2020, our franchisees opened 125 stores, compared to 255 stores in 2019, and 226 stores in 2018. Our failure to successfully execute on our planned expansion of stores could materially and adversely affect our results of operations and financial condition.

Changes in the industry could place strains on our management, employees, information systems and internal controls, which may adversely impact our business.

Changes in the industry affecting gym memberships and payment for gym memberships may place significant demands on our administrative, operational, financial and other resources or require us to obtain different or additional resources. Any failure to manage such changes effectively could adversely affect our business. To be successful, we will need to continue to implement management information systems and improve our operating, administrative, financial and accounting systems and controls in order to adapt quickly to such changes. These changes may be time-consuming and expensive, increase management responsibilities and divert management attention, and we may not realize a return on our investment in implementing these changes, which in turn could materially and adversely affect our results of operations and financial condition.

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

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

Economic, political and other risks associated with our international operations could adversely affect our profitability and international growth prospects.

We currently have stores operating in certain other countries around the world, including Canada, Panama, Mexico and Australia. Our international operations are subject to a number of risks inherent to operating in foreign countries, and any expansion of our international operations will increase the impact of these risks. These risks include, among others:

- inadequate brand infrastructure within foreign countries to support our international activities;
- inconsistent regulation or sudden policy changes by foreign agencies or governments;
- the collection of royalties from foreign franchisees;
- difficulty of enforcing contractual obligations of foreign franchisees;
- increased costs in maintaining international franchise and marketing efforts;
- franchisees' difficulty in raising adequate capital;
- problems entering international markets with different cultural bases and consumer preferences;
- political and economic instability of foreign markets;
- compliance with laws and regulations applicable to our international operations, such as the Foreign Corrupt Practices Act and regulations promulgated by the Office of Foreign Asset Control;
- fluctuations in foreign currency exchange rates; and
- operating in new, developing or other markets in which there are significant uncertainties regarding the interpretation, application and enforceability of laws and regulations relating to contract and intellectual property rights.

As a result, those new stores may be less successful than stores in our existing markets. Further, effectively managing growth can be challenging, particularly as we continue to expand into new international markets where we must balance the need for flexibility and a degree of autonomy for local management against the need for consistency with our mission and standards.

Our financial results are affected by the operating and financial results of, and our relationships with, our franchisees.

A substantial portion of our revenues come from royalties, which are generally based on a percentage of gross monthly membership dues and annual fees at our franchise stores or, in certain cases, a sliding scale based on gross monthly membership dues, other fees and commissions generated from activities associated with our franchisees, and equipment sales to our franchisees. As a result, our financial results are largely dependent upon the operational and financial results of our franchisees. As of December 31, 2021, we had approximately 120 franchisee groups operating 2,142 stores. Negative economic conditions, including recession, public health emergencies, inflation, increased unemployment levels and the effect of decreased consumer confidence or changes in consumer behavior, could materially harm our franchisees' financial condition, which would cause our royalty and other revenues to decline and materially and adversely affect our results of operations and financial condition as a result. In addition, if our franchisees fail to renew their franchise agreements, these revenues may decrease, which in turn could materially and adversely affect our results of operations and financial condition.

Our franchisees could take actions that harm our business.

Our franchisees are contractually obligated to operate their stores in accordance with the operational, safety and health standards set forth in our agreements with them, including adherence to applicable laws and regulations. However, franchisees are independent third parties and their actions are outside of our control. In addition, we cannot be certain that our franchisees will have the business acumen or financial resources necessary to operate successful franchises in their approved locations, and certain state franchise laws limit our ability to terminate or not renew these franchise agreements. Our franchisees own, operate and oversee the daily operations of their stores. As a result, the ultimate success and quality of any franchise store rests with the franchisee. If franchisees do not successfully operate stores in a manner consistent with required standards and comply with local laws and regulations, franchise fees and royalties paid to us may be adversely affected, and our brand image and reputation could be harmed, which in turn could materially and adversely affect our results of operations and financial condition.

Although we believe we generally maintain positive working relationships with our franchisees, disputes with franchisees could damage our brand image and reputation and our relationships with our franchisees generally.

We are subject to a variety of additional risks associated with our franchisees.

Our franchise business model subjects us to a number of risks, any one of which may impact our royalty revenues collected from our franchisees, may harm the goodwill associated with our brand, and may materially and adversely impact our business and results of operations.

Bankruptcy of franchisees. A franchisee bankruptcy could have a substantial negative impact on our ability to collect payments due under such franchisee's franchise agreement(s). In a franchisee bankruptcy, the bankruptcy trustee may reject its franchise agreement(s), ADA(s) and/or franchisee lease/sublease pursuant to Section 365 under the U.S. bankruptcy code, in which case there would be no further royalty payments from such franchisee, and we may not ultimately recover those payments in a bankruptcy proceeding of such franchisee in connection with a damage claim resulting from such rejection.

Franchisee changes in control. Our franchises are operated by independent business owners. Although we have the right to approve franchise owners, and any transferee owners, we cannot predict in advance whether a particular franchise owner will be successful. If an individual franchise owner is unable to successfully establish, manage and operate the store, the performance and quality of service of the store could be adversely affected, which could reduce memberships and negatively affect our royalty revenues and brand image. Although our agreements prohibit "changes in control" of a franchisee without our prior consent as the franchisor, our form franchise agreement, and state franchise relationship laws limit our ability to withhold our consent to the transfer of a store to a new owner. In any transfer situation, the transferee may not be able to perform its obligations under its franchise agreements and successfully operate the store. In such a case the performance and quality of service of the store could be adversely affected, which could also reduce memberships and negatively affect our royalty revenues and brand image.

In addition, in the event of the death or permanent disability of a franchisee (if a natural person) or a principal of a franchisee entity, the executors and representatives of the franchisee are required to appoint an operator approved by us to manage the store. There is, however, no assurance that any such operator would be found or, if found, would be able to successfully operate its *s*tore. In the event that an acceptable operator is not found, the franchisee would be in default under its franchise agreement and, among other things, the franchise agreement and the franchisee's right to operate the store under the franchise agreement could be terminated. If a new operator is not found or approved by us, or the new operator is not as successful in operating the store as the then-deceased franchisee or franchisee principal, the gross EFT of the store may be affected and could adversely affect our business and operating results.

Franchisee insurance. Our form franchise agreement requires each franchisee to maintain certain insurance types and levels. Losses arising from certain extraordinary hazards, however, may not be covered, and insurance may not be available (or may be available only at prohibitively expensive rates) with respect to many other risks, or franchisees may fail to procure the required insurance. Moreover, any loss incurred could exceed policy limits and policy payments made to franchisees may not be made

on a timely basis. Any such loss or delay in payment could have a material adverse effect on a franchisee's ability to satisfy its obligations under its franchise agreement or other contractual obligations, which could cause the termination of the franchisee's franchise agreement and, in turn, may materially and adversely affect our operating and financial results.

Some of our franchisees are operating entities. Franchisees may be natural persons or legal entities. Our franchisees that are operating companies (as opposed to limited purpose entities) are subject to business, credit, financial and other risks, which may be unrelated to the operation of their stores. These unrelated risks could materially and adversely affect a franchisee that is an operating company and its ability to service its members and maintain store operations while making royalty payments, which in turn may materially and adversely affect our business and operating results.

Franchise agreement termination; nonrenewal. Each franchise agreement is subject to termination by us as the franchisor in the event of a default, generally after expiration of applicable cure periods, although under certain circumstances a franchise agreement may be terminated by us upon notice without an opportunity to cure. The default provisions under the form franchise agreement are drafted broadly and include, among other things, any failure to meet operating standards and actions that may threaten our brand's goodwill. Moreover, a franchisee may have a right to terminate its franchise agreement in certain circumstances. Our ability to terminate a franchise agreement following a default that is not cured within the applicable cure period, if any, and the ability of franchisees under certain circumstances to terminate a franchise agreement, could reduce our royalty revenue, which in turn may materially and adversely affect our business and operating results.

In addition, each franchise agreement has an expiration date. Upon the expiration of a franchise agreement, we or the franchisee may, or may not, elect to renew the franchise agreement. If the franchise agreement is renewed, the franchisee will receive a "successor" franchise agreement for an additional term. Such option, however, is contingent on the franchisee's execution of the then-current form franchise agreement (which may include increased royalty payments, advertising fees and other fees and costs), the satisfaction of certain conditions (including re-equipment and remodeling of the store and other requirements) and the payment of a successor fee. If a franchisee is unable or unwilling to satisfy any of the foregoing conditions, the expiring franchise agreement will terminate upon expiration of its term. If not renewed, a franchise agreement and the related payments will terminate. We may be unable to find a new franchisee to replace such lost revenues, which in turn may materially and adversely affect our business and operating results.

Franchisee litigation; effects of regulatory efforts. We and our franchisees are subject to a variety of litigation risks, including, but not limited to, member claims, personal injury claims, vicarious liability claims, litigation with or involving our relationship with franchisees, litigation alleging that the franchisees are our employees or that we are the co-employer of our franchisees' employees, employee allegations against the franchisee or us of improper termination and discrimination, landlord/tenant disputes and intellectual property claims. Each of these claims may increase costs, reduce the execution of new franchise agreements and affect the scope and terms of insurance or indemnifications we and our franchisees may have. In addition, we and our franchisees are subject to various regulatory efforts to enforce employment laws, such as efforts to classify franchisors as the co-employers of their franchisees' employees and legislation to categorize individual franchised businesses as large employers for the purposes of various employment benefits. We and our franchisees also may be subject to changes in state tax laws or enforcement of state tax laws, whereby states subject certain franchisee payments to out of state franchisors to state sales tax or other, similar taxes. These and other legislation or regulations may have a disproportionate impact on franchisors and/or franchised businesses. These changes may impose greater costs and regulatory burdens on franchising and negatively affect our ability to sell new franchises, which in turn may materially and adversely affect our results of operations and financial condition.

Franchise agreements and franchisee relationships. Our franchisees develop and operate their stores under terms set forth in our ADAs and franchise agreements, respectively. These agreements typically give rise to long-term relationships that involve a complex set of mutual obligations and mutual cooperation. We have a standard set of agreements that we typically use with our franchisees, but various franchisees have negotiated specific terms in these agreements. Furthermore, we may from time to time negotiate terms of our franchise agreements with individual franchisees or groups of franchisees (e.g., a franchisee association). We seek to have positive relationships with our franchisees, based in part on our common understanding of our mutual rights and obligations under our agreements, to enable both the franchisees' business and our business to be successful. However, we and our franchisees may not always maintain a positive relationship or always interpret our agreements in the same way. Our failure to have positive relationships with our franchisees could individually or in the aggregate cause us to change or limit our business practices, which may make our business model less attractive to our franchisees or our members and could result in costly litigation between us and our franchisees. Finally, we have the discretion to, and may change over time, the financial and other terms of our franchise agreements and ADAs offered to new franchisees and developers. In the past, we have sought to discuss and reach accord with our franchisee association over such changes, but there is no assurance that we will be successful in such efforts in the future. If we were unsuccessful, this may lead to discord with our franchisee association that could have a detrimental effect on the growth of our business.

While our franchisee revenues are not concentrated among one or a small number of parties, the success of our franchise model depends in large part on our ability to maintain contractual relationships with franchisees in profitable stores. A typical franchise agreement has a ten-year term. Our largest franchisee group accounts for approximately 8.2% of our total stores and another large franchisee group accounts for approximately 5.3% of our total stores as of December 31, 2021. If we fail to maintain or renew our contractual relationships on acceptable terms for these or other stores, or if one or more of these large franchisees were to become insolvent or otherwise were unwilling to pay amounts due to us, our business, reputation, financial condition and results of operations could be materially and adversely affected.

Construction and maintenance costs. Our franchisees may incur rising costs related to construction of new stores and maintenance of existing stores, which could adversely affect the attractiveness of our franchise model, and in turn our business, results of operations and financial condition. Corporate-owned stores require significant upfront and ongoing investment, including periodic remodeling and equipment replacement. If our franchisees' costs are greater than expected, franchisees may need to outperform their operational plan to achieve their targeted return. In addition, increased costs may result in lower profits to franchisees, which may allow a franchisee to terminate its franchise agreement or make it harder for us to attract new franchisees, which in turn could materially and adversely affect our business, results of operations and financial condition.

In addition, if a franchisee is unwilling or unable to acquire the necessary financing to invest in the maintenance and upkeep of its stores, including periodic remodeling and replacement of equipment, the quality of its stores could deteriorate, which may have a negative impact on our brand image and our ability to attract and maintain members, which in turn may have a negative impact on our revenues.

Franchisee turnover. There can be no guarantee of the retention of any, including the top performing, franchisees in the future, or that we will maintain the ability to attract, retain, and motivate sufficient numbers of franchisees of the same caliber. The quality of existing franchisee operations may be diminished by factors beyond our control, including franchisees' failure or inability to hire or retain qualified managers and other personnel. Training of managers and other personnel may be inadequate. These and other such negative factors could reduce franchise stores' revenues, impact payments to us from franchisees under the franchise agreements and could have a material adverse effect on our revenues, which in turn may materially and adversely affect our business.

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.

Use of our and our franchisees' stores poses some potential health and safety risks to members or guests through physical exertion and use of our services and facilities, including exercise and tanning equipment. Claims might be asserted against us and our franchisees for injuries or death suffered by members or guests while exercising and using the facilities at a store. In addition, actions we have taken or may take, or decisions we have made or may make, as a consequence of the COVID-19 pandemic may result in legal claims or litigation against us, including legal claims related to alleged exposure to COVID-19 at corporate-owned stores and franchise stores. We may not be able to successfully defend such claims. We also may not be able to maintain our general liability insurance on acceptable terms in the future or maintain a level of insurance that would provide adequate coverage against potential claims. Depending upon the outcome, these matters may have a material adverse effect on our results of operations, financial condition and cash flows.

Our business is subject to various laws and regulations and changes in such laws and regulations, or failure to comply with existing or future laws and regulations, could adversely affect our business.

We are subject to the FTC Franchise Rule, which is a trade regulation imposed on franchising promulgated by the FTC that regulates the offer and sale of franchises in the United States and that requires us to provide to all prospective franchisees certain mandatory disclosure in a FDD. In addition, we are subject to state franchise registration and disclosure laws in approximately 14 states and various state business opportunity laws that regulate the offer and sale of franchises by requiring us, unless otherwise exempt, to register our franchise offering in those states prior to our making any offer or sale of a franchise in those states and to provide a FDD to prospective franchisees in accordance with such laws. We are subject to franchise disclosure laws in six provinces in Canada that regulate the offer and sale of franchises by requiring us, unless otherwise exempt, to prepare and deliver a franchise disclosure document to disclose our franchise offering in a prescribed format to prospective franchisees in accordance with such laws, and that regulate certain aspects of the franchise relationship. We are subject to similar franchise sales laws in Mexico and Australia, and may become subject to similar laws in other countries in which we may offer franchises in the future. Failure to comply with such laws may result in a franchisee's right to rescind its franchise agreement and damages, and may result in investigations or actions from federal or state franchise authorities, civil fines or penalties, and stop orders, among other remedies. We are also subject to franchise relationship laws in approximately 20 states and in various U.S. territories that regulate many aspects of the franchise relationship including, depending upon the jurisdiction, renewals and terminations of franchise agreements, franchise transfers, the applicable law and venue in which franchise disputes must be resolved, discrimination and franchisees' right to associate, among others. Our failure to comply with such franchise relationship laws could result in fines, damages and our inability to enforce franchise agreements where we have violated such laws. Although we believe that our FDDs, franchise sales practices and franchise activities comply with such franchise sales laws and franchise relationship laws, our non-compliance could result in liability to franchisees and regulatory authorities (as described above), inability to enforce our franchise agreements and a reduction in our anticipated royalty revenue, which in turn may materially and adversely affect our business and results of operations.

We and our franchisees are also subject to the Fair Labor Standards Act of 1938, as amended, and various other laws in the United States, Canada, Panama, Mexico and Australia governing such matters as minimum-wage requirements, overtime and other working conditions. Based upon our experience with hiring employees and operating corporate-owned stores, we believe a significant number of our and our franchisees' employees are paid at rates related to the U.S. federal or state minimum wage, and past increases in the U.S. federal and/or state minimum wage have increased labor costs, as would future increases. Any increases in labor costs might result in our and our franchisees inadequately staffing stores. Such increases in labor costs, and those that may arise due to other changes in labor laws or as a result of low unemployment rates, could affect store performance and quality of service, decrease royalty revenues and adversely affect our brand.

Our and our franchisees' operations and properties are subject to extensive U.S., Canadian, Panamanian, Mexican and Australian, federal, international, state, provincial and local laws and regulations, including those relating to environmental, building and zoning requirements. Our and our franchisees' development of properties depends to a significant extent on the selection and acquisition of suitable sites, which are subject to zoning, land use, environmental, traffic and other regulations and requirements. Failure to comply with these legal requirements could result in, among other things, revocation of required licenses, administrative enforcement actions, fines and civil and criminal liability, which could adversely affect our business.

We and our franchisees are responsible at the stores we each operate for compliance with state, provincial and local laws that regulate the relationship between stores and their members. Many states and provinces have consumer protection regulations that may limit the collection of membership dues or fees prior to opening, require certain disclosures of pricing information, mandate the maximum length of contracts and "cooling off" periods for members (after the purchase of a membership), set escrow and bond requirements for stores, govern member rights in the event of a member relocation or disability, provide for specific member rights when a store closes or relocates, require us to offer specific mechanisms for membership cancellation, or preclude automatic membership renewals. The FTC Chair has recently expressed interest in ensuring that recurring subscriptions and memberships are easy to cancel, including through a social media statement mentioning us. Our or our franchisees' failure to comply fully with these rules or requirements may subject us or our franchisees to fines, penalties, damages and civil liability, result in membership contracts being void or voidable, or otherwise harm our brand or reputation. In addition, states or provinces may update these laws and regulations. Any additional costs which may arise in the future as a result of changes to the legislation and regulations or in their interpretation could individually or in the aggregate cause us to change or limit our business practices, which may make our business model less attractive to our franchisees or our members.

We and our franchisees are subject to laws and regulations governing the collection, use, disclosure, security or other processing of personal information including in the U.S., E.U., Canada, Panama, Mexico and Australia, as well as self-governing standards promulgated by certain financial industry groups, such as the Payment Card Industry, Security Standards Council, the National Automated Clearing House Association and the Canadian Payments Association. In the U.S. in particular, there are rules and regulations promulgated under the authority of the Federal Trade Commission, the California Consumer Privacy Act ("CCPA"), and various state data privacy and breach notification laws. In California, the CCPA was enacted in

June 2018, became effective on January 1, 2020 and became subject to enforcement by the California Attorney General's office on July 1, 2020. The CCPA broadly defines personal information, provides an expansive meaning to activity considered to be a sale of personal information, and gives California residents expanded privacy rights and protections, including the right to opt out of the sale of personal information. The CCPA also provides for civil penalties for violations and a private right of action for certain data breaches. Moreover, a new privacy law that amends and expands the CCPA, the California Privacy Rights Act ("CPRA"), was passed on November 3, 2020. The CPRA creates additional obligations relating to personal information that take effect on January 1, 2023 (with certain provisions having retroactive effect to January 1, 2022). The CPRA also establishes a new enforcement agency dedicated to consumer privacy. The CPRA's implementing regulations are expected on or before July 1, 2022, and enforcement is scheduled to begin July 1, 2023. Additionally, comprehensive privacy laws akin to the CPRA have recently been passed in Virginia and Colorado, and it is quite possible that other U.S. states, Federal agencies, or the U.S. Congress will follow suit. New data privacy laws have been proposed in more than half of the states in the United States and in the U.S. Congress, reflecting a trend toward more stringent privacy legislation in the United States, which trend may accelerate under the current U.S. presidential administration. Compliance with evolving privacy and security laws, requirements and regulations may result in cost increases due to necessary systems changes, new limitations or constraints on our business models and the development of new administrative processes. They also may impose further restrictions on our or our franchisees' handling of personally identifiable information that is housed in one or more of our, or our franchisees' databases, or those of their third-party service providers. Non-compliance with privacy laws or industry group requirements or a security breach or perceived non-compliance or breach involving the misappropriation, loss or other unauthorized disclosure of personal, sensitive or confidential information, whether by us, a franchisee or vendor, could have adverse effects on our and our franchisees' business, operations, brand, reputation and financial condition, including decreased revenue, material fines and penalties, litigation, increased financial processing fees, compensatory, statutory, punitive or other damages, adverse actions against their licenses to do business and injunctive relief by court or consent order. Despite our efforts, the handling of personally identifiable information may not be in compliance with applicable law, or this information could be disclosed or lost due to a hacking event or unauthorized access to our or our franchisees' information systems, or through publication or improper disclosure, any of which could affect the value of our brand. We maintain and require our franchisees to maintain cyber risk insurance, but in the event of a significant data security breach, this insurance may not cover all of the losses.

Regulatory restrictions placed on indoor tanning services and negative opinions about the health effects of indoor tanning services could harm our reputation and our business.

Although our business model does not place an emphasis on indoor tanning, the vast majority of our corporate-owned stores and franchise stores offer indoor tanning services. We offer tanning services as one of many amenities available to our PF Black Card members. Many states and provinces where we and our franchisees operate have health and safety regulations that apply to health clubs and other facilities that offer indoor tanning services. In addition to regulations imposed on the indoor tanning industry, medical opinions and opinions of commentators in the general public regarding negative health effects of indoor tanning services could adversely impact the value of our PF Black Card memberships and our future revenues and profitability. Although the tanning industry is regulated by U.S. federal and state, and international government agencies, negative publicity regarding the potentially harmful health effects of the tanning services we offer at our stores could lead to additional legislation or further regulation of the industry. The potential increase in cost of complying with these regulations could have a negative impact on our profit margins.

The continuation of our tanning services is dependent upon the public's sustained belief that the benefits of utilizing tanning services outweigh the risks of exposure to ultraviolet light. Any significant change in public perception of tanning equipment or any investigative or regulatory action by a government agency or other regulatory authority could impact the appeal of indoor tanning services to our PF Black Card members, and could in turn have an adverse effect on our and our franchisees' reputation, business, results of operations and financial condition as well as our ability to profit from sales of tanning equipment to our franchisees.

In addition, from time to time, government agencies and other regulatory authorities have shown an interest in taking investigative or regulatory action with respect to tanning services. For example, we reached a settlement with the New York Office of the Attorney General ("OAG") in November 2015 in connection with allegations that in the spring of 2013, seven of the approximately 80 independently owned and operated Planet Fitness franchise locations in New York at the time had violated certain state laws related to tanning advertising, signage, paperwork and eyewear. Upon being alerted to these alleged violations, we re-emphasized to all franchisees that they are contractually required to operate their businesses in compliance with all applicable laws and regulations. The OAG's investigation was part of a larger initiative with respect to tanning salons and other providers of tanning services and the settlement did not have a material adverse effect on us. However, similar future initiatives could influence public perception of the tanning services we offer and of the benefits of our PF Black Card membership.

Changes in legislation or requirements related to electronic fund transfer, or our failure to comply with existing or future regulations, may materially and adversely impact our business.

We primarily accept payments for our memberships through electronic fund transfers from members' bank accounts and, therefore, we are subject to federal, state and international legislation and certification requirements governing EFT, including the Electronic Funds Transfer Act. Some states have passed or have considered legislation requiring gyms and health clubs to offer a prepaid membership option at all times, provide notice to members in advance of automatic renewals, and/or limit the duration for which gym memberships can auto-renew through EFT payments, if at all. Our business relies heavily on the fact that our memberships continue on a month-to-month basis after the completion of any initial term requirements, and compliance with these laws and regulations and similar requirements may be onerous and expensive. In addition, variances and inconsistencies from jurisdiction to jurisdiction may further increase the cost of compliance and doing business. States that have such health club statutes provide harsh penalties for violations, including membership contracts being void or voidable. Our failure to comply fully with these rules or requirements may subject us to fines, higher transaction fees, penalties, damages and civil liability and may result in the loss of our ability to accept EFT payments, which would have a material adverse effect on our business, results of operations and financial condition. In addition, any such costs, which may arise in the future as a result of changes to the legislation and regulations or in their interpretation, could individually or in the aggregate cause us to change or limit our business practice, which may make our business model less attractive to our franchisees and our and their members.

We are subject to a number of risks related to ACH, credit card, debit card, and digital payment options we accept.

We and our franchisees accept payments through ACH, credit card, debit card and digital payment transactions. For such transactions, we and our franchisees pay interchange and other fees, which may increase over time. An increase in those fees would require us to either increase the prices we charge for our memberships, which could cause us to lose members or suffer an increase in our operating expenses, either of which could harm our operating results.

If we or any of our processing vendors have problems with our billing software, or the billing software malfunctions, it could have an adverse effect on our member satisfaction and could cause one or more of the major credit card or digital payment companies to disallow our continued use of their payment products. In addition, if our billing software fails to work properly and, as a result, we and our franchisees do not automatically charge our members' bank accounts, credit cards, debit cards or digital payment provider on a timely basis or at all, we could lose membership revenue and associated royalty revenue, which would harm our operating results.

If we fail to adequately control fraudulent ACH, credit card, debit card and digital payment transactions, we may face civil liability, diminished public perception of our security measures and significantly higher ACH, credit card, debit card and digital payment related costs, each of which could adversely affect our business, financial condition and results of operations. The termination of our ability to process payments through ACH, credit card, debit card or digital payment transactions would significantly impair our ability to operate our business.

As consumer behavior shifts to use more modern forms of payment, there may be an increased reluctance to use ACH, credit cards or debit cards for membership dues and point of sale transactions which could result in decreased revenues as consumers choose to give their business to competition with more convenient forms of payment. We may need to expand our information systems to support newer and emerging forms of payment methods, which may be time-consuming and expensive, and may not realize a return on our investment.

We are subject to risks associated with leasing property subject to long-term non-cancelable leases.

All but one of our corporate-owned stores are located on leased premises. The leases for corporate-owned stores generally have initial terms of 10 years and typically provide for two renewal options in five-year increments as well as for rent escalations. Moreover, although historically we have generally not guaranteed franchisees' lease agreements, we have done so in a few certain instances and may do so from time to time.

Generally, our leases are net leases that require us to pay our share of the costs of real estate taxes, utilities, building operating expenses, insurance and other charges in addition to rent. We generally cannot terminate these leases before the end of the initial lease term. Additional sites that we lease are likely to be subject to similar long-term, non-terminable leases. If we close a store, we nonetheless may be obligated to perform our monetary obligations under the applicable lease, including, among other things, payment of the base rent for the balance of the lease term. In addition, if we fail to negotiate renewals, either on commercially acceptable terms or at all, as each of our leases expire we could be forced to close stores in desirable locations. We depend on cash flows from operations to pay our lease expenses and to fulfill our other cash needs. If our business does not generate sufficient cash flow from operating activities, and sufficient funds are not otherwise available to us from borrowings under our securitized financing facility or other sources, we may not be able to service our lease expenses or fund our other liquidity and capital needs, which would materially affect our business.

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.

To successfully expand our business, we and our franchisees must identify and secure sites for new franchise stores and, to a lesser extent, new corporate-owned stores that meet our established criteria. In addition to finding sites with the right demographic and other measures we employ in our selection process, we also need to evaluate the penetration of our competitors in the market. We face significant competition for sites that meet our criteria, and as a result we may lose those sites, our competitors could copy our format or we could be forced to pay significantly higher prices for those sites. If we and our franchisees are unable to identify and secure sites for new stores, our revenue growth rate and profits may be negatively impacted. Additionally, if our or our franchisees' analysis of the suitability of a store site is incorrect, we or our franchisees may not be able to recover the capital investment in developing and building the new store.

As we increase our number of stores, we and our franchisees may also open stores in higher-cost geographies, which could entail greater lease payments and construction costs, among others. The higher level of invested capital at these stores may require higher operating margins and higher net income per store to produce the level of return we or our franchisees and potential franchisees expect. Failure to provide this level of return could adversely affect our results of operations and financial condition.

Opening new stores in close proximity may negatively impact our existing stores' revenues and profitability.

We and our franchisees currently operate stores in 50 states, the District of Columbia, Puerto Rico, Canada, Panama, Mexico and Australia, and we and our franchisees plan to open many new stores in the future, some of which will be in existing markets and may be located in close proximity to stores already in those markets. Opening new stores in close proximity to existing stores may attract some memberships away from those existing stores, which may lead to diminished revenues and profitability for us and our franchisees rather than increased market share. In addition, as a result of new stores opening in existing markets and because older stores will represent an increasing proportion of our store base over time, our same store sales increases may be lower in future periods than they have been historically.

Our franchisees may incur rising costs related to construction of new stores and maintenance of existing stores, which could adversely affect the attractiveness of our franchise model, and in turn our business, results of operations and financial condition.

Our stores require significant upfront and ongoing investment, including periodic remodeling and equipment replacement. If our franchisees' costs are greater than expected, franchisees may need to outperform their operational plan to achieve their targeted return. In addition, increased costs may result in lower profits to the franchisees, which may cause them to terminate their franchise agreement or make it harder for us to attract new franchisees, which in turn could materially and adversely affect our business, results of operations and financial condition.

In addition, if a franchisee is unwilling or unable to acquire the necessary financing to invest in the maintenance and upkeep of its stores, including periodic remodeling and replacement of equipment, the quality of its stores could deteriorate, which may have a negative impact on our brand image and our ability to attract and maintain members, which in turn may have a negative impact on our revenues.

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.

Equipment and certain products and services used by us, including our exercise equipment, point-of-sale software and hardware, and digital content produced for our mobile application, are sourced from third-party suppliers. In addition, we rely on third-party suppliers to manage and maintain our websites and online join processes, and in 2021 approximately 68% of our new members joined either online through our websites or through our mobile app. Although we believe that adequate substitutes are currently available, we depend on these third-party suppliers to operate our business efficiently and consistently meet our business requirements. The ability of these third-party suppliers to successfully provide reliable and high-quality services is subject to technical and operational uncertainties that are beyond our control, including, for our overseas suppliers, vessel availability and port delays or congestion. Any disruption to our suppliers' operations could impact our supply chain, our ability to retain customers, and our ability to service our existing stores and open new stores on time or at all and thereby generate revenue. If we lose such suppliers or our suppliers encounter financial hardships unrelated to the demand for our equipment or other products or services, we may not be able to identify or enter into agreements with alternative suppliers on a timely basis on acceptable terms, if at all. Transitioning to new suppliers would be time-consuming and expensive and may result in interruptions in our operations. If we should encounter delays or difficulties in securing the quantity of equipment we or our franchisees require to open new and refurbish existing stores, our suppliers encounter difficulties meeting our and our franchisees' demands for products or services. If our websites or other digital platforms experience delays or become impaired

due to errors in the third-party technology or there is a deficiency, lack or poor quality of products or services provided or there is damage to the value of one or more of our vendors' brands, our ability to serve our members and grow our brand may be interrupted. If any of these events occurs, it could have a material adverse effect on our business and operating results.

Risks Related to the Sunshine Acquisition

We may be unable to successfully realize the anticipated benefits of the Sunshine Acquisition.

On February 10, 2022, we acquired Sunshine Fitness Growth Holdings, LLC ("Sunshine Fitness"), a Planet Fitness franchisee (the "Sunshine Acquisition"), which immediately prior to the acquisition owned and operated 114 franchisee-owned stores (the "Sunshine Stores"). The success of the Sunshine Acquisition depends on our ability to successfully integrate the Sunshine Stores with our network of corporate-owned stores and operate the Sunshine Stores as corporate-owned stores. We also anticipate that the possible benefits of the Sunshine Acquisition include the expertise and experience of the Sunshine Fitness management team acquired in the Sunshine Acquisition. The anticipated benefits of the Sunshine Acquisition may not be realized fully, or at all, or may take longer to realize than expected.

We may face significant challenges in realizing the anticipated benefits of the Sunshine Acquisition, including, without limitation:

- the diversion of management's attention from ongoing business concerns and performance shortfalls as a result of the devotion of management's attention to the acquisition and integration of the Sunshine Stores and Sunshine Fitness personnel;
- retaining existing key business, employment and other operational relationships and attracting new employees and business and operational relationships; and
- unforeseen expenses and delays related to the integration of Sunshine Stores into our system.

Many of these factors will be outside of our control and any one of them could result in increased costs and/or decreases in the amount of expected revenues, which in turn could have an adverse effect on our brand, business, or financial condition.

We may not have discovered undisclosed liabilities of the Sunshine Fitness stores during the due diligence process.

In the course of the due diligence review of the Sunshine Stores that we conducted prior to consummating the Sunshine Acquisition, we may not have discovered, or may have been unable to quantify, undisclosed liabilities of the Sunshine Stores. Examples of such undisclosed liabilities of the Sunshine Stores may include, but are not limited to, pending or threatened litigation or environmental or other regulatory matters. Any such undisclosed liabilities could have an adverse effect on our brand, business, or financial condition.

Risks related to our indebtedness

Substantially all of the assets of certain of our subsidiaries are security under the terms of securitization transactions that were completed on August 1, 2018, December 3, 2019 and February 10, 2022.

On August 1, 2018, Planet Fitness Master Issuer LLC (the "Master Issuer"), our limited-purpose, bankruptcy-remote, indirect subsidiary, entered into a base indenture (the "Original Base Indenture") and a related supplemental indenture (collectively, the "2018 Indenture") under which the Master Issuer issued $575 million in aggregate principal amount of Series 2018-1 4.262% Fixed Rate Senior Secured Notes, Class A-2-I (the "2018 Class A-2-I Notes") and $625 million in aggregate principal amount of 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 Class A-2-I Notes, the "2018 Notes") in an offering exempt from registration under the Securities Act of 1933, as amended. In connection with the issuance of the 2018 Notes, the Master Issuer also entered into a revolving financing facility that allows for the issuance of up to $75 million in Series 2018-1 Variable Funding Senior Notes, Class A-1 (the "2018 Variable Funding Notes"), and certain letters of credit. On December 3, 2019, the Master Issuer issued $550 million Series 2019-1 3.858% Fixed Rate Senior Secured Notes, Class A-2 (the "2019 Notes") in an offering exempt from registration under the Securities Act of 1933, as amended. The 2019 Notes were issued under the 2018 Indenture and a related supplemental indenture dated December 3, 2019 (together, the "Indenture"). The 2018 Notes, 2019 Notes and the 2018 Variable Funding Notes are referred to collectively as the "Securitized Senior Notes."

Subsequent to the fiscal year ended on December 31, 2021, the Master Issuer entered into an amended and restated base indenture (replacing the Original Base Indenture) and a related supplemental indenture (collectively, the "2022 Indenture") on February 10, 2022, under which the Master Issuer issued $425 million Series 2022-1 3.251% Fixed Rate Senior Secured Notes, Class A-2-I (the "2022 Class A-2-I Notes") and $475 million Series 2022-1 4.008% Fixed Rate Senior Secured Notes, Class A-2-II (the "2022 Class A-2-II Notes," and together with the 2022 Class A-2-I Notes, the "2022 Notes", and together with the Securitized Senior Notes and the 2022 Variable Funding Notes (as defined below) then outstanding, the "Notes"). In connection with such Series 2022-1 Issuance, the Master Issuer repaid the outstanding principal amount (and all accrued and unpaid interest thereon) of the Class A-2-I Notes, and the Master Issuer also entered into a new revolving financing facility that allows for the issuance of up to $75 million in Series 2022-1 Variable Funding Senior Notes, Class A-1 (the "2022 Variable Funding Notes", and such Class A-1 note facilities in effect from time to time, the "Variable Funding Notes") and certain letters of credit. On February 10, 2022, the Company borrowed the full $75 million in 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.

The Securitized Senior Notes were issued in securitization transactions pursuant to which substantially all of our revenue-generating assets in the United States are held by the Master Issuer and certain other limited-purpose, bankruptcy remote, wholly-owned direct and indirect subsidiaries of the Master Issuer that act as guarantors of the Securitized Senior Notes and that have pledged substantially all of their assets to secure the Securitized Senior Notes.

The Securitized Senior Notes are subject to a series of 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 2018 Notes and 2019 Notes under certain circumstances, (iii) certain indemnification payments in the event, among other things, the transfers of the assets pledged as collateral for the Securitized Senior Notes are in stated ways defective or ineffective and (iv) covenants relating to recordkeeping, access to information and similar matters. The Notes are also subject to customary rapid amortization events provided for in the Indenture, including events tied to failure to maintain a stated debt service coverage ratio, the sum of system-wide sales being below certain levels on certain measurement dates, certain manager termination events (including in certain cases a change of control of Planet Fitness Holdings, LLC), an event of default and the failure to repay or refinance the Securitized Senior Notes on the applicable anticipated repayment date. 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 the event that a rapid amortization event occurs under the Indenture (including, without limitation, upon an event of default under the Indenture or the failure to repay the securitized debt at the end of the applicable term), the funds available to us would be reduced or eliminated, which would in turn reduce our ability to operate or grow our business. If our subsidiaries are not able to generate sufficient cash flow to service their debt obligations, they may need to refinance or restructure debt, sell assets, reduce or delay capital investments, or seek to raise additional capital. If our subsidiaries are unable to implement one or more of these alternatives, they may not be able to meet debt payment and other obligations.

The securitization imposes certain restrictions on our activities or the activities of our subsidiaries.

The Indenture and the management agreement entered into between certain of our subsidiaries and the Indenture trustee (the "Management Agreement") contain various covenants that limit our and its subsidiaries' ability to engage in specified types of transactions. For example, the Indenture and the Management Agreement contain covenants that, among other things, restrict, subject to certain exceptions, the ability of certain subsidiaries to:

- incur or guarantee additional indebtedness;
- sell certain assets;
- create or incur liens on certain assets to secure indebtedness; or
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets.

As a result of these restrictions, we may not have adequate resources or flexibility to continue to manage the business and provide for growth of the Planet Fitness system, including product development and marketing for the Planet Fitness brand, which could have a material adverse effect on our future growth prospects, financial condition, results of operations and liquidity.

We have a significant amount of debt outstanding. Such indebtedness, along with the other contractual commitments of certain of our subsidiaries, could adversely affect our business, financial condition and results of operations, as well as the ability of certain of our subsidiaries to meet their debt payment obligations.

Under the Indenture, Master Issuer had approximately $1.7 billion of outstanding debt as of December 31, 2021. Additionally, Master Issuer has the ability to borrow amounts from time to time on a revolving basis, up to an aggregate principal amount of $75 million pursuant to the 2018 Variable Funding Notes, and drew down on the full amount of the 2018 Variable Funding Notes on March 20, 2020.

Subsequent to the fiscal year ended on December 31, 2021, upon the Series 2022-1 Issuance on February 10, 2022, the Master Issuer repaid an aggregate amount of $556,312,500 of such outstanding debt and incurred an additional $900 million of outstanding debt through the issuance of the 2022 Notes. Additionally, the Master Issuer replaced the 2018 Variable Funding Notes with the 2022 Variable Funding Notes, pursuant to which the Master Issuer has the ability to borrow up to an aggregate principal amount of $75 million from time to time on a revolving basis, and drew down on the full amount of the 2022 Variable Funding Notes on February 10, 2022. As a result, immediately following the Series 2022-1 Issuance, the Master Issuer has approximately $2.1 billion of outstanding debt

This level of debt could have significant consequences on our future operations, including:

- resulting in an event of default if our subsidiaries fail to comply with the financial and other restrictive covenants contained in debt agreements, which event of default could result in all of our subsidiaries' debt becoming immediately due and payable;
- reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes, and limiting our ability to obtain additional financing for these purposes;
- limiting the Company's flexibility in planning for, or reacting to, and increasing its vulnerability to, changes in our business, the industry in which it operates and the general economy;
- placing us at a competitive disadvantage compared to our competitors that are less leveraged;
- subjecting us to the risk of increased sensitivity to interest rate increases on indebtedness with respect to the Variable Funding Notes or the refinancing of the Securitized Senior Notes or the 2022 Notes; and
- increasing the possibility that we may be unable to generate cash sufficient for the Master Issuer to pay, when due, interest on and principal of the Securitized Senior Notes.

The ability to meet payment and other obligations under the debt instruments of our subsidiaries depends on our ability to generate significant cash flow in the future. This, to some extent, is subject to general economic, financial, competitive, legislative and regulatory factors, as well as other factors that are beyond our control. Our business may not generate cash flow from operations, and that future borrowings may not be available to us under existing or any future credit facilities or otherwise, in an amount sufficient to enable our subsidiaries to meet our debt payment obligations and to fund other liquidity needs. If our subsidiaries are not able to generate sufficient cash flow to service our debt obligations, we may need to refinance or restructure debt, sell assets, reduce or delay capital investments, or seek to raise additional capital. If our subsidiaries are unable to implement one or more of these alternatives, they may not be able to meet debt payment and other obligations.

In addition, the financial and other covenants we agreed to with our lenders may limit our ability to incur additional indebtedness in the future. If new debt or other liabilities are added to our current consolidated debt levels or if we fail to comply with the covenants of our existing indebtedness, the related risks that we now face could intensify.

We will require a significant amount of cash to service our indebtedness. The ability to generate cash or refinance our indebtedness as it becomes due depends on many factors, some of which are beyond our control.

Our ability to make scheduled payments on, or to refinance our respective obligations under, our indebtedness and to fund planned capital expenditures and other corporate expenses will depend on our subsidiaries' and our franchisees' future operating performance and on economic, financial, competitive, legislative, regulatory and other factors. Many of these factors are beyond our control. We can provide no assurance that our business will generate sufficient cash flow from operations, that currently anticipated cost savings and operating improvements will be realized or that future borrowings will be available to us in an amount sufficient to enable us to satisfy our respective obligations under our indebtedness or to fund our other needs. In order for us to satisfy our obligations under our indebtedness and fund planned capital expenditures, we must continue to execute our business strategy. If we are unable to do so, we may need to reduce or delay our planned capital expenditures or refinance all or a portion of our indebtedness on or before maturity. Significant delays in our planned capital expenditures may materially and adversely affect our future revenue prospects. In addition, we can provide no assurance that we will be able to refinance any of our indebtedness on commercially reasonable terms or at all.

Risks related to our organizational structure

We will be required to pay certain of our existing and previous owners for certain tax benefits we may claim, and we expect that the payments we will be required to make will be substantial.

Future and certain past exchanges of Holdings Units for shares of our Class A common stock (or cash) are expected to produce and have produced favorable tax attributes for us. We are a party to two tax receivable agreements. Under the first of those agreements, we are generally required to pay to certain existing and previous equity owners of Pla-Fit Holdings, LLC (the "TRA Holders") 85% of the applicable cash savings, if any, in U.S. federal and state income tax that we are deemed to realize as a result of certain tax attributes of their Holdings Units sold to us (or exchanged in a taxable sale) and that are created as a result of (i) the sales of their Holdings Units for shares of our 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, we are generally 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 cash savings, if any, that we are deemed to realize as a result of the tax attributes of the Holdings Units that we held in respect of the Direct TSG Investors' prior interest in us, which resulted from the Direct TSG Investors' purchase of interests in our 2012 acquisition (the "2012 Acquisition") by investment funds affiliated with TSG Consumer Partners, LLC ("TSG"), and certain other tax benefits. Under both agreements, we generally retain the benefit of the remaining 15% of the applicable tax savings.

The payment obligations under the tax receivable agreements are obligations of Planet Fitness, Inc., and we expect that the payments we will be required to make under the tax receivable agreements will be substantial. In particular, assuming no further material changes in the relevant tax law and that we earn sufficient taxable income to realize all tax benefits that are subject to the tax receivable agreements, we expect that the reduction in tax payments for us associated with all past and future exchanges and sales of Holdings Units as described above would aggregate to approximately $714.7 million over the remaining term of the tax receivable agreements based on a price of $90.58 per share of our Class A common stock (the closing price per share of our Class A common stock on the New York Stock Exchange ("NYSE") on December 31, 2021) and assuming all future sales had occurred on such date. Under such scenario, we would be required to pay the other parties to the tax receivable agreements 85% of such amount, or $607.5 million, over the applicable period under the tax receivable agreements. The actual amounts may materially differ from these hypothetical amounts, as potential future reductions in tax payments for us, and tax receivable agreement payments by us, will be calculated using the market value of our Class A common stock at the time of the sale and the prevailing tax rates applicable to us over the life of the tax receivable agreements and will be dependent on us generating sufficient future taxable income to realize the benefit. Payments under the tax receivable agreements are not conditioned on the TRA Holders' ownership of our shares.

The actual increase in tax basis, as well as the amount and timing of any payments under these agreements, will vary depending upon a number of factors, including the timing of sales by the TRA Holders, the price of our Class A common stock at the time of the sales, whether such sales are taxable, the amount and timing of the taxable income we generate in the future, the tax rate then applicable and the portion of our payments under the tax receivable agreements constituting imputed interest. Payments under the tax receivable agreements may give rise to certain additional tax benefits attributable to either further increases in basis or in the form of deductions for imputed interest (generally calculated using one-year LIBOR), depending on the tax receivable agreements and the circumstances. Any such benefits are covered by the tax receivable agreements and will increase the amounts due thereunder. The tax receivable agreements provide for interest, at a rate equal to one-year LIBOR, accrued from the due date (without extensions) of the corresponding tax return to the date of payment specified by the tax receivable agreements. In addition, under certain circumstances where we are unable to make timely payments under the tax receivable agreements, the tax receivable agreements provide for interest to accrue on unpaid payments, at a rate equal to one-year LIBOR plus 500 basis points.

Payments under the tax receivable agreements will be based on the tax reporting positions that we determine. Although we are not aware of any issue that would cause the IRS to challenge a tax basis increase or other tax attributes subject to the tax receivable agreements, we will not be reimbursed for any payments previously made under the tax receivable agreements if such basis increases or other benefits are subsequently disallowed. As a result, in certain circumstances, payments could be made under the tax receivable agreements in excess of the benefits that we are deemed to realize in respect of the attributes to which the tax receivable agreements relate.

In certain cases, payments under the tax receivable agreements to our TRA Holders may be accelerated and/or significantly exceed the actual benefits we realize in respect of the tax attributes subject to the tax receivable agreements.

The tax receivable agreements provide that (i) in the event that we materially breach such tax receivable agreements, (ii) if, at any time, we elect an early termination of the tax receivable agreements, or (iii) upon certain mergers, asset sales, other forms of business combinations or other changes of control, our (or our successor's) obligations under the tax receivable agreements (with respect to all Holdings Units, whether or not they have been sold before or after such transaction) would accelerate and become payable in a lump sum amount equal to the present value of the anticipated future tax benefits calculated based on certain assumptions, including that we would have sufficient taxable income to fully utilize the deductions arising from the tax deductions, tax basis and other tax attributes subject to the tax receivable agreements.

As a result of the foregoing, (i) we could be required to make payments under the tax receivable agreements that are greater than or less than the specified percentage of the actual tax savings we realize in respect of the tax attributes subject to the agreements and (ii) we may be required to make an immediate lump sum payment equal to the present value of the anticipated tax savings, which payment may be made years in advance of the actual realization of such future benefits, if any such benefits are ever realized. In these situations, our obligations under the tax receivable agreements could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control. We may not be able to finance our obligations under the tax receivable agreements in a manner that does not adversely affect our working capital and growth requirements. For example, if we had elected to terminate the tax receivable agreements as of December 31, 2021, based on a share price of $90.58 per share of our Class A common stock (based on the closing price of our Class A common stock on the NYSE as of December 31, 2021) and a discount rate equal to 1.9%, we estimate that we would have been required to pay $525.2 million in the aggregate under the tax receivable agreements.

We will not be reimbursed for any payments made to the TRA Holders or the Direct TSG Investors under the tax receivable agreements in the event that any tax benefits are disallowed.

If the IRS or a state or local taxing authority challenges the tax basis adjustments and/or deductions that give rise to payments under the tax receivable agreements and the tax basis adjustments and/or deductions are subsequently disallowed, the recipients of payments under the agreements will not reimburse us for any payments we previously made to them. Any such disallowance would be taken into account in determining future payments under the tax receivable agreements and would, therefore, reduce the amount of any such future payments. Nevertheless, if the claimed tax benefits from the tax basis adjustments and/or deductions are disallowed, our payments under the tax receivable agreements could exceed our actual tax savings, and we may not be able to recoup payments under the tax receivable agreements that were calculated on the assumption that the disallowed tax savings were available.

Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our financial condition and results of operations.

We are subject to income taxes in the United States and various foreign jurisdictions, and our domestic and foreign tax liabilities will be subject to the allocation of expenses in differing jurisdictions. Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including:

- changes in the valuation of our deferred tax assets and liabilities;
- expected timing and amount of the release of any tax valuation allowances;
- tax effects of stock-based compensation;
- costs related to intercompany restructurings;
- changes in tax laws, regulations or interpretations thereof;
- lower than anticipated future earnings in jurisdictions where we have lower statutory tax rates; or
- higher than anticipated future earnings in jurisdictions where we have higher statutory tax rates.

In addition, we may be subject to audits of our income, sales and other transaction taxes by U.S. federal and state and foreign authorities. Outcomes from these audits could have an adverse effect on our financial condition and results of operations.

Our ability to pay taxes and expenses, including payments under the tax receivable agreements, may be limited by our structure.

Our principal asset is our ownership of Holdings Units in Pla-Fit Holdings. As such, we have no independent means of generating revenue. Pla-Fit Holdings is treated as a partnership for U.S. federal income tax purposes and, as such, is generally not subject to U.S. federal income tax. Instead, taxable income is allocated to holders of its Holdings Units, including us.

Accordingly, we incur income taxes on our allocable share of any taxable income of Pla-Fit Holdings, and also incur expenses related to our operations. Pursuant to the limited liability company agreement of Pla-Fit Holdings that was amended and restated in connection with our initial public offering, as amended on July 1, 2017 (the "LLC Agreement"), Pla-Fit Holdings makes cash distributions to the owners of Holdings Units for purposes of funding their tax obligations in respect of the income of Pla-Fit Holdings that is allocated to them, to the extent other distributions from Pla-Fit Holdings have been insufficient. In addition to tax expenses, we also incur expenses related to our operations, including payment obligations under the tax receivable agreements, which are significant. We have caused Pla-Fit Holdings to make distributions in an amount sufficient to allow us to pay our taxes and operating expenses, including ordinary course payments due under the tax receivable agreements. However, its ability to make such distributions in the future will be subject to various limitations and restrictions, including contractual restrictions under our Indenture and Variable Funding Notes. If, as a consequence of these various limitations and restrictions, we do not have sufficient funds to pay tax or other liabilities or to fund our operations (including as a result of an acceleration of our obligations under the tax receivable agreements), we may have to borrow funds and thus our liquidity and financial condition could be materially and adversely affected. To the extent that we are unable to make payments under the tax receivable agreements for any reason, such payments will be deferred and will accrue interest at a rate equal to one-year LIBOR plus 500 basis points until paid.

In certain circumstances, Pla-Fit Holdings will be required to make distributions to us and the Continuing LLC Owners, and the distributions that Pla-Fit Holdings will be required to make may be substantial.

Funds used by Pla-Fit Holdings to satisfy its tax distribution obligations will not be available for reinvestment in our business. Moreover, the tax distributions that Pla-Fit Holdings will be required to make may be substantial and will likely exceed (as a percentage of Pla-Fit Holdings' net income) the overall effective tax rate applicable to a similarly situated corporate taxpayer, particularly as a result of the 2017 Tax Cuts and Jobs Act.

As a result of potential differences in the amount of net taxable income allocable to us and to the owners of Holdings Units other than Planet Fitness, Inc. (the "Continuing LLC Owners"), as well as the use of an assumed tax rate in calculating Pla-Fit Holdings' distribution obligations, we may receive distributions significantly in excess of our tax liabilities and obligations to make payments under the tax receivable agreements. To the extent we do not distribute such cash balances as dividends on our Class A common stock and instead, for example, hold such cash balances or lend them to Pla-Fit Holdings, the Continuing LLC Owners would benefit from any value attributable to such accumulated cash balances as a result of their ownership of Class A common stock following an exchange of their Holdings Units.

Risks related to our Class A common stock

Provisions of our corporate governance documents could make an acquisition of our Company more difficult and may prevent attempts by our stockholders to replace or remove our current management, even if beneficial to our stockholders.

Our certificate of incorporation and bylaws and the Delaware General Corporation Law (the "DGCL") contain provisions that could make it more difficult for a third party to acquire us, even if doing so might be beneficial to our stockholders. These provisions include:

- the division of our board of directors into three classes and the election of each class for three-year terms;
- advance notice requirements for stockholder proposals and director nominations;
- the ability of the board of directors to fill a vacancy created by the expansion of the board of directors;
- the ability of our board of directors to issue new series of, and designate the terms of, preferred stock, without stockholder approval, which could be used to, among other things, institute a rights plan that would have the effect of significantly diluting the stock ownership of a potential hostile acquirer, likely preventing acquisitions that have not been approved by our board of directors;
- limitations on the ability of stockholders to call special meetings and to take action by written consent; and
- the required approval of holders of at least 75% of the voting power of the outstanding shares of our capital stock to adopt, amend or repeal certain provisions of our certificate of incorporation and bylaws or remove directors for cause.

In addition, Section 203 of the DGCL may affect the ability of an "interested stockholder" to engage in certain business combinations, for a period of three years following the time that the stockholder becomes an "interested stockholder." While we have elected in our certificate of incorporation not to be subject to Section 203 of the DGCL, our certificate of incorporation contains provisions that have the same effect as Section 203 of the DGCL and accordingly will not be subject to such restrictions.

Because our board of directors is responsible for appointing the members of our management team, these provisions could in turn affect any attempt to replace current members of our management team. As a result, you may lose your ability to sell your stock for a price in excess of the prevailing market price due to these protective measures, and efforts by stockholders to change the direction or management of the Company may be unsuccessful.

Our organizational structure, including the tax receivable agreements, confers certain benefits upon the TRA Holders and the Continuing LLC Owners that do not benefit Class A common stockholders to the same extent as it will benefit the TRA Holders and the Continuing LLC Owners.

Our organizational structure, including the tax receivable agreements, confers certain benefits upon the TRA Holders and the Continuing LLC Owners that do not benefit the holders of our Class A common stock to the same extent. The tax receivable agreement with the Direct TSG Investors also confers benefits upon the Direct TSG Investors that are not shared with other holders of Class A common stock. Although we retain 15% of the amount of tax benefits conferred under the tax receivable agreements, this and other aspects of our organizational structure may adversely impact the future trading market for the Class A common stock.

If our internal control over financial reporting or our disclosure controls and procedures are not effective, we may not be able to accurately report our financial results, prevent fraud or file our periodic reports in a timely manner, which may cause investors to lose confidence in our reported financial information and may lead to a decline in our stock price.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, as amended, our management is required to report on, and our independent registered public accounting firm is required to attest to, the effectiveness of our internal control over financial reporting. This assessment includes disclosure of any material weakness identified by our management in our internal control over financial reporting. In addition, we are required to comply with the SEC's rules implementing Section 302 of the Sarbanes-Oxley Act, which requires management to certify financial and other information in our quarterly and annual reports, and we are required to disclose significant changes made in our internal controls and procedures on a quarterly basis.

If we identify a material weakness in our internal control over financial reporting, we may not be able to remediate the material weaknesses identified in a timely manner or maintain all of the controls necessary to remain in compliance with our reporting obligations. If we are unable to assert that our internal control over financial reporting is effective, or if our independent registered public accounting firm is unable to express an unqualified opinion as to the effectiveness of our internal control over financial reporting in future periods, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our Class A common stock could be negatively affected and we could become subject to investigations by the NYSE, on which our securities are listed, the SEC or other regulatory authorities, which could require additional financial and management resources.

Our certificate of incorporation designates courts in the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our certificate of incorporation provides that, subject to limited exceptions, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for:

- any derivative action or proceeding brought on our behalf;
- any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders;
- any action asserting a claim against us arising pursuant to any provision of the DGCL, our certificate of incorporation or our bylaws;
- any action to interpret, apply, enforce or determine the validity of our certificate of incorporation or bylaws; or
- any other action asserting a claim against us that is governed by the internal affairs doctrine (each, a "Covered Proceeding").

In addition, our certificate of incorporation provides that if any action, the subject matter of which is a Covered Proceeding is filed in a court other than the specified Delaware courts without the approval of our board of directors (each, a "Foreign Action"), the claiming party will be deemed to have consented to (i) the personal jurisdiction of the specified Delaware courts in connection with any action brought in any such courts to enforce the exclusive forum provision described above and (ii) having service of process made upon such claiming party in any such enforcement action by service upon such claiming party's counsel in the Foreign Action as agent for such claiming party.

Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and to have consented to these provisions. These provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and employees. Alternatively, if a court were to find these provisions of our certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition.

Our stock price could be extremely volatile, and, as a result, stockholders may not be able to resell shares at or above their purchase price.

Since our initial public offering (the "IPO") through December 31, 2021, the price of our Class A common stock, as reported by the NYSE, has ranged from a low of $13.23 on February 11, 2016 to a high of $99.60 on November 5, 2021. In addition, in recent years the stock market in general has been highly volatile. As a result, the market price and trading volume of our Class A common stock is likely to be similarly volatile, and investors in our Class A common stock may experience a decrease, which could be substantial, in the value of their stock, including decreases unrelated to our results of operations or prospects, and could lose part or all of their investment. The price of our Class A common stock could be subject to wide fluctuations in response to a number of factors, including those described elsewhere in this report and others such as:

- variations in our operating performance and the performance of our competitors;
- actual or anticipated fluctuations in our quarterly or annual operating results;
- publication of research reports by securities analysts about us or our competitors or our industry;
- the public's reaction to our press releases, our other public announcements and our filings with the SEC;
- our failure or the failure of our competitors to meet analysts' projections or guidance that we or our competitors may give to the market;
- additions and departures of key employees;
- strategic decisions by us or our competitors, such as acquisitions, divestitures, spin-offs, joint ventures, strategic investments or changes in business strategy;
- the passage of legislation or other regulatory developments affecting us or our industry;
- speculation in the press or investment community;
- changes in accounting principles;
- terrorist acts, acts of war or periods of widespread civil unrest;
- natural disasters, pandemics and other calamities;
- breach or improper handling of data or cybersecurity events; and
- changes in general market and economic conditions.

In the past, securities class action litigation has often been initiated against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs and divert our management's attention and resources, and could also require us to make substantial payments to satisfy judgments or to settle litigation.

Because we do not currently pay any cash dividends on our Class A common stock, you may not receive any return on investment unless you sell your Class A common stock for a price greater than that which you paid for it.

We may retain future earnings, if any, for future operations, expansion and debt repayment and do not currently pay any cash dividends on our Class A common stock. Any decision to declare and pay dividends in the future will be made at the discretion of our board of directors and will depend on, among other things, our results of operations, financial condition, cash requirements, contractual restrictions and other factors that our board of directors may deem relevant. In addition, our ability to pay dividends may be limited by covenants of any existing and future outstanding indebtedness we or our subsidiaries incur, including our securitized financing facility. As a result, you may not receive any return on an investment in our Class A common stock unless you sell our Class A common stock for a price greater than that which you paid for it.

Financial forecasting may differ materially from actual results.

Due to the inherent difficulty of predicting future events and results, our forecasted financial and operational results may differ materially from actual results. Discrepancies between forecasted and actual results could cause a decline in the price of our stock.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our corporate headquarters is located in Hampton, New Hampshire and consists of approximately 71,700 sq. ft. of leased office space. It is the base of operations for our executive management and nearly all of the employees who provide our primary corporate and franchisee support functions.

Corporate-Owned Stores

We lease all but one of our corporate-owned stores. Our store leases typically have initial terms of ten years with two five-year renewal options, exercisable in our discretion. As of December 31, 2021, we had 112 corporate-owned store locations. The following table lists all of our corporate-owned store counts by state or province as of December 31, 2021:

State/Province	Store Count
New York	32
Pennsylvania	19
New Hampshire	18
New Jersey	15
California	6
Colorado	6
Delaware	5
Maine	4
Massachusetts	4
Ontario	2
Vermont	1

Franchisee Stores

Franchisees own or directly lease from a third-party each Planet Fitness franchise location. We have not historically owned or entered into leases for Planet Fitness franchise stores and generally do not guarantee franchisees' lease agreements, although we have done so in a few certain instances and may do so from time to time. As of December 31, 2021, we had 2,142 franchisee-owned stores in 50 states, the District of Columbia, Puerto Rico, Canada, Panama, Mexico and Australia.

Sunshine Acquisition

Subsequent to the fiscal year ended December 31, 2021 and in connection with the Sunshine Acquisition, we acquired 114 stores that were previously franchisee-owned stores and are now corporate-owned store locations.

Item 3. Legal Proceedings.

We are involved in various claims and legal actions that arise in the ordinary course of business. We do not believe that the ultimate resolution of these actions will have a material adverse effect on our financial position, results of operations, liquidity and capital resources.

Item 4. Mine Safety Disclosures.

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information for Class A Common Stock

Shares of our Class A common stock trade on the NYSE under the symbol "PLNT."

Holders of Record

As of February 24, 2022, there were 9 stockholders of record of our Class A common stock. A substantially greater number of holders of our Class A common stock are held in "street name" and held of record by banks, brokers and other financial institutions. As of February 24, 2022 there were 19 stockholders of record of our Class B common stock, and there is no public market for these shares.

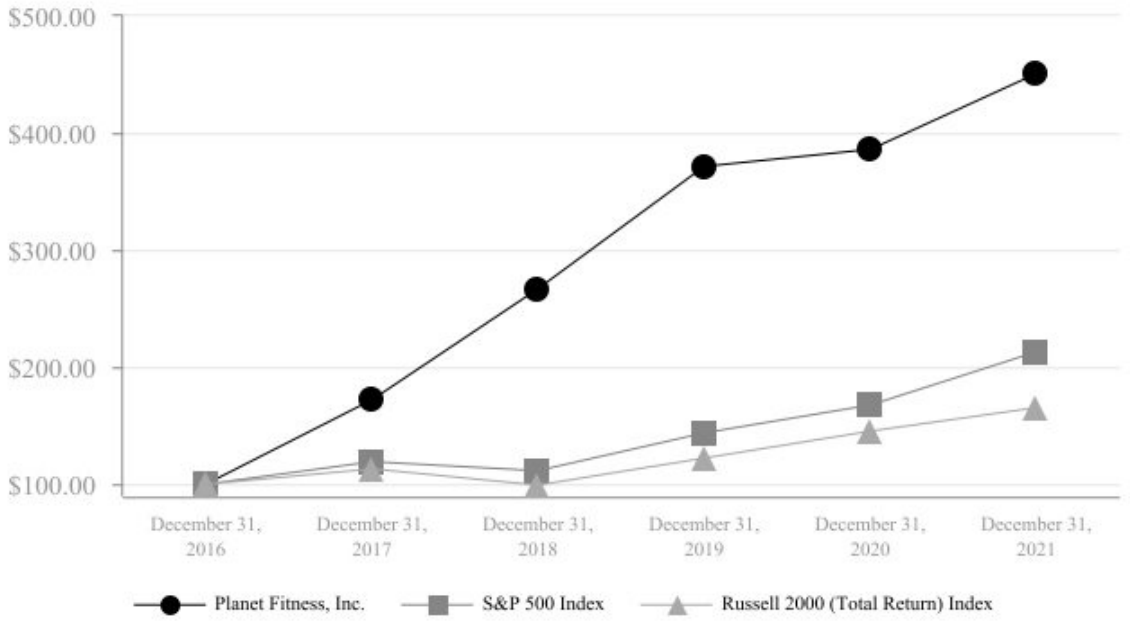
Dividend Policy

We do not currently pay cash dividends on our Class A common stock. The declaration, amount and payment of any future dividends on shares of our Class A common stock will be at the sole discretion of our board of directors, which may take into account general economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions, the implications of the payment of dividends by us to our stockholders or by our subsidiaries to us, and any other factors that our board of directors may deem relevant.

Performance Graph

The following graph and table depict the total return to shareholders from August 6, 2015 (the date our Class A common stock began trading on the NYSE) through December 31, 2021, relative to the performance of the S&P 500 Index and the Russell 2000. We include a comparison against the Russell 2000 because there is no published industry or line-of-business index for our industry and we do not have a readily definable peer group that is publicly traded. The graph and table assume $100 invested at the closing price of $16.00 on August 6, 2015.

The performance graph and table are not intended to be indicative of future performance. The performance graph and table shall not be deemed "soliciting material" or to be "filed" with the SEC for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act"), or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any of the Company's filings under the Securities Act of 1933 or the Exchange Act.



	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
Planet Fitness, Inc.	$ 100.00	$ 172.29	$ 266.77	$ 371.54	$ 386.22	$ 450.65
S&P 500 Index	100.00	119.42	111.97	144.31	167.77	212.89
Russell 2000 (Total Return) Index	100.00	113.14	99.37	122.94	145.52	165.45

Unregistered Sales of Equity Securities

There were no unregistered sales of equity securities during the year ended December 31, 2021. Subsequently, in connection with the Sunshine Acquisition, an aggregate of 517,348 shares of Class A common stock, 3,637,678 Holdings Units and 3,637,678 shares of Class B common stock were issued at the closing of the acquisition in accordance with Section 4(a)(2) of the Securities Act.

In connection with our IPO, we and the Continuing LLC Owners 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 a Continuing LLC Owner exchanges Holdings Units for shares of Class A common stock, the number of Holdings Units held by Planet Fitness, Inc. is correspondingly increased as it acquires the exchanged Holdings Units, and a corresponding number of shares of Class B common stock are canceled.

Issuer Purchases of Equity Securities

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 December 31, 2021.

	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	Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs
10/01/21 - 10/30/21	—	$ —	—	$200,000,000
11/01/21 - 11/30/21	—	$ —	—	$200,000,000
12/01/21 - 12/31/21	—	$ —	—	$200,000,000
Total	—	$ —	—	$200,000,000

Item 6. [Reserved]

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

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

Overview

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

As of December 31, 2021, we had approximately 15.2 million members and 2,254 stores in 50 states, the District of Columbia, Puerto Rico, Canada, Panama, Mexico and Australia. Of our 2,254 stores, 2,142 were franchised and 112 were corporate-owned.

As of December 31, 2021, we had commitments to open more than 1,000 new stores under existing ADAs.

COVID-19 Impact

On March 11, 2020, the World Health Organization declared a global pandemic related to the COVID-19 outbreak. The pandemic has caused unprecedented economic volatility and uncertainty, which negatively impacted our operating results. In response to the COVID-19 pandemic, we proactively closed all of our stores system wide in March 2020. Our stores began reopening in May 2020 as local guidelines allowed, and as of December 31, 2021, 2,246 of our stores were open and operating. COVID-19 may continue to impact areas in which our stores operate, particularly if stores re-close pursuant to local guidelines. As previously announced, members have not and will not be charged membership dues while our stores are temporarily closed and are credited for any membership dues paid for periods when our stores were closed. Compared to the periods prior to March 2020, we have experienced and may continue to experience decreased new store development and reduced equipment revenue in 2022 as a result of the COVID-19 pandemic.

As stores reopened we have recognized franchise revenue and corporate-owned store revenue associated with any membership dues collected prior to temporary store closures. We may have to defer revenue in the future if stores are required to re-close.

The duration of the COVID-19 pandemic and the extent of its impact on our business remains uncertain and difficult to predict. The COVID-19 pandemic may continue to negatively impact our operating results in future periods. As a result of COVID-19, we have experienced to date, and may continue to experience, a decrease in our net membership base compared to membership levels in March 2020, and the COVID-19 pandemic may have an ongoing impact on consumer behavior.

We took a number of actions to efficiently manage the business, as well as increase liquidity and financial flexibility in order to mitigate the impact of the COVID-19 pandemic on our business. Although the COVID-19 pandemic may continue to negatively impact the Company's operations and cash flows, based on management's current expectations and currently available information, the Company believes current cash and cash from operations will be sufficient to meet its operating cash requirements, planned capital expenditures and interest and principal payments for at least the next twelve months.

Composition of Revenues, Expenses and Cash Flows

Revenues

We generate revenue from three primary sources:

- *Franchise segment revenue:* Franchise segment revenue relates to services we provide to support our franchisees and includes royalty revenue, NAF revenue, franchise fees, placement revenue, other fees and commission income associated with our franchisee-owned stores. Franchise segment revenue does not include the sale of tangible products by us to our franchisees. Our franchise segment revenue comprised 50%, 51% and 40% of our total revenue for the years ended December 31, 2021, 2020 and 2019, respectively.

- *Corporate-owned store segment revenue*: Includes monthly membership dues, enrollment fees, annual fees and prepaid fees paid by our members as well as retail sales. This source of revenue comprised 28%, 29%, and 23% of our total revenue for the years ended December 31, 2021, 2020 and 2019, respectively. As of December 31, 2021, over 90% of our members paid their monthly dues by EFT, while the remainder prepaid annually in advance.
- *Equipment segment revenue*: Includes equipment revenue for new franchisee-owned stores as well as replacement equipment for existing franchisee-owned stores, in both the U.S. and Canada. Franchisee-owned stores are generally required to replace their equipment every five to seven years. This source of revenue comprised 22%, 20% and 37% of our total revenue for the years ended December 31, 2021, 2020 and 2019, respectively.

See *Item 7: Critical Accounting Policies and Use of Estimates* for further discussion on our revenue streams and revenue recognition policies.

Expenses

We primarily incur the following expenses:

- *Cost of revenue*: Primarily includes the direct costs associated with equipment sales to new and existing franchisee-owned stores in the U.S. and Canada as well as direct costs related to our point-of-sale system. Cost of revenue also includes the cost of retail sales at our corporate-owned stores, which is immaterial. Our cost of revenue changes primarily based on equipment sales volume.
- *Store operations*: Includes the direct costs associated with our corporate-owned stores, primarily rent, utilities, payroll, marketing, maintenance and supplies. The components of store operations remain relatively stable for each store. Our statements of operations do not include, and we are not responsible for, any costs associated with operating franchisee-owned stores.
- *Selling, general and administrative expenses*: Consists of costs associated with administrative and franchisee support functions related to our existing business as well as growth and development activities, including costs to support equipment placement and assembly services. These costs primarily consist of payroll, IT-related, marketing, legal and accounting expenses.
- *NAF Expense:* Consists of expenses incurred on behalf of the NAF. The use of amounts received by the NAF is restricted to advertising, product development, public relations, merchandising, and administrative expenses and programs to increase sales and further enhance the public reputation of the Planet Fitness brand.

Cash flows

We generate a significant portion of our cash flows from monthly membership dues, royalties, NAF revenue and various fees and commissions related to transactions involving our franchisee-owned stores. We oversee the membership billing process, as well as the collection of our royalties, NAF revenue and certain other fees, through our third-party hosted point-of-sale systems in the United States and Canada. We collect monthly dues from our corporate-owned store members on or around the 17th of each month, while annual fees are collected on or around the 1st day of the second month following the month in which the membership agreement was signed, provided our stores are open. Through our point-of-sale system, in the United States and Canada, we oversee the processing of membership billings for franchisee-owned stores. Our royalties and certain other fees are generally deducted on or around the 17th of each month from these membership billings by the processor prior to the net billings being remitted to the franchisees, although our billing and collection practices vary in certain international markets. Our franchisees are responsible for maintaining the membership billing records and collection of member dues for their respective stores through the point-of-sale system. Our royalties are based on monthly and annual membership billings for the franchisee-owned stores without regard to the collections of those billings by our franchisees. The amount and timing of the collection of royalties and membership dues and fees at corporate-owned stores is, therefore, generally fairly predictable.

Our corporate-owned stores also historically generate strong operating margins and cash flows, as a significant portion of our costs are fixed or semi-fixed such as rent and labor.

Equipment sales to new and existing franchisee-owned stores also generate significant cash flows. Franchisees either pay in advance or provide evidence of a committed financing arrangement for such equipment.

Each of these cash flows have been negatively impacted, we believe temporarily, by the COVID-19 pandemic.

Recent Transactions

Securitized Financing Facility

Subsequent to the fiscal year ended on December 31, 2021, we completed the Series 2022-1 Issuance pursuant to which the Master Issuer issued the 2022 Notes in an aggregate outstanding principal amount of $900 million. In connection with such Series 2022-1 Issuance, the Master Issuer repaid the outstanding principal amount (and all accrued and unpaid interest thereon) of the Class A-2-I Notes, and the Master Issuer also entered into a new revolving financing facility that allows for the issuance of up to $75 million in 2022 Variable Funding Notes and certain letters of credit. On February 10, 2022, we borrowed in the full amount of the $75 million 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.

Sunshine Acquisition

Subsequent to fiscal year ended December 31, 2021, on February 10, 2022, the Company and Pla-Fit Holdings acquired 100% of the equity interests of franchisee Sunshine Fitness, which operates 114 locations in Alabama, Florida, Georgia, North Carolina, and South Carolina. The purchase price of the acquisition was approximately $800.0 million including approximately $425.0 million in cash consideration and approximately $375.0 million of equity consideration.

Seasonality

Prior to the COVID-19 pandemic, our results were subject to seasonality fluctuations in that member joins are typically higher in January as compared to other months of the year. In addition, our quarterly results may fluctuate significantly because of several factors, including the timing of store openings, timing of price increases for enrollment fees and monthly membership dues and general economic conditions. The seasonality of our membership growth in 2020 and 2021 was meaningfully different than our historical patterns. We believe this was primarily a result of the COVID-19 pandemic.

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, as well as revenues and expenses of the NAF. Our Corporate-owned stores segment includes operations with respect to all corporate-owned stores throughout the United States and Canada. The Equipment segment includes the sale of equipment to franchisee-owned stores in the U.S and Canada. 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 years ended December 31, 2021, 2020 and 2019. "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.

	Year Ended December 31,		
	2021	2020	2019
(in thousands)			
Revenue			
Franchise segment	$ 290,710	$ 206,156	$ 277,582
Corporate-owned stores segment	167,219	117,142	159,697
Equipment segment	129,094	83,320	251,524
Total revenue	$ 587,023	$ 406,618	$ 688,803
Segment EBITDA			
Franchise segment	$ 194,303	$ 114,968	$ 192,281
Corporate-owned stores segment	49,196	23,672	65,613
Equipment segment	29,680	13,097	59,618
Corporate and other	(78,265)	(33,242)	(46,190)
Total Segment EBITDA[(1)]	$ 194,914	$ 118,495	$ 271,322

(1) Total Segment EBITDA is equal to EBITDA, which is a metric that is not presented in accordance with GAAP. Refer to "—Non-GAAP Financial Measures" for a definition of EBITDA and a reconciliation to net income, the most directly comparable GAAP measure.

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

(in thousands)	Franchise	Corporate-owned stores	Equipment	Corporate and other	Total
Year Ended December 31, 2021					
Income (loss) from operations	$ 186,767	$ 13,375	$ 24,746	$ (81,493)	$ 143,395
Depreciation and amortization	7,540	35,811	5,044	14,405	62,800
Other income (expense)	(4)	10	(110)	(10,998)	(11,102)
Equity earnings (losses) of unconsolidated entities, net of tax	—	—	—	(179)	(179)
Segment EBITDA[1]	$ 194,303	$ 49,196	$ 29,680	$ (78,265)	$ 194,914
Year Ended December 31, 2020					
Income (loss) from operations	$ 107,254	$ (6,209)	$ 8,049	$ (49,334)	$ 59,760
Depreciation and amortization	7,784	30,532	5,048	10,468	53,832
Other income (expense)	(70)	(651)	—	5,624	4,903
Segment EBITDA[1]	$ 114,968	$ 23,672	$ 13,097	$ (33,242)	$ 118,495
Year Ended December 31, 2019					
Income (loss) from operations	$ 184,405	$ 39,648	$ 54,571	$ (45,541)	$ 233,083
Depreciation and amortization	7,886	25,515	5,044	5,901	44,346
Other income (expense)	(10)	450	3	(6,550)	(6,107)
Segment EBITDA[1]	$ 192,281	$ 65,613	$ 59,618	$ (46,190)	$ 271,322

(1) Total Segment EBITDA is equal to EBITDA, which is a metric that is not presented in accordance with GAAP. Refer to "—Non-GAAP Financial Measures" for a definition of EBITDA and a reconciliation to net income, the most directly comparable 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 total monthly dues and annual fees from members (which we refer to as system-wide sales), the number of new store openings, same store sales for both corporate-owned and franchisee-owned stores, average royalty fee percentages for franchisee-owned stores, monthly PF Black Card membership penetration percentage, EBITDA, Adjusted EBITDA, Segment EBITDA, four-wall EBITDA, royalty adjusted four-wall EBITDA, Adjusted net income, and Adjusted net income per share, diluted. See "—Non-GAAP Financial Measures" below for our definition of EBITDA, Adjusted EBITDA, four-wall EBITDA, royalty adjusted four-wall EBITDA, Adjusted net income, and Adjusted net income per share, diluted and why we present EBITDA, Adjusted EBITDA, four-wall EBITDA, royalty-adjusted four-wall 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 GAAP, and a reconciliation of Adjusted net income per share, diluted to net income per share, diluted, the most directly comparable financial measure calculated in accordance with GAAP.

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

We review the total amount of dues we collect from our members on a monthly basis, which allows us to assess changes in the performance of our corporate-owned and franchisee-owned stores from period to period, any competitive pressures, local or regional membership traffic patterns and general market conditions that might impact our store performance. 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 the Company's corporate-owned stores. While the Company does not record sales by franchisees as revenue, and such sales are not included in the Company's consolidated financial statements, the Company believes that this operating measure aids in understanding how the Company derives its royalty revenue and is important in evaluating its performance. Provided our stores are open, we collect monthly dues on or around the 17th of every month and collect annual fees once per year from each member based upon when the member signed his or her membership agreement. System-wide sales were $3.4 billion, $2.4 billion and $3.2 billion, during the years ended December 31, 2021, 2020 and 2019, respectively.

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 growth in our corporate-owned and franchisee-owned store base for the years ended December 31, 2021, 2020 and 2019:

	Year Ended December 31,		
	2021	2020	2019
Franchisee-owned stores:			
Stores operated at beginning of period	2,021	1,903	1,666
New stores opened	125	125	255
Stores debranded, sold or consolidated[1]	(4)	(7)	(18)
Stores operated at end of period[2]	2,142	2,021	1,903
Corporate-owned stores:			
Stores operated at beginning of period	103	98	76
New stores opened	7	5	6
Stores acquired from franchisees	2	—	16
Stores operated at end of period[2]	112	103	98
Total stores:			
Stores operated at beginning of period	2,124	2,001	1,742
New stores opened	132	130	261
Stores debranded, sold or consolidated[1]	(2)	(7)	(2)
Stores operated at end of period[2]	2,254	2,124	2,001

(1) The term "debranded" 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.

(2) The "stores operated" includes stores that have closed temporarily related to the COVID-19 pandemic. All stores were closed in March 2020 in response to COVID-19, and as of December 31, 2021, 2,246 were re-opened and operating, of which 2,134 were franchisee-owned stores and 112 were corporate-owned stores.

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 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 for all stores that have been open and for which monthly membership dues have been billed for longer than 12 months, beginning with the thirteenth month and thereafter, as applicable. 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 twelve 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 twelfth month after the acquisition or sale. These stores remain in the system-wide same store sales base in all periods.

We report same store sales for a given period as long as more than 50% of the stores in our same store sales base were open for every month in both the current period and corresponding prior year period. All of our stores were closed for a portion of the year ended December 31, 2020 due to COVID-19. Because none of our stores in the same store sales base billed monthly membership dues in all of the months included in the year ended December 31, 2020, we are not providing same store sales comparisons ("NC") for the years ended December 31, 2021 and 2020.

The following table shows our same store sales for the years ended December 31, 2021, 2020 and 2019:

	Year Ended December 31,		
	2021	**2020**	**2019**
Same store sales growth:			
Franchisee-owned stores	NC	NC	9.0 %
Corporate-owned stores	NC	NC	6.1 %
System-wide stores	NC	NC	8.8 %
Number of stores in same store sales base:			
Franchisee-owned stores			1,621
Corporate-owned stores			76
Total stores			1,711

Net member growth per store

Net member growth per store refers to the net change in total members in relation to total stores over time. We capture all membership changes daily through our point-of-sale system. We monitor a combination of membership growth, average members per store, average monthly EFT and transfers from or to an individual store location. We seek to make it simple for members to join, whether online, through our mobile application or in-store, and, while some memberships require a cancellation fee, we offer, and require our franchisees to offer, a non-committal membership option. This approach to memberships is part of our commitment to appeal to new and occasional gym users. As a result, we do not rely upon membership attrition as an operating metric in assessing our performance. We primarily attribute our membership growth to the continued net member growth in existing stores as well as the growth of our system-wide store base.

Average royalty fee percentages for the franchisee-owned stores

The average royalty fee percentage represents royalties collected by us from our franchisees as a percentage of the monthly membership dues and annual fees that are billed by the franchisees to their member base. We have varying royalty fee structures with our franchisee base, ranging from a tiered monthly fee to a royalty of 7.0% of total monthly EFT and annual membership fees across our franchisee base. Our royalty fee in the U.S. and Canada has increased over time to a current rate of 7.0% and 6.59%, respectively, for new franchisees.

PF Black Card penetration percentage

Our PF Black Card penetration percentage represents the number of our members that have opted to enroll in our PF Black Card membership program as a percentage of our total active membership base. PF Black Card members pay higher monthly membership dues than our standard membership and receive additional benefits for these additional fees. These benefits include access to all of our stores system-wide, guest privileges and access to exclusive areas in our stores that provide amenities such as water massage beds, massage chairs, tanning equipment and more. We view PF Black Card penetration percentage as a critical metric in assessing the performance and growth of our business.

Non-GAAP Financial Measures

We refer to EBITDA, Adjusted EBITDA, four-wall EBITDA and royalty adjusted four-wall EBITDA as we use these measures to evaluate our operating performance and we believe these measures are useful to investors in evaluating our performance. EBITDA, Adjusted EBITDA, four-wall EBITDA and royalty adjusted four-wall EBITDA as presented in this Form 10-K are supplemental measures of our performance that are neither required by, nor presented in accordance with GAAP. EBITDA, Adjusted EBITDA, four-wall EBITDA and royalty adjusted four-wall EBITDA should not be considered as substitutes for GAAP metrics such as net income or any other performance measures derived in accordance with GAAP. Also, in the future we may incur expenses or charges such as those added back to calculate Adjusted EBITDA. Our presentation of EBITDA, Adjusted EBITDA, four-wall EBITDA and royalty adjusted four-wall 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 EBITDA, 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, transaction fees, stock offering-related costs, severance expense, pre-opening costs and certain other charges and gains. We believe that Adjusted EBITDA is an appropriate measure of operating performance in addition to EBITDA because it eliminates the impact of other items that we believe reduce the comparability of our underlying core business performance from period to period and is therefore useful to our investors in comparing the core performance of our business from period to period. Four-wall EBITDA is an assessment of our average corporate-owned store-level profitability for stores included in the same-store-sales base, which includes local and national advertising expense and adjusts for certain administrative and other items that we do not consider in our evaluation of individual store-level performance. Royalty adjusted four-wall EBITDA then applies the current royalty rate. Accordingly, we believe that Royalty adjusted four-wall EBITDA is comparable to a franchise store under our current franchise agreement and is useful to investors to assess the operating performance of an average store in our system. Management also uses such metrics in assessing store-level operating performance over time.

A reconciliation of net income to EBITDA and Adjusted EBITDA is set forth below for the years ended December 31, 2021, 2020 and 2019:

	Year Ended December 31,		
	2021	2020	2019
(in thousands)			
Net income (loss)	$ 46,122	$ (15,204)	$ 135,413
Interest income	(878)	(2,937)	(7,053)
Interest expense	81,211	82,117	60,852
Provision for income taxes	5,659	687	37,764
Depreciation and amortization	62,800	53,832	44,346
EBITDA	194,914	118,495	271,322
Purchase accounting adjustments-revenue[1]	379	279	768
Purchase accounting adjustments-rent[2]	433	490	470
Loss on reacquired franchise rights[3]	—	—	1,810
Severance costs[4]	—	981	—
Pre-opening costs[5]	2,134	1,520	1,793
Legal matters[6]	—	5,810	—
Credit loss expense on held-to-maturity investments[7]	17,462	—	—
Dividend income on held-to-maturity investments[8]	(1,401)	—	—
Insurance recovery[9]	(2,500)	—	—
Tax benefit arrangement remeasurement[10]	11,737	(5,949)	5,966
Other[11]	1,286	(1,265)	48
Adjusted EBITDA	$ 224,444	$ 120,361	$ 282,177

(1) Represents the impact of revenue-related purchase accounting adjustments associated with the 2012 Acquisition. At the time of the 2012 Acquisition, the Company maintained a deferred revenue account, which consisted of deferred area development agreement fees, deferred franchise fees, and deferred enrollment fees that the Company billed and collected up front but recognizes for GAAP purposes at a later date. In connection with the 2012 Acquisition, it was determined that the carrying amount of deferred revenue was greater than the fair value assessed in accordance with ASC 805—Business Combinations, which resulted in a write-down of the carrying value of the deferred revenue balance upon application of acquisition push-down accounting under ASC 805. For the years ended December 31, 2021, 2020 and 2019, these amounts represent the additional revenue that would have been recognized in those years 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 is being recorded on a straight-line basis from the acquisition date through the end of the lease term. This resulted in higher overall 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 $0.2 million, $0.1 million and $0.2 million in the years ended December 31, 2021, 2020 and 2019, respectively, reflect the difference between the higher rent expense recorded in accordance with GAAP since the acquisition and the rent expense that would have been recorded had the 2012 Acquisition not occurred. Adjustments of $0.3 million, $0.4 million and $0.3 million for the years ended December 31, 2021, 2020 and 2019, respectively, are due to the amortization of favorable and unfavorable lease intangible assets. All of the rent related purchase accounting adjustments are adjustments to rent expense which is included in store operations on our consolidated statements of operations.

(3) Represents the impact of a non-cash loss recorded in accordance with ASC 805—Business Combinations related to our acquisitions of franchisee-owned stores. The loss recorded under GAAP represents the difference between the fair value of the reacquired franchise rights and the contractual terms of the reacquired franchise rights and is included in other (gain) loss on our consolidated statements of operations.

(4) Represents severance expense recorded in connection with a reduction in force in 2020.

(5) Represents costs associated with new corporate-owned stores incurred prior to the store opening, including payroll-related costs, rent and occupancy expenses, marketing and other store operating supply expenses.

(6) Represents costs associated with legal matters in which the Company is a defendant. The 2020 amount includes expense of $3.8 million related to the settlement of legal claims, and a $2.0 million reserve against an indemnification receivable related to a legal matter.
(7) Represents credit loss expense on our held-to-maturity investment based upon facts and circumstances that existed as of December 31, 2021 related to the investee's performance and overall financial condition.
(8) Represents dividend income recognized on a held-to-maturity investment.
(9) Represents an insurance recovery of previously recognized expenses related to the settlement of legal claims
(10) Represents gains and losses related to the adjustment of our tax benefit arrangements primarily due to changes in our effective tax rate.
(11) Represents certain other charges and gains that we do not believe reflect our underlying business performance. The 2020 amount includes a $1.4 million gain related to an employee retention payroll tax credit received in connection with the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act").

Adjusted net income assumes 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 weighted-average shares of Class A common stock outstanding 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 determined by GAAP. We believe Adjusted net income and Adjusted net income per share, diluted, supplement GAAP measures and enable us to more effectively evaluate our performance period-over-period. A reconciliation of Adjusted net income to net income, the most directly comparable GAAP measure, and the computation of Adjusted net income per share, diluted, are set forth below.

	Year Ended December 31,		
(in thousands, except per share data)	**2021**	**2020**	**2019**
Net income (loss)	$ 46,122	$ (15,204)	$ 135,413
Provision for income taxes, as reported	5,659	687	37,764
Purchase accounting adjustments-revenue[1]	379	279	768
Purchase accounting adjustments-rent[2]	433	490	470
Loss on reacquired franchise rights[3]	—	—	1,810
Severance costs[4]	—	981	—
Pre-opening costs[5]	2,134	1,520	1,793
Legal matters[6]	—	5,810	—
Credit loss expense on held-to-maturity investments[7]	17,462	—	—
Dividend income on held-to-maturity investments[8]	(1,401)	—	—
Insurance recovery[9]	(2,500)	—	—
Tax benefit arrangement remeasurement[10]	11,737	(5,949)	5,966
Other[11]	1,286	(1,265)	48
Purchase accounting amortization[12]	16,636	16,846	16,318
Adjusted income before income taxes	$ 97,947	$ 4,195	$ 200,350
Adjusted income taxes[13]	26,446	1,116	53,694
Adjusted net income	$ 71,501	$ 3,079	$ 146,656
Adjusted net income per share, diluted	$ 0.82	$ 0.04	$ 1.59
Adjusted weighted-average shares outstanding, diluted[14]	87,218	87,166	92,358

(1) Represents the impact of revenue-related purchase accounting adjustments associated with the 2012 Acquisition. At the time of the 2012 Acquisition, the Company maintained a deferred revenue account, which consisted of deferred area development agreement fees, deferred franchise fees, and deferred enrollment fees that the Company billed and collected up front but recognizes for GAAP purposes at a later date. In connection with the 2012 Acquisition, it was determined that the carrying amount of deferred revenue was greater than the fair value assessed in accordance with ASC 805—Business Combinations, which resulted in a write-down of the carrying value of the deferred revenue balance upon application of acquisition push-down accounting under ASC 805. For the years ended December 31, 2021, 2020 and 2019, these amounts represent the additional revenue that would have been recognized in those years 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 is being recorded on a straight-line basis from the acquisition date through the end of the lease term. This resulted in higher overall 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 $0.2 million, $0.1 million and $0.2 million in the years ended December 31, 2021, 2020 and 2019, respectively, reflect the difference between the higher rent expense recorded in accordance with GAAP since the acquisition and the rent expense that would have been recorded had the 2012 Acquisition not occurred. Adjustments of $0.3 million, $0.4 million and $0.3 million for the years ended December 31, 2021, 2020 and 2019, respectively, are due to the amortization of favorable and unfavorable lease intangible assets. All of the rent related purchase accounting adjustments are adjustments to rent expense which is included in store operations on our consolidated statements of operations.

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

(4) Represents severance expense recorded in connection with a reduction in force in 2020.

(5) Represents costs associated with new corporate-owned stores incurred prior to the store opening, including payroll-related costs, rent and occupancy expenses, marketing and other store operating supply expenses.

(6) Represents costs associated with legal matters in which the Company is a defendant. The 2020 amount includes expense of $3.8 million related to the settlement of legal claims, and a $2.0 million reserve against an indemnification receivable related to a legal matter.

(7) Represents credit loss expense on our held-to-maturity investment based upon facts and circumstances that existed as of December 31, 2021 related to the investee's performance and overall financial condition.

(8) Represents dividend income recognized on a held-to-maturity investment.

(9) Represents an insurance recovery of previously recognized expenses related to the settlement of legal claims.

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

(11) Represents certain other charges and gains that we do not believe reflect our underlying business performance. In 2020, this amount includes $1.4 million gain related to an employee retention payroll tax credit received in connection with the CARES Act.

(12) Includes $12.4 million of amortization of intangible assets, other than favorable leases, for each of the years ended December 31, 2021, 2020 and 2019, recorded in connection with the 2012 Acquisition, and $4.3 million, $4.5 million and $4.0 million of amortization of intangible assets for the years ended December 31, 2021, 2020 and 2019, respectively, created in connection with historical acquisitions of franchisee-owned stores. The adjustment represents the amount of actual non-cash amortization expense recorded, in accordance with GAAP, in each period.

(13) Represents corporate income taxes at an assumed effective tax rate of 27.0%, 26.6% and 26.8% for the years ended December 31, 2021, 2020 and 2019, respectively, applied to adjusted income before income taxes.

(14) 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 (loss) per share, diluted, to Adjusted net income per share, diluted, is set forth below for the years ended December 31, 2021, 2020 and 2019:

	Year Ended December 31, 2021		
(in thousands, except per share amounts)	Net income	Weighted Average Shares	Net income per share, diluted
Net income attributable to Planet Fitness, Inc.[1]	$ 42,774	83,894	$ 0.51
Assumed exchange of shares[2]	3,348	3,324	
Net income	46,122		
Adjustments to arrive at adjusted income before income taxes[3]	51,825		
Adjusted income before income taxes	97,947		
Adjusted income taxes[4]	26,446		
Adjusted net income	$ 71,501	87,218	$ 0.82

(1) Represents net income attributable to Planet Fitness, Inc. for the year ended December 31, 2021 and the associated weighted average shares of Class A common stock outstanding (see Note 15 to our consolidated financial statements included elsewhere in this Form 10-K).
(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. as of the beginning of the period presented. Also assumes the addition of net income attributable to non-controlling interests corresponding with the assumed exchange of Holdings Units and shares of Class B common stock 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, and the impact of dilutive stock options and RSUs.
(4) Represents corporate income taxes at an assumed effective tax rate of 27.0% applied to adjusted income before income taxes.

	Year Ended December 31, 2020		
(in thousands, except per share amounts)	Net income	Weighted Average Shares	Net income per share, diluted
Net loss attributable to Planet Fitness, Inc.[1]	$ (14,991)	80,303	$ (0.19)
Assumed exchange of shares[2]	(213)	6,293	
Net loss	(15,204)		
Adjustments to arrive at adjusted income before income taxes[3]	19,399	570	
Adjusted income before income taxes	4,195		
Adjusted income taxes[4]	1,116		
Adjusted net income	$ 3,079	87,166	$ 0.04

(1) Represents net loss attributable to Planet Fitness, Inc. for the year ended December 31, 2020 and the associated weighted average shares of Class A common stock outstanding (see Note 15 to our consolidated financial statements included elsewhere in this Form 10-K).
(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. as of the beginning of the period presented. Also assumes the addition of net income attributable to non-controlling interests corresponding with the assumed exchange of Holdings Units and shares of Class B common stock for shares of Class A common stock.
(3) Represents the total impact of all adjustments identified in the adjusted net income table above to arrive at adjusted income before income taxes.
(4) Represents corporate income taxes at an assumed effective tax rate of 26.6% applied to adjusted income before income taxes.

(in thousands, except per share amounts)	Year Ended December 31, 2019		
	Net income	Weighted Average Shares	Net income per share, diluted
Net income attributable to Planet Fitness, Inc.[1]	$ 117,695	83,619	$ 1.41
Assumed exchange of shares[2]	17,718	8,739	
Net income	135,413		
Adjustments to arrive at adjusted income before income taxes[3]	64,937		
Adjusted income before income taxes	200,350		
Adjusted income taxes[4]	53,694		
Adjusted net income	$ 146,656	92,358	$ 1.59

(1) Represents net income attributable to Planet Fitness, Inc. for the year ended December 31, 2019, and the associated weighted average shares of Class A common stock outstanding (see Note 15 to our consolidated financial statements included elsewhere in this form 10-K).
(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. as of the beginning of the period presented. Also assumes the addition of net income attributable to non-controlling interests corresponding with the assumed exchange of Holdings Units and shares of Class B common stock for shares of Class A common stock.
(3) Represents the total impact of all adjustments identified in the adjusted net income table above to arrive at adjusted income before income taxes.
(4) Represents corporate income taxes at an assumed effective tax rate of 26.8% applied to adjusted income before income taxes.

The following table reconciles Corporate-owned stores segment EBITDA to four-wall EBITDA to royalty adjusted four-wall EBITDA for the year ended December 31, 2021:

(in thousands)	Year Ended December 31, 2021		
	Revenue	EBITDA	EBITDA Margin
Corporate-owned stores segment	$ 167,219	$ 49,196	29.4 %
New stores[1]	(1,183)	3,722	
Selling, general and administrative[2]	—	6,709	
Impact of eliminations[3]	—	(3,546)	
Purchase accounting adjustments[4]	—	433	
Four-wall	$ 166,036	$ 56,514	34.0 %
Royalty adjustment[5]	—	(11,799)	
Royalty adjusted four-wall	$ 166,036	$ 44,715	26.9 %

(1) Includes the impact of stores open less than 13 months and those which have not yet opened.
(2) Reflects administrative costs attributable to the Corporate-owned stores segment but not directly related to store operations.
(3) Reflects certain intercompany charges and other fees which are eliminated in consolidation.
(4) Represents the impact of certain purchase accounting adjustments associated with the 2012 Acquisition and our historical acquisitions of franchisee-owned stores. These are primarily related to fair value adjustments to deferred rent.
(5) Includes the effect of royalties at a rate of 7.0% as if the stores were similar to a franchisee-owned store at the current franchise royalty rate.

Results of Operations

The following table sets forth our consolidated statements of operations as a percentage of total revenue for the years ended December 31, 2021, 2020 and 2019:

	Year ended December 31,		
	2021	2020	2019
Revenue:			
Franchise revenue	40.5 %	39.9 %	32.4 %
Commission income	0.1 %	0.2 %	0.6 %
National advertising fund revenue	8.9 %	10.6 %	7.3 %
Franchise segment	49.5 %	50.7 %	40.3 %
Corporate-owned stores	28.5 %	28.8 %	23.2 %
Equipment	22.0 %	20.5 %	36.5 %
Total revenue	100.0 %	100.0 %	100.0 %
Operating costs and expenses:			
Cost of revenue	17.2 %	17.5 %	28.2 %
Store operations	18.9 %	21.6 %	12.5 %
Selling, general and administrative	16.1 %	16.9 %	11.4 %
National advertising fund expense	10.1 %	15.1 %	7.3 %
Depreciation and amortization	10.7 %	13.2 %	6.4 %
Other (gain) loss	2.6 %	1.1 %	0.3 %
Total operating costs and expenses	75.6 %	85.4 %	66.1 %
Income from operations	24.4 %	14.6 %	33.9 %
Other income (expense), net:			
Interest income	0.1 %	0.7 %	1.0 %
Interest expense	(13.8)%	(20.2)%	(8.8)%
Other income (expense), net	(1.9)%	1.2 %	(0.9)%
Total other expense, net	(15.6)%	(18.3)%	(8.7)%
Income (loss) before income taxes	8.8 %	(3.7)%	25.2 %
Equity earnings (losses) of unconsolidated entities, net of tax	— %	— %	— %
Provision for income taxes	1.0 %	0.2 %	5.5 %
Net income (loss)	7.8 %	(3.9)%	19.7 %
Less net income (loss) attributable to non-controlling interests	0.6 %	(0.1)%	2.6 %
Net income (loss) attributable to Planet Fitness, Inc.	7.2 %	(3.8)%	17.1 %

The following table sets forth a comparison of our consolidated statements of operations for the years ended December 31, 2021, 2020 and 2019:

	Year Ended December 31,		
	2021	2020	2019
(in thousands)			
Revenue:			
Franchise revenue	$ 237,570	$ 162,159	$ 223,139
Commission income	779	696	4,288
National advertising fund revenue	52,361	43,301	50,155
Franchise segment	290,710	206,156	277,582
Corporate-owned stores	167,219	117,142	159,697
Equipment	129,094	83,320	251,524
Total revenue	587,023	406,618	688,803
Operating costs and expenses:			
Cost of revenue	100,993	70,955	194,449
Store operations	110,716	87,797	86,108
Selling, general and administrative	94,540	68,585	78,818
National advertising fund expense	59,442	61,255	50,153
Depreciation and amortization	62,800	53,832	44,346
Other (gain) loss	15,137	4,434	1,846
Total operating costs and expenses	443,628	346,858	455,720
Income from operations	143,395	59,760	233,083
Other income (expense), net:			
Interest income	878	2,937	7,053
Interest expense	(81,211)	(82,117)	(60,852)
Other income (expense), net	(11,102)	4,903	(6,107)
Total other expense, net	(91,435)	(74,277)	(59,906)
Income (loss) before income taxes	51,960	(14,517)	173,177
Equity earnings (losses) of unconsolidated entities, net of tax	(179)	—	—
Provision for income taxes	5,659	687	37,764
Net income (loss)	46,122	(15,204)	135,413
Less net income (loss) attributable to non-controlling interests	3,348	(213)	17,718
Net income (loss) attributable to Planet Fitness, Inc.	$ 42,774	$ (14,991)	$ 117,695

Comparison of the years ended December 31, 2021 and December 31, 2020

Revenue

Total revenues were $587.0 million in 2021, compared to $406.6 million in 2020, an increase of $180.4 million, or 44.4%.

Franchise segment revenue was $290.7 million in the year ended December 31, 2021 compared to $206.2 million in the year ended December 31, 2020, an increase of $84.6 million, or 41.0%.

Franchise revenue was $237.6 million in the year ended December 31, 2021 compared to $162.2 million in the year ended December 31, 2020, an increase of $75.4 million or 46.5%. Included in franchise revenue is royalty revenue of $205.9 million, franchise and other fees of $21.7 million, and placement revenue of $10.0 million for the year ended December 31, 2021, compared to royalty revenue of $142.5 million, franchise and other fees of $12.7 million, and placement revenue of $6.9 million for the year ended December 31, 2020. The increases in franchise revenue in the year ended December 31, 2021 as compared to the year ended December 31, 2020 were primarily due to temporary store closures related to COVID-19 beginning in March 2020.

Commission income, which is included in our franchise segment, was $0.8 million in the year ended December 31, 2021 compared to $0.7 million in the year ended December 31, 2020.

National advertising fund revenue was $52.4 million in the year ended December 31, 2021, compared to $43.3 million in the year ended December 31, 2020, an increase of $9.1 million, or 20.9%. The increase in national advertising fund revenue in the year ended December 31, 2021 as compared to the year ended December 31, 2020 was primarily a result of the temporary store closures related to COVID-19 beginning in March 2020.

Revenue from our corporate-owned stores segment was $167.2 million in the year ended December 31, 2021, compared to $117.1 million in the year ended December 31, 2020, an increase of $50.1 million, or 42.7%. The increase was primarily attributable to temporary store closures related to COVID-19 beginning in March 2020, as well as the opening of 12 new corporate-owned stores since January 1, 2020.

Equipment segment revenue was $129.1 million in the year ended December 31, 2021, compared to $83.3 million in the year ended December 31, 2020, an increase of $45.8 million, or 54.9%. The increase was driven by higher equipment sales to new and existing franchisee-owned stores in the year ended December 31, 2021, as compared to the year ended December 31, 2020. Also contributing to the increase was the 15% discount offered to franchisees on equipment sales in the prior year as a result of the COVID-19 pandemic.

Cost of revenue

Cost of revenue was $101.0 million in the year ended December 31, 2021 compared to $71.0 million in the year ended December 31, 2020, an increase of $30.0 million, or 42.3%. Cost of revenue, which primarily relates to our equipment segment, increased as a result of higher equipment sales to new and existing franchisee-owned stores in the year ended December 31, 2021, as compared to the year ended December 31, 2020.

Store operations

Store operation expenses, which relates to our Corporate-owned stores segment, were $110.7 million in the year ended December 31, 2021 compared to $87.8 million in the year ended December 31, 2020, an increase of $22.9 million, or 26.1%. The increase was primarily attributable to higher expenses as a result of the opening of 12 new corporate-owned stores since January 1, 2020 as well as lower operating and marketing expenses in the prior year as a result of COVID-19 related closures beginning in March 2020.

Selling, general and administrative

Selling, general and administrative expenses were $94.5 million in the year ended December 31, 2021 compared to $68.6 million in the year ended December 31, 2020, an increase of $26.0 million, or 37.8%. The increase was primarily driven by higher incentive and stock-based compensation, local marketing support for our California re-openings, and higher insurance premiums in the year ended December 31, 2021, as compared to the year ended December 31, 2020.

National advertising fund expense

National advertising fund expense was $59.4 million in the year ended December 31, 2021, compared to $61.3 million in the year ended December 31, 2020, with the decrease primarily as a result of higher advertising spending in 2020 to promote store reopenings.

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 $62.8 million in the year ended December 31, 2021 compared to $53.8 million in the year ended December 31, 2020, an increase of $9.0 million, or 16.7%. The increase was primarily attributable to the opening of corporate-owned stores since January 1, 2020 and depreciation of new information systems assets.

Other loss

Other loss was $15.1 million in the year ended December 31, 2021 compared to $4.4 million in the year ended December 31, 2020. The $15.1 million loss in the year ended December 31, 2021 includes $17.5 million of credit loss expense on our held-to-maturity investment based upon facts and circumstances that existed as of December 31, 2021 related to the investee's performance and overall financial condition, partially offset by a gain of $2.5 million from an insurance recovery related to the settlement of legal claims. The loss of $4.4 million in the year ended December 31, 2020 includes expense of $3.8 million related to the settlement of legal claims and expense of $2.0 million from a reserve against an indemnification receivable related to a legal matter, partially offset by a $1.4 million gain related to an employee retention payroll tax credit received in connection with the CARES Act.

Interest income

Interest income was $0.9 million in the year ended December 31, 2021 compared to $2.9 million in the year ended December 31, 2020. The decrease was primarily a result of lower interest rates in the year ended December 31, 2021 compared to the year ended December 31, 2020.

Interest expense

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

Interest expense was $81.2 million in the year ended December 31, 2021 compared to $82.1 million in the year ended December 31, 2020, a decrease of $0.9 million, or 1.1%.

Other income (expense)

Other expense was $11.1 million in the year ended December 31, 2021 compared to income of $4.9 million in the year ended December 31, 2020. These amounts included expense of $11.7 million and income of $5.9 million attributable to the remeasurement of our tax benefit arrangements due to changes in our effective tax rate in the years ended December 31, 2021 and December 31, 2020, respectively. Other income (expense) also includes the effects of foreign currency gains and losses.

Provision for income taxes

Income tax expense was $5.7 million for the year ended December 31, 2021 compared to $0.7 million for the year ended December 31, 2020, an increase of $5.0 million. The $5.0 million increase is primarily attributable to our higher income before taxes in the year ended December 31, 2021 as compared to the year ended December 31, 2020, primarily as a result of COVID-19 related temporary closures beginning in March 2020, partially offset by an income tax benefit recorded in 2021 to remeasure deferred taxes.

Segment results

Franchise

Franchise segment EBITDA was $194.3 million in the year ended December 31, 2021 compared to $115.0 million in the year ended December 31, 2020, an increase of $79.3 million, or 69.0%. The increase in the year ended December 31, 2021 compared to the year ended December 31, 2020 was primarily due to temporary store closures related to COVID-19 beginning in March 2020, higher NAF revenue and lower NAF expense, partially offset by higher franchise-related payroll and operational expenses. Depreciation and amortization was $7.5 million in the year ended December 31, 2021 and $7.8 million in the year ended December 31, 2020.

Corporate-owned stores

Corporate-owned stores segment EBITDA was $49.2 million in the year ended December 31, 2021 compared to $23.7 million in the year ended December 31, 2020, an increase of $25.5 million, or 107.8%. The corporate-owned store segment EBITDA increase was primarily due to temporary store closures related to COVID-19 beginning in March 2020, as well as the opening of 12 new corporate-owned stores since January 1, 2020. Depreciation and amortization was $35.8 million for the year ended December 31, 2021, compared to $30.5 million for the year ended December 31, 2020. The increase in depreciation and amortization was primarily attributable to capital expenditures on existing stores and the opening of new corporate-owned stores since January 1, 2020.

Equipment

Equipment segment EBITDA was $29.7 million in the year ended December 31, 2021 compared to $13.1 million in the year ended December 31, 2020, an increase of $16.6 million, or 126.6%. The increase was driven by higher equipment sales to new and existing franchisee-owned stores in the year ended December 31, 2021 compared to the year ended December 31, 2020, and the 15% discount offered to franchisees on equipment sales in the prior year as a result of the COVID-19 pandemic. Depreciation and amortization was $5.0 million for both the years ended December 31, 2021 and December 31, 2020.

Comparison of the years ended December 31, 2020 and December 31, 2019

Revenue

Total revenues were $406.6 million in 2020, compared to $688.8 million in 2019, a decrease of $282.2 million, or 41.0%.

Franchise segment revenue was $206.2 million in the year ended December 31, 2020 compared to $277.6 million in the year ended December 31, 2019, a decrease of $71.4 million, or 25.7%.

Franchise revenue was $162.2 million in the year ended December 31, 2020 compared to $223.1 million in the year ended December 31, 2019, a decrease of $61.0 million or 27.3%. Included in franchise revenue is royalty revenue of $142.5 million, franchise and other fees of $12.7 million, and placement revenue of $6.9 million for the year ended December 31, 2020, compared to royalty revenue of $188.0 million, franchise and other fees of $17.1 million, and placement revenue of $17.8 million for the year ended December 31, 2019. The decreases in franchise revenue in the year ended December 31, 2020 as compared to the year ended December 31, 2019 were primarily due to COVID-19 related store closures beginning in March 2020, as well as reduced membership levels.

Commission income, which is included in our franchise segment, was $0.7 million in the year ended December 31, 2020 compared to $4.3 million in the year ended December 31, 2019, a decrease of $3.6 million or 83.8%. The decrease was primarily attributable to fewer franchisees on our commission structure compared to the prior year period and store closures associated with COVID-19.

National advertising fund revenue was $43.3 million in the year ended December 31, 2020, compared to $50.2 million in the year ended December 31, 2019. The decrease in national advertising fund revenue in the year ended December 31, 2020 as compared to the year ended December 31, 2019 was primarily a result of the temporary closures beginning in March 2020 related to COVID-19 as well as reduced membership levels, partially offset by a higher national advertising fund rate of 3.25% beginning in September 2020 through the remainder of the year, as approved by a vote of the franchisees to help offset lost national advertising fund revenues during the closure period.

Revenue from our corporate-owned stores segment was $117.1 million in the year ended December 31, 2020, compared to $159.7 million in the year ended December 31, 2019, a decrease of $42.6 million, or 26.6%. The decrease was primarily a result of temporary store closures related to COVID-19 beginning in March 2020, as well as reduced membership levels, partially offset by revenue as a result of the acquisition of 16 franchisee-owned stores and the opening of 11 new corporate-owned stores since January 1, 2019.

Equipment segment revenue was $83.3 million in the year ended December 31, 2020, compared to $251.5 million in the year ended December 31, 2019, a decrease of $168.2 million, or 66.9%. The decrease was driven by lower equipment sales to new and existing franchisee-owned stores in the year ended December 31, 2020, as compared to the year ended December 31, 2019 primarily as a result of COVID-19 related closures beginning in March 2020, the 12-month and 18-month extensions we gave to franchisees for all new store development and re-equipment investment obligations, respectively, and the 15% discount offered to franchisees on equipment purchased in 2020.

Cost of revenue

Cost of revenue was $71.0 million in the year ended December 31, 2020 compared to $194.4 million in the year ended December 31, 2019, a decrease of $123.5 million, or 63.5%. Cost of revenue, which primarily relates to our equipment segment, decreased as a result of lower equipment sales to new and existing franchisee-owned stores in the year ended December 31, 2020, as compared to the year ended December 31, 2019.

Store operations

Store operation expenses, which relates to our Corporate-owned stores segment, were $87.8 million in the year ended December 31, 2020 compared to $86.1 million in the year ended December 31, 2019, an increase of $1.7 million, or 2.0%. The increase was primarily attributable to higher expenses as a result of the acquisition of 16 franchisee-owned stores and the opening of 11 new corporate-owned stores since January 1, 2019, partially offset by lower operating and marketing expenses as a result of COVID-19 related closures beginning in March 2020.

Selling, general and administrative

Selling, general and administrative expenses were $68.6 million in the year ended December 31, 2020 compared to $78.8 million in the year ended December 31, 2019, a decrease of $10.2 million, or 13.0%. The decrease was primarily due to lower variable compensation expense, decreased travel and lower equipment placement expenses related to COVID-19 during the year ended December 31, 2020, as compared to the year ended December 31, 2019.

National advertising fund expense

National advertising fund expense was $61.3 million in the year ended December 31, 2020, compared to $50.2 million in the year ended December 31, 2019, as a result of increased advertising and marketing expenses.

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 $53.8 million in the year ended December 31, 2020 compared to $44.3 million in the year ended December 31, 2019, an increase of $9.5 million, or 21.4%. The increase was primarily attributable to the opening and acquisition of corporate-owned stores since January 1, 2019 and depreciation of new information systems assets.

Other loss

Other loss was $4.4 million in the year ended December 31, 2020 compared to $1.8 million in the year ended December 31, 2019. The $4.4 million loss in the year ended December 31, 2020 includes expense of $3.8 million related to the settlement of legal claims, and $2.0 million represents a reserve against an indemnification receivable related to a legal matter, partially offset by a $1.4 million gain related to an employee retention payroll tax credit received in connection with the CARES Act. The loss of $1.8 million in the year ended December 31, 2019 was primarily attributable to a loss on reacquired franchise rights associated with the acquisition of 12 franchisee-owned stores on December 16, 2019.

Interest income

Interest income was $2.9 million in the year ended December 31, 2020 compared to $7.1 million in the year ended December 31, 2019. The decrease was primarily a result of lower interest rates in the year ended December 31, 2020 compared to the year ended December 31, 2019.

Interest expense

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

Interest expense was $82.1 million in the year ended December 31, 2020 compared to $60.9 million in the year ended December 31, 2019, an increase of $21.3 million, or 34.9%. The increase in interest expense was primarily a result of higher interest expense related to the issuance of $550 million of 2019 Notes in December 2019.

Other income (expense)

Other income was $4.9 million in the year ended December 31, 2020 compared to expense of $6.1 million in the year ended December 31, 2019. These amounts included income of $5.9 million and expense of $6.0 million attributable to the remeasurement of our tax benefit arrangements due to changes in our effective tax rate in the years ended December 31, 2020 and December 31, 2019, respectively. Other income (expense) also includes the effects of foreign currency gains and losses.

Provision for income taxes

Income tax expense was $0.7 million for the year ended December 31, 2020 compared to $37.8 million for the year ended December 31, 2019, a decrease of $37.1 million. The $37.1 million decrease is primarily attributable to our decreased income before taxes partially offset by changes from the remeasurement of our deferred taxes and by our increased pro-rata share of income from Pla-Fit Holdings for the year ended December 31, 2020 as compared to the year ended December 31, 2019 as a result of the exchanges by Continuing LLC Owners of Holdings Units for shares of Class A common stock.

Segment results

Franchise

Franchise segment EBITDA was $115.0 million in the year ended December 31, 2020 compared to $192.3 million in the year ended December 31, 2019, a decrease of $77.3 million, or 40.2%. The decrease in the year ended December 31, 2020 compared to the year ended December 31, 2019 was primarily due to COVID-19 related store closures beginning in March 2020, reduced membership levels, and higher NAF expense, partially offset by lower franchise-related payroll and operational expenses. Depreciation and amortization was $7.8 million in the year ended December 31, 2020 and $7.9 million in the year ended December 31, 2019.

Corporate-owned stores

Corporate-owned stores segment EBITDA was $23.7 million in the year ended December 31, 2020 compared to $65.6 million in the year ended December 31, 2019, a decrease of $41.9 million, or 63.9%. The corporate-owned store segment EBITDA decrease was primarily due to COVID-19 related store closures beginning in March 2020, as well as reduced membership levels. Depreciation and amortization was $30.5 million for the year ended December 31, 2020, compared to $25.5 million for the year ended December 31, 2019. The increase in depreciation and amortization was primarily attributable to capital expenditures on existing stores and the acquisition and opening of new corporate-owned stores since January 1, 2019.

Equipment

Equipment segment EBITDA was $13.1 million in the year ended December 31, 2020 compared to $59.6 million in the year ended December 31, 2019, a decrease of $46.5 million, or 78.0%. The decrease was driven by lower equipment sales to new and existing franchisee-owned stores in the year ended December 31, 2020 compared to the year ended December 31, 2019 primarily as a result of COVID-19 related closures beginning in March 2020, the 12-month and 18-month extensions we gave to franchisees for all new store development and re-equipment investment obligations, respectively, and the 15% discount offered to franchisees on equipment purchased in 2020. Depreciation and amortization was $5.0 million for both the years ended December 31, 2020 and December 31, 2019.

Liquidity and Capital Resources

As of December 31, 2021, we had $545.9 million of cash and cash equivalents.

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

The following table presents summary cash flow information for the years ended December 31, 2021 and 2020:

	Year Ended December 31,	
(in thousands)	**2021**	**2020**
Net cash provided by (used in):		
Operating activities	$ 189,289	$ 31,138
Investing activities	(90,916)	(52,278)
Financing activities	(10,246)	57,850
Effect of foreign exchange rates on cash	14	295
Net increase in cash	$ 88,141	$ 37,005

Operating activities

For the year ended December 31, 2021, net cash provided by operating activities was $189.3 million compared to $31.1 million in the year ended December 31, 2020, an increase of $158.2 million. Of the increase, $103.1 million was due to higher net income after adjustments to reconcile net income to net cash provided by operating activities, and $55.0 million was primarily due to lower cash used for working capital in accrued expenses and accounts payable, payments pursuant to tax benefit arrangements, and other assets, partially offset by lower cash generated due to an increase in accounts receivable in the year ended December 31, 2021, compared to the year ended December 31, 2020.

Investing activities

For the year ended December 31, 2021, net cash used in investing activities was $90.9 million compared to $52.3 million in the year ended December 31, 2020, an increase of $38.6 million. Of the increase, $35.0 million was due to cash used for investments, $1.9 million was due to the acquisition of 2 franchisee-owned stores in the year ended December 31, 2021 and $1.5 million was due to higher capital expenditures.

Capital expenditures for the years ended December 31, 2021 and 2020:

(in thousands)	Year Ended December 31, 2021	2020
New corporate-owned stores	$ 22,614	$ 14,568
Existing corporate-owned stores	16,651	25,039
Information systems	14,391	12,521
Corporate and all other	418	432
Total capital expenditures	$ 54,074	$ 52,560

Financing activities

For the year ended December 31, 2021, net cash used in financing activities was $10.2 million compared to net cash provided by financing activities of $57.9 million in the year ended December 31, 2020, a decrease of $68.1 million. In the year ended December 31, 2021 we had repayments of long-term debt of $17.5 million partially offset by proceeds from issuance of Class A common stock of $8.2 million. In the year ended December 31, 2020, we had net proceeds from borrowings under our variable funding notes and repayments of long-term debt for a combined cash inflow of $57.5 million and proceeds from issuance of Class A common stock of $2.6 million. Distributions to members of Pla-Fit Holdings were $0.8 and $1.8 million in the years ended December 31, 2021 and December 31, 2020, respectively.

The following table presents summary cash flow information for the years ended December 31, 2020 and 2019:

(in thousands)	Year Ended December 31, 2020	2019
Net cash provided by (used in):		
Operating activities	$ 31,138	$ 204,311
Investing activities	(52,278)	(110,694)
Financing activities	57,850	64,348
Effect of foreign exchange rates on cash	295	691
Net increase in cash	$ 37,005	$ 158,656

Operating activities

For the year ended December 31, 2020, net cash provided by operating activities was $31.1 million compared to $204.3 million in the year ended December 31, 2019, a decrease of $173.2 million. Of the decrease, $168.7 million was due to lower net income after adjustments to reconcile net income to net cash provided by operating activities, and $4.5 million was primarily due to higher cash used for working capital in income tax, deferred revenue, and inventory, partially offset by higher cash generated due to a decrease in accounts receivable in the year ended December 31, 2020, compared to the year ended December 31, 2019.

Investing activities

For the year ended December 31, 2020, net cash used in investing activities was $52.3 million compared to $110.7 million in the year ended December 31, 2019, a decrease in cash used of $58.4 million. Of the decrease, $52.6 million was due to the acquisition of 16 franchisee-owned stores in the year ended December 31, 2019 and $5.3 million was due to lower capital expenditures.

Capital expenditures for the years ended December 31, 2020 and 2019:

(in thousands)	Year Ended December 31, 2020	2019
New corporate-owned stores	$ 14,568	$ 17,449
Existing corporate-owned stores	25,039	23,111
Information systems	12,521	16,745
Corporate and all other	432	585
Total capital expenditures	$ 52,560	$ 57,890

Financing activities

For the year ended December 31, 2020, net cash provided by financing activities was $57.9 million compared to net cash provided by financing activities of $64.3 million in the year ended December 31, 2019, a decrease of $6.5 million. In the year

ended December 31, 2020 we had net proceeds from borrowings under our variable funding notes and repayments of long-term debt for a combined impact of $57.5 million. In the year ended December 31, 2019, we had net proceeds from the issuance and repayments of long-term debt of $527.4 million, $458.2 million of cash used to repurchase and retire 6.1 million shares of our Class A common stock, and distributions to members of Pla-Fit Holdings of $7.4 million.

Securitized Financing Facility

On August 1, 2018, the Master Issuer, a limited-purpose, bankruptcy remote, wholly-owned indirect subsidiary of Pla-Fit Holdings, LLC, entered into the 2018 Indenture under which the Master Issuer may issue multiple series of notes. On the same date, the Master Issuer issued the 2018 Notes with an initial principal amount of $625 million. In connection with the issuance of the 2018 Notes, the Master Issuer also entered into the 2018 Variable Funding Notes that allowed for the incurrence of up to $75 million in revolving loans and/or letters of credit under the Master Issuer's Series 2018-1 Variable Funding Senior Notes, Class A-1. We fully drew down on the 2018 Variable Funding Notes on March 20, 2020. Outstanding amounts under the 2018 Variable Funding Notes bore interest at a variable rate, which was 2.15% as of December 31, 2021. On December 3, 2019, the Master Issuer the 2019 Notes with an initial principal amount of $550 million. The 2019 Notes were issued under the 2018 Indenture and a related supplemental indenture dated December 3, 2019.

As noted above, we borrowed the full $75 million in 2018 Variable Funding Notes on March 20, 2020. The 2018 Variable Funding Notes accrued interest at a variable interest rate based on (i) the prime rate, (ii) overnight federal funds rates, (iii) the London interbank offered rate for U.S. Dollars, or (iv) with respect to advances made by conduit investors, the weighted average cost of, or related to, the issuance of commercial paper allocated to fund or maintain such advances, in each case plus any applicable margin and as specified in the 2018 Variable Funding Notes. There was a commitment fee on the unused portion of the 2018 Variable Funding Notes of 0.5% based on utilization.

Subsequent to the fiscal year ended on December 31, 2021, on February 10, 2022, we issued the 2022 Class A-2 Notes, which consist of two tranches: the 2022 Class A-2-I Senior Secured Notes with an anticipated repayment term of five years, with an aggregate principal amount of $425 million and a fixed interest rate of 3.251% per annum, payable quarterly, and the 2022 Class A-2-II Senior Secured Notes with an anticipated repayment term of ten years, with an aggregate principal amount of $475 million and a fixed interest rate of 4.008% per annum, payable quarterly. The 2022 Class A-2 Notes were issued by the Master Issuer in a privately placed securitization transaction. In conjunction with the issuance, the Master Issuer used a portion of the net proceeds for the repayment in full of approximately $556 million in aggregate principal amount of the Series 2018-1 Class A-2-I Notes (together with any accrued and unpaid interest on such Series 2018-1 Class A-2-I Notes), and paid the transaction costs and funded the reserve accounts associated with the securitized financing facility and funded a portion of the Sunshine Acquisition.

In addition to the 2022 Class A-2 Notes, the 2022 refinancing transaction also included a revolving financing facility that allows for the incurrence of up to $75 million in 2022 Variable Funding Notes, which replaces the Master Issuer's 2018 Variable Funding Notes. After closing, all $75 million of the 2022 Variable Funding Notes were drawn and used to pay down the borrowed balance under the 2018 Variable Funding Notes. The 2022 Variable Funding Notes accrue interest at a variable interest rate based on (i) the prime rate, (ii) overnight federal funds rates, (iii) adjusted term secured overnight financing rate ("SOFR"), 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.

The Notes were issued in a securitization transaction pursuant to which most of the Company's domestic revenue-generating assets, consisting principally of franchise-related agreements, certain corporate-owned store assets, equipment supply agreements and intellectual property and license agreements for the use of intellectual property, were assigned to the Master Issuer and certain other limited-purpose, bankruptcy remote, wholly-owned indirect subsidiaries of the Company that act as guarantors of the Notes and that have pledged substantially all of their assets to secure the 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 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 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 December 2029. The legal final maturity date of the 2022 Notes is in December 2015, 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 December 2026 and the 2022 Class A-2-II Notes will be repaid in December 2031. If the Master Issuer has not repaid or refinanced the Notes prior to their respective anticipated repayment dates, additional interest will accrue pursuant to the Indenture.

The 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 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 Notes are in stated ways defective or ineffective, (iv) a cap on non-securitized indebtedness of $50 million (provided that we 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 us of 7.0x (calculated without regard for any indebtedness subject to the $50 million cap) and (vi) covenants relating to recordkeeping, access to information and similar matters.

Pursuant to a parent company support agreement, we have agreed to cause our 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, we have agreed to either (i) perform such obligation or duty or (ii) cause such obligations or duties to be performed on our behalf.

The 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 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 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 Trustee for the benefit of the Trustee and the noteholders, and are restricted in their use. We hold restricted cash which primarily represents cash collections held by the Trustee, interest, principal, and commitment fee reserves held by the Trustee related to the Notes. As of December 31, 2021, we had restricted cash held by the Trustee of $42 million. Restricted cash has been combined with cash and cash equivalents when reconciling the beginning and end of period balances in the consolidated statements of cash flows.

Share Repurchase Program

2019 share repurchase program

On November 5, 2019, our board of directors approved a share repurchase program of up to $500 million (the "2019 Share Repurchase Program").

On December 4, 2019, the Company entered into a $300 million accelerated share repurchase agreement (the "2019 ASR Agreement") with JPMorgan Chase Bank, N.A. ("JPMC"). Pursuant to the terms of the 2019 ASR Agreement, on December 5, 2019, the Company paid JPMC $300 million upfront in cash and received approximately 3.3 million shares of the Company's Class A common stock, which were retired. Final settlement of the ASR Agreement occurred on March 2, 2020. At final settlement, JPMC delivered approximately 667,000 additional shares of the Company's Class A common stock, based on a weighted average cost per share of $75.82 over the term of the 2019 ASR Agreement, which were retired.

On March 18, 2020, the Company announced the suspension of its 2019 share repurchase program. If the 2019 share repurchase program is reinstated, the timing of purchases and amount of stock repurchased will be subject to the Company's discretion and will depend on market and business conditions, the Company's general working capital needs, stock price, applicable legal requirements and other factors. Our ability to repurchase shares at any particular time is also subject to the terms of the Indenture governing the 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. The Company may reinstate or terminate the program at any time.

Contractual Obligations and Commitments

The following table presents contractual obligations and commercial commitments as of December 31, 2021.

	Payments due during the years ending December 31,				
(in thousands)	**Total**	**2022**	**2023-2024**	**2025-2026**	**Thereafter**
Long-term debt[1]	$ 1,775,000	568,063	98,500	596,937	511,500
Interest on long-term debt	281,407	66,557	96,129	60,395	58,326
Obligations under tax benefit arrangements[2]	528,107	20,302	77,295	104,053	326,457
Operating leases	274,178	32,479	66,736	63,245	111,718
Advertising commitments[3]	60,700	57,231	3,469	—	—
Purchase obligations[4]	19,694	19,694	—	—	—
Total Contractual Obligations	$ 2,939,086	$ 764,326	$ 342,129	$ 824,630	$ 1,008,001

(1) Long-term debt payments include scheduled principal payments only.
(2) Timing of payments under tax benefit arrangements is estimated.
(3) As of December 31, 2021, we had advertising purchase commitments of approximately $60.7 million, including commitments for the NAF.
(4) Purchase obligations consists of $19.7 million for open purchase orders primarily related to equipment to be sold to franchisees. For the majority of our equipment purchase obligations, our policy is to require the franchisee to provide us with either a deposit or proof of a committed financing arrangement.

Off-Balance Sheet Arrangements

As of December 31, 2021, our off-balance sheet arrangements consisted of guarantees of lease agreements for certain franchisees. Our maximum total commitment under these agreements is approximately $6.7 million and would only require payment upon default by the primary obligor. The estimated fair value of these guarantees at December 31, 2021 was not material, and no accrual has been recorded for our potential obligation under these arrangements. In 2019, in connection with a real estate partnership, the Company began guaranteeing certain leases of its franchisees up to a maximum period of ten years, with earlier expiration dates if certain conditions are met. See Note 17 to our consolidated financial statements included elsewhere in this Form 10-K for more information regarding these operating leases and guarantees.

Critical Accounting Estimates

Our discussion and analysis of operating results and financial condition are based upon our consolidated financial statements included elsewhere in this Form 10-K. The preparation of our financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures of contingent assets and liabilities. We base our estimates on past experience and other assumptions that we believe are reasonable under the circumstances, and we evaluate these estimates on an ongoing basis. Actual results may differ from those estimates. While estimates and judgments are applied in arriving at many reported amounts, we believe that the following critical accounting estimates involve a higher degree of judgment and complexity.

Business combinations

We account for business combinations using the purchase method of accounting which results in the assets acquired and liabilities assumed being recorded at fair value at the date of acquisition. The excess costs of acquired businesses over the fair values of the assets acquired and liabilities assumed will be recognized as goodwill.

The valuation methodologies used are based on the nature of the asset or liability. The significant assets and liabilities measured at fair value include property and equipment, intangible assets, deferred revenue and favorable and unfavorable leases. For the 2012 Acquisition, intangible assets consisted of trade and brand names, member relationships, franchisee relationships related to both our franchise and equipment segments, non-compete agreements, order backlog and favorable and unfavorable leases. For other acquisitions, which consist of acquisitions of stores from franchisees, intangible assets generally consist of member relationships, re-acquired franchise rights, and favorable and unfavorable leases.

The Company uses a variety of information sources to determine the estimated fair values of acquired assets and liabilities, including third-party valuation experts. The fair value of trade and brand names is estimated using the relief from royalty method, an income approach to valuation, which includes projecting future system-wide sales and other estimates. Membership relationships and franchisee relationships are valued based on an estimate of future revenues and costs related to the respective contracts over the remaining expected lives. Our valuation includes assumptions related to the projected attrition and renewal rates on those existing franchise and membership arrangements being valued. Re-acquired franchise rights are valued using an

excess earnings approach. The valuation of re-acquired franchise rights is determined using an estimation of future royalty income and related expenses associated with existing franchise contracts at the acquisition date. For re-acquired franchise rights with terms that are either favorable or unfavorable (from our perspective) to the terms included in our current franchise agreements, a gain or charge is recorded at the time of the acquisition to the extent of the favorability or unfavorability, respectively. Favorable and unfavorable operating leases are recorded based on differences between contractual rents under the respective lease agreements and prevailing market rents at the lease acquisition date, and are recorded as a component of the ROU asset. Deferred revenue is valued based on our estimated costs to fulfill the obligations assumed, plus a normal profit margin. No deferred revenue amounts are recognized for enrollment fees in our business combinations as there is no remaining obligation.

Income taxes

Deferred income taxes are recognized for the expected future tax consequences attributable to temporary differences between the carrying amount of the existing tax assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to be applied in the years in which temporary differences are expected to be recovered or settled. The principal items giving rise to temporary differences are the use of accelerated depreciation and certain basis differences resulting from acquisitions and the recapitalization transactions. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

In determining the provision for income taxes, we make estimates and judgments which affect our evaluation of the carrying value of our deferred tax assets as well as our calculation of certain tax liabilities. We evaluate the carrying value of our deferred tax assets on a quarterly basis. In completing this evaluation, we consider all available positive and negative evidence. Such evidence includes historical operating results, the existence of cumulative earnings and losses in the most recent fiscal years, taxable income in prior carryback year(s) if permitted under the tax law, expectations for future pre-tax operating income, the time period over which our temporary differences will reverse, and the implementation of feasible and prudent tax planning strategies. Estimating future taxable income is inherently uncertain and requires judgment.

As of December 31, 2021, we had $539.3 million of net deferred tax assets, net of valuation allowances. We expect to realize future tax benefits related to the utilization of these assets. As of December 31, 2021, the Company has provided a valuation allowance of $4.6 million against the portion of its deferred tax assets that would generate capital losses for which the Company does not have sufficient positive evidence to support its recoverability.

We recognize the effects of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

Tax Benefit Arrangements

As described in Note 16 to the consolidated financial statements included in Part II, Item 8, we are a party to the tax benefit arrangements under which we are contractually committed to pay the non-controlling interest holders 85% of the amount of any tax benefits that we actually realize, or in some cases are deemed to realize, as a result of certain transactions. Amounts payable under the tax benefit arrangements are contingent upon, among other things, (i) generation of future taxable income over the term of the tax benefit arrangements and (ii) future changes in tax laws. If we do not generate sufficient taxable income in the aggregate over the term of the tax benefit arrangements to utilize the tax benefits, then we would not be required to make the related payments. Therefore, we would only recognize a liability for tax benefit arrangement payments if we determine it is probable that we will generate sufficient future taxable income over the term of the tax benefit arrangements to utilize the related tax benefits. Estimating future taxable income is inherently uncertain and requires judgment. In projecting future taxable income, we consider our historical results and incorporate certain assumptions. As of December 31, 2021, we recognized $528.1 million of liabilities relating to our obligations under the tax benefit arrangements. We concluded that we would have sufficient future taxable income to utilize all of the related tax benefits generated by all transactions that occurred. Changes in the projected liability resulting from these tax benefit arrangements may occur based on changes in anticipated future taxable income, changes in applicable tax rates or other changes in tax attributes that may occur and impact the expected future tax benefits to be received by the Company. Changes in the projected liability under these tax benefit arrangements will be recorded as a component of other income (expense) each period.

Investments and allowance for expected credit losses

Our held-to-maturity securities are reported at amortized cost. We reserve for expected credit losses on our held-to-maturity debt securities through the allowance for expected credit losses. The allowance for expected credit losses estimate reflects a lifetime loss estimate and is based on historical loss information for assets with similar risk characteristics, adjusted for management's expectations. Adjustments for management's expectations may be based on factors such as investee earnings performance, recent financing rounds at reduced valuations, changes in the regulatory, economic or technological environment of an investee or doubt about an investee's ability to continue as a going concern. An increase or a decrease in the allowance for expected credit losses is recorded through other gain (loss) as a credit loss expense or a reversal thereof. The allowance for expected credit losses is presented as a deduction from the amortized cost of the held-to-maturity securities. A held-to-maturity investment security and its allowance for expected credit losses is written off when deemed uncollectible.

ITEM 7A. Quantitative and Qualitative Disclosure about Market Risk

Interest rate risk

The securitized financing facility includes the Series 2018-1 Senior Class A-2 Notes which are comprised of fixed interest rate notes and the 2018 Variable Funding Notes which allow for the incurrence of up to $75.0 million in revolving loans and/or letters of credit under the 2018 Variable Funding Notes, which is fully drawn. 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. Subsequent to the fiscal year ended December 31, 2021, the Company issued the 2022 Class A-2 Notes, which are comprised of fixed interest rate notes and the 2022 Variable Funding Notes, which replace the 2018 Variable Funding Notes. An increase in the effective interest rate applied to borrowings under either the 2018 Variable Funding Notes or, subsequent to the fiscal year ended December 31, 2021, 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.

Foreign exchange risk

We are exposed to fluctuations in exchange rates between the U.S. dollar and foreign currencies, primarily the Canadian dollar, which is the functional currency of our Canadian entities. Our sales, costs and expenses of our Canadian subsidiaries, when translated into U.S. dollars, can fluctuate due to exchange rate movement. As of December 31, 2021, a 10% increase or decrease in the exchange rates of the U.S. dollar and currencies would increase or decrease net income by a negligible amount.

Inflation risk

Given the inflation rates in fiscal 2021, there has been and may continue to be increases in 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 8. Financial Statements and Supplementary Data.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors

Planet Fitness, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Planet Fitness, Inc. and subsidiaries (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income, cash flows and changes in equity for each of the years in the three-year period ended December 31, 2021, and the related notes and financial statement Schedule II-Valuation and Qualifying Accounts (collectively, the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 1, 2022 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Deferred tax assets recorded for exchange transactions under tax benefit arrangements

As discussed in Notes 2 and 16 to the consolidated financial statements, the Company records deferred tax assets related to exchanges by equity owners under tax benefit arrangements, including $17,714 thousand of deferred tax assets recorded for exchanges occurring during the year ended December 31, 2021. The Company is the sole managing member of Pla-Fit Holdings, LLC (Pla-Fit Holdings) which is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. Pursuant to an exchange agreement with the Company, certain equity owners of Pla-Fit Holdings have the right to exchange their Pla-Fit 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). Upon such an exchange, deferred tax assets are generally created as a result of an increase in tax basis that is generated by the exchange.

We identified the evaluation of deferred tax assets recorded for exchange transactions under tax benefit arrangements as a critical audit matter due to the complexity of the calculation. In particular, a high degree of auditor judgment was required to design procedures to evaluate the key inputs to the calculation, including (1) the tax basis of assets and liabilities of Pla-Fit Holdings, (2) calculations of the tax basis per unit used in the exchanges, and (3) the total amount received by the unit holder in the exchanges.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the deferred tax calculation including controls related to key inputs to the calculation. For a sample of transactions we (1) evaluated the determination of the tax basis for certain assets and liabilities of Pla-Fit Holdings by inspecting underlying documentation and assessing the accuracy of management's inputs, (2) evaluated the accuracy of the tax basis per unit used in the exchanges, and (3) compared the total amount received by the unit holder used in the exchange calculation to underlying documentation. We involved tax professionals with specialized skills and knowledge who assisted in assessing the Company's application of the relevant tax law for the exchanges.

/s/ KPMG LLP

We have served as the Company's auditor since 2012.

Boston, Massachusetts
March 1, 2022

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

	December 31, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 545,909	$ 439,478
Restricted cash	58,032	76,322
Accounts receivable, net of allowance for bad debts of $0 and $7 as of December 31, 2021 and 2020, respectively	27,257	16,447
Inventory	1,155	473
Prepaid expenses	12,869	11,881
Other receivables	13,519	16,754
Income tax receivable	3,673	5,461
Total current assets	662,414	566,816
Property and equipment, net	173,687	160,677
Investments, net of allowance for expected credit losses of $17,462 and $0 as of December 31, 2021 and 2020, respectively	18,760	—
Right-of-use assets, net	190,330	164,252
Intangible assets, net	200,937	217,075
Goodwill	228,569	227,821
Deferred income taxes	539,264	511,200
Other assets, net	2,022	1,896
Total assets	$ 2,015,983	$ 1,849,737
Liabilities and stockholders' deficit		
Current liabilities:		
Current maturities of long-term debt	$ 17,500	$ 17,500
Accounts payable	27,892	19,388
Accrued expenses	51,714	22,042
Equipment deposits	6,036	795
Deferred revenue, current	28,351	26,691
Payable pursuant to tax benefit arrangements, current	20,302	—
Other current liabilities	24,815	25,479
Total current liabilities	176,610	111,895
Long-term debt, net of current maturities	1,665,273	1,676,426
Borrowings under 2018 Variable Funding Notes	75,000	75,000
Lease liabilities, net of current portion	197,682	167,910
Deferred revenue, net of current portion	33,428	32,587
Deferred tax liabilities	—	881
Payable pursuant to tax benefit arrangements, net of current portion	507,805	488,200
Other liabilities	3,030	2,511
Total noncurrent liabilities	2,482,218	2,443,515
Commitments and contingencies (Note 17)		
Stockholders' equity (deficit):		
Class A common stock, $.0001 par value - 300,000 shares authorized, 83,804 and 82,821 shares issued and outstanding as of December 31, 2021 and 2020, respectively	8	8
Class B common stock, $.0001 par value - 100,000 shares authorized, 3,056 and 3,722 shares issued and outstanding as of December 31, 2021 and 2020, respectively	1	1
Accumulated other comprehensive income	12	27
Additional paid in capital	63,428	45,673
Accumulated deficit	(708,804)	(751,578)
Total stockholders' deficit attributable to Planet Fitness, Inc.	(645,355)	(705,869)
Non-controlling interests	2,510	196
Total stockholders' deficit	(642,845)	(705,673)
Total liabilities and stockholders' deficit	$ 2,015,983	$ 1,849,737

See accompanying notes to consolidated financial statements.

Planet Fitness, Inc. and subsidiaries
Consolidated statements of operations
(Amounts in thousands, except per share amounts)

	For the Year Ended December 31,		
	2021	**2020**	**2019**
Revenue:			
Franchise	$ 237,570	$ 162,159	$ 223,139
Commission income	779	696	4,288
National advertising fund revenue	52,361	43,301	50,155
Corporate-owned stores	167,219	117,142	159,697
Equipment	129,094	83,320	251,524
Total revenue	587,023	406,618	688,803
Operating costs and expenses:			
Cost of revenue	100,993	70,955	194,449
Store operations	110,716	87,797	86,108
Selling, general and administrative	94,540	68,585	78,818
National advertising fund expense	59,442	61,255	50,153
Depreciation and amortization	62,800	53,832	44,346
Other loss	15,137	4,434	1,846
Total operating costs and expenses	443,628	346,858	455,720
Income from operations	143,395	59,760	233,083
Other income (expense), net:			
Interest income	878	2,937	7,053
Interest expense	(81,211)	(82,117)	(60,852)
Other income (expense), net	(11,102)	4,903	(6,107)
Total other expense, net	(91,435)	(74,277)	(59,906)
Income (expense) before income taxes	51,960	(14,517)	173,177
Equity earnings (losses) of unconsolidated entities, net of tax	(179)	—	—
Provision for income taxes	5,659	687	37,764
Net income (loss)	46,122	(15,204)	135,413
Less net income (loss) attributable to non-controlling interests	3,348	(213)	17,718
Net income (loss) attributable to Planet Fitness, Inc.	$ 42,774	$ (14,991)	$ 117,695
Net income (loss) per share of Class A common stock:			
Basic	$ 0.51	$ (0.19)	$ 1.42
Diluted	$ 0.51	$ (0.19)	$ 1.41
Weighted-average shares of Class A common stock outstanding:			
Basic	83,296	80,303	82,977
Diluted	83,894	80,303	83,619

See accompanying notes to consolidated financial statements.

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

	For the Year Ended December 31,		
	2021	2020	2019
Net income (loss) including non-controlling interests	$ 46,122	$ (15,204)	$ 135,413
Other comprehensive income (loss), net:			
Foreign currency translation adjustments	(15)	(276)	209
Total other comprehensive income (loss), net	(15)	(276)	209
Total comprehensive income (loss) including non-controlling interests	46,107	(15,480)	135,622
Less: total comprehensive income (loss) attributable to non-controlling interests	3,348	(213)	17,718
Total comprehensive income (loss) attributable to Planet Fitness, Inc.	$ 42,759	$ (15,267)	$ 117,904

See accompanying notes to consolidated financial statements.

Planet Fitness, Inc. and subsidiaries
Consolidated statements of cash flows
(Amounts in thousands)

	For the Year Ended December 31,		
	2021	2020	2019
Cash flows from operating activities:			
Net income (loss)	$ 46,122	$ (15,204)	$ 135,413
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	62,800	53,832	44,346
Amortization of deferred financing costs	6,346	6,411	5,454
Amortization of favorable leases and asset retirement obligations	71	57	237
Equity (earnings) losses of unconsolidated entities, net of tax	179	—	—
Dividends accrued on investment	(1,401)	—	—
Deferred tax expense	1,528	7,213	21,625
Loss (gain) on re-measurement of tax benefit arrangement	11,737	(5,949)	5,966
Provision for bad debts	10	(74)	87
Credit loss expense on held-to-maturity investment	17,462	—	—
Gain on disposal of property and equipment	(46)	(107)	(159)
Other	(22)	(494)	(472)
Loss on reacquired franchise rights	—	—	1,810
Equity-based compensation	8,805	4,777	4,826
Changes in operating assets and liabilities:			
Accounts receivable	(10,804)	23,611	(895)
Inventory	(681)	404	4,244
Other assets and other current assets	8,259	(2,676)	(3,198)
Accounts payable and accrued expenses	30,928	(10,938)	(6,268)
Other liabilities and other current liabilities	(3,063)	4,384	1,687
Income taxes	2,202	(4,461)	6,231
Payments pursuant to tax benefit arrangements	(445)	(26,621)	(24,998)
Equipment deposits	5,235	(2,212)	(4,900)
Deferred revenue	2,349	(2,842)	11,452
Deferred rent	1,718	2,027	1,823
Net cash provided by operating activities	189,289	31,138	204,311
Cash flows from investing activities:			
Additions to property and equipment	(54,074)	(52,560)	(57,890)
Acquisitions of franchises	(1,888)	—	(52,613)
Proceeds from sale of property and equipment	46	282	109
Investments	(35,000)	—	—
Purchase of intellectual property	—	—	(300)
Net cash used in investing activities	(90,916)	(52,278)	(110,694)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	—	75,000	550,000
Proceeds from issuance of Class A common stock	8,186	2,571	2,863
Principal payments on capital lease obligations	(182)	(165)	(93)
Repayment of long-term debt	(17,500)	(17,500)	(12,000)
Payment of deferred financing and other debt-related costs	—	—	(10,577)
Repurchase and retirement of Class A common stock	—	—	(458,166)
Dividend equivalent paid to members of Pla-Fit Holdings	—	(234)	(243)
Distributions to members of Pla-Fit Holdings	(750)	(1,822)	(7,436)
Net cash (used in) provided by financing activities	(10,246)	57,850	64,348
Effects of exchange rate changes on cash and cash equivalents	14	295	691
Net increase in cash, cash equivalents and restricted cash	88,141	37,005	158,656
Cash, cash equivalents and restricted cash, beginning of period	515,800	478,795	320,139
Cash, cash equivalents and restricted cash, end of period	$ 603,941	$ 515,800	$ 478,795
Supplemental cash flow information:			
Net cash paid (refund received) for income taxes	$ 1,848	$ (2,157)	$ 10,001
Cash paid for interest	$ 74,869	$ 75,629	$ 53,713
Non-cash investing activities:			
Non-cash additions to property and equipment	$ 5,659	$ 1,172	$ 2,827

See accompanying notes to consolidated financial statements

Planet Fitness, Inc. and subsidiaries
Consolidated statements of changes in equity
(Amounts in thousands)

	Class A common stock		Class B common stock		Accumulated other comprehensive income (loss)	Additional paid-in capital	Accumulated deficit	Non-controlling interests	Total equity (deficit)
	Shares	Amount	Shares	Amount					
Balance at January 1, 2019	83,584	$ 9	9,448	$ 1	$ 94	$ 19,732	$ (394,410)	$ (8,215)	$ (382,789)
Net income	—	—	—	—	—	—	117,695	17,718	135,413
Equity-based compensation expense	—	—	—	—	—	4,826	—	—	4,826
Exchanges of Class B common stock	886	—	(886)	—	—	(1,172)	—	1,172	—
Repurchase and retirement of Class A common stock	(6,086)	(1)	—	—	—	488	(458,165)	(488)	(458,166)
Tax benefit arrangement liability and deferred taxes arising from secondary offerings and other exchanges	—	—	—	—	—	3,156	—	—	3,156
Exercise of stock options and vesting of restricted share units	141	—	—	—	—	2,790	—	—	2,790
Forfeiture of dividend equivalents	—	—	—	—	—	—	6	—	6
Distributions paid to members of Pla-Fit Holdings	—	—	—	—	—	—	—	(7,436)	(7,436)
Non-cash adjustments to VIEs	—	—	—	—	—	—	—	(4,050)	(4,050)
Cumulative effect adjustment (Note 8)	—	—	—	—	—	—	(1,713)	—	(1,713)
Other comprehensive income	—	—	—	—	209	—	—	—	209
Balance at December 31, 2019	78,525	$ 8	8,562	$ 1	$ 303	$ 29,820	$ (736,587)	$ (1,299)	$ (707,754)
Net loss	—	—	—	—	—	—	(14,991)	(213)	(15,204)
Equity-based compensation expense	—	—	—	—	—	4,777	—	—	4,777
Exchanges of Class B common stock	4,840	—	(4,840)	—	—	(1,526)	—	1,526	—
Repurchase and retirement of Class A common stock	(667)	—	—	—	—	(2,879)	—	2,879	—
Tax benefit arrangement liability and deferred taxes arising from secondary offerings and other exchanges	—	—	—	—	—	12,779	—	—	12,779
Exercise of stock options and vesting of restricted share units	123	—	—	—	—	2,702	—	—	2,702
Distributions paid to members of Pla-Fit Holdings	—	—	—	—	—	—	—	(1,822)	(1,822)
Non-cash adjustments to VIEs	—	—	—	—	—	—	—	(875)	(875)
Other comprehensive loss	—	—	—	—	(276)	—	—	—	(276)
Balance at December 31, 2020	82,821	$ 8	3,722	$ 1	$ 27	$ 45,673	$ (751,578)	$ 196	$ (705,673)
Net income	—	—	—	—	—	—	42,774	3,348	46,122
Equity-based compensation expense	—	—	—	—	—	8,805	—	—	8,805
Retirement of Class B common stock	—	—	(43)	—	—	—	—	—	—
Exchanges of Class B common stock	623	—	(623)	—	—	(608)	—	608	—
Tax benefit arrangement liability and deferred taxes arising from secondary offerings and other exchanges	—	—	—	—	—	1,454	—	—	1,454
Exercise of stock options and vesting of restricted share units	360	—	—	—	—	8,104	—	—	8,104
Distributions paid to members of Pla-Fit Holdings	—	—	—	—	—	—	—	(750)	(750)
Non-cash adjustments to VIEs	—	—	—	—	—	—	—	(892)	(892)
Other comprehensive loss	—	—	—	—	(15)	—	—	—	(15)
Balance at December 31, 2021	83,804	$ 8	3,056	$ 1	$ 12	$ 63,428	$ (708,804)	$ 2,510	$ (642,845)

See accompanying notes to consolidated financial statements

(1) Business organization

Planet Fitness, Inc. (the "Company"), through its subsidiaries, is a franchisor and operator of fitness centers, with approximately 15.2 million members and 2,254 owned and franchised locations (referred to as stores) in all 50 states, the District of Columbia, Puerto Rico, Canada, Panama, Mexico and Australia as of December 31, 2021.

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 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.

During the years ended December 31, 2021, 2020 and 2019, certain Continuing LLC Owners have exercised their exchange rights and exchanged 622,979, 4,839,866 and 885,810 Holdings Units, respectively, for 622,979, 4,839,866 and 885,810 newly-issued shares of Class A common stock, respectively. Simultaneously, and in connection with these exchanges, 622,979, 4,839,866 and 885,810 shares of Class B common stock were surrendered by the Continuing LLC Owners that exercised their exchange rights and canceled during the years ended December 31, 2021, 2020 and 2019, respectively. Additionally, in connection with these exchanges, Planet Fitness, Inc. received 622,979, 4,839,866 and 885,810 Holdings Units during the years ended December 31, 2021, 2020 and 2019, respectively, increasing its total ownership interest in Pla-Fit Holdings.

As of December 31, 2021, the Company held 100% of the voting interest, and approximately 96.5% of the economic interest in Pla-Fit Holdings and the Continuing LLC Owners held the remaining 3.5% 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 consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). All significant intercompany balances and transactions have been eliminated in consolidation.

As discussed in Note 1, Planet Fitness, Inc. consolidates Pla-Fit Holdings. The Company also consolidates entities in which it has a controlling financial interest, the usual condition of which is ownership of a majority voting interest. The Company also considers for consolidation certain interests where the controlling financial interest may be achieved through arrangements that do not involve voting interests. Such an entity, known as a variable interest entity ("VIE"), is required to be consolidated by its primary beneficiary. The primary beneficiary of a VIE is considered to possess the power to direct the activities of the VIE that most significantly impact its economic performance and has the obligation to absorb losses or the rights to receive benefits from the VIE that are significant to it. The principal entities in which the Company possesses a variable interest include franchise entities and certain other entities. The Company is not deemed to be the primary beneficiary for Planet Fitness franchise entities. Therefore, these entities are not consolidated.

The results of the Company have been consolidated with Matthew Michael Realty LLC ("MMR"), PF Melville LLC ("PF Melville"), and Planet Fitness NAF, LLC (the "NAF") based on the determination that the Company is the primary beneficiary

with respect to these VIEs. MMR and PF Melville are real estate holding companies that derive a majority of their financial support from the Company through lease agreements for corporate stores. See Note 3 for further information related to the Company's VIEs. The NAF is an advertising fund on behalf of which the Company collects 2% annually of gross monthly membership fees from franchisees, in accordance with the provisions of the franchise agreements, and uses the amounts received to increase sales and further enhance the public reputation of the Planet Fitness brand. See Note 4 for further information related to the NAF.

(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, the evaluation of the recoverability of goodwill and long-lived assets, including intangible assets, allowance for expected credit losses, the present value of lease liabilities, income taxes, including deferred tax assets and liabilities and reserves for unrecognized tax benefits, and the liability for the Company's tax benefit arrangements.

(c) Concentrations

Cash and cash equivalents are financial instruments, which potentially subject the Company to a concentration of credit risk. The Company invests its excess cash in several major financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The Company maintains balances in excess of these limits, but does not believe that such deposits with its banks are subject to any unusual risk.

The credit risk associated with trade receivables is mitigated due to the large number of customers, generally our franchisees, and their broad dispersion over many different geographic areas. We do not have any concentrations with respect to our revenues.

The Company purchases equipment, both for corporate-owned stores and for sales to franchisee-owned stores from various equipment vendors. For the year ended December 31, 2021, purchases from two equipment vendors comprised 70% and 28%, respectively, of total equipment purchases. For the year ended December 31, 2020 purchases from two equipment vendors comprised 48% and 40%, respectively, of total equipment purchases. For the year ended December 31, 2019 purchases from three equipment vendors comprised 48%, 35%, and 12%, respectively, of total equipment purchases.

The Company, including the NAF, uses various vendors for advertising services. For the year ended December 31, 2021, purchases from one vendor comprised 41% of total advertising purchases. For the year ended December 31, 2020 purchases from one vendor comprised 71% of total advertising purchases, and for the year ended December 31, 2019 purchases from two vendors comprised 38% and 15%, respectively, of total advertising purchases (see Note 4 for further discussion of the NAF).

(d) Cash, cash equivalents and restricted cash

The Company considers all highly liquid investments purchased with an original maturity of 90 days or less to be cash equivalents.

In accordance with the Company's securitized financing facility, certain cash accounts have been established in the name of Citibank, N.A. (the "Trustee"). The Company holds restricted cash which primarily represents cash collections held by the Trustee, which includes interest, principal, and commitment fee reserves. As of December 31, 2021, the Company had restricted cash held by the Trustee of $42,024. Restricted cash has been combined with cash and cash equivalents when reconciling the beginning and end of period balances in the consolidated statements of cash flows.

(e) Revenue from contracts with customers

The Company's revenues are comprised of franchise revenue, equipment revenue, and corporate-owned stores revenue.

Franchise revenue

Franchise revenues consist primarily of royalties, NAF contributions, initial and successor franchise fees and upfront fees from area development agreements ("ADAs"), transfer fees, equipment placement revenue, other fees and commission income.

The Company's primary performance obligation under the franchise license is granting certain rights to use the Company's intellectual property, and all other services the Company provides under the ADA and franchise agreement are highly interrelated, not distinct within the contract, and therefore accounted for under ASC 606 as a single performance obligation, which is satisfied by granting certain rights to use our intellectual property over the term of each franchise agreement.

Royalties, including franchisee contributions to national advertising funds, are calculated as a percentage of franchise monthly dues and annual fees over the term of the franchise agreement. Under our franchise agreements, advertising contributions paid by franchisees must be spent on advertising, marketing and related activities. Initial and successor franchise fees are payable by the franchisee upon signing a new franchise agreement or successor franchise agreement, and transfer fees are paid to the Company when one franchisee transfers a franchise agreement to a different franchisee. Our franchise royalties, as well as our NAF contributions, represent sales-based royalties that are related entirely to our performance obligation under the franchise agreement and are recognized as franchise sales occur.

Initial and successor franchise fees, as well as transfer fees, are recognized as revenue on a straight-line basis over the term of the respective franchise agreement. Our ADAs generally consist of an obligation to grant geographic exclusive area development rights. These development rights are not distinct from franchise agreements, so upfront fees paid by franchisees for exclusive development rights are deferred and apportioned to each franchise agreement signed by the franchisee. The pro-rata amount apportioned to each franchise agreement is accounted for identically to the initial franchise fee.

The Company is generally responsible for assembly and placement of equipment it sells to U.S. and Canada based franchisee-owned stores. Placement revenue is recognized upon completion and acceptance of the services at the franchise location.

The Company recognizes commission income from certain of its franchisees' use of certain preferred vendor arrangements. Commissions are recognized when amounts have been earned and collectability from the vendor is reasonably assured.

Online member join fees are paid to the Company by franchisees for processing new membership transactions when a new member signs up for a membership to a franchisee-owned store through the Company's website. These fees are recognized as revenue as each transaction occurs.

Billing transaction fees are paid to the Company by certain of its franchisees for the processing of franchisee membership dues and annual fees through the Company's third-party hosted point-of-sale system and are recognized as revenue as they are earned.

Equipment revenue

The Company sells and delivers equipment purchased from third-party equipment manufacturers to U.S. and Canada based franchisee-owned stores. Revenue is recognized upon transfer of control of ordered items, generally upon delivery to the customer, which is when the customer obtains physical possession of the goods, legal title is transferred, the customer has all risks and rewards of ownership and an obligation to pay for the goods is created. Franchisees are charged for all freight costs incurred for the delivery of equipment. Freight revenue is recorded within equipment revenue and freight costs are recorded within cost of revenue. In most instances, the Company recognizes equipment revenue on a gross basis as management has determined the Company to be the principal in these transactions. Management determined the Company to be the principal in the transaction because the Company controls the equipment prior to delivery to the final customer as evidenced by its pricing discretion over the goods, inventory transfer of title and risk of loss while the inventory is in transit, and having the primary responsibility to fulfill the customer order and direct the third-party vendor.

Corporate-owned stores revenue

The following revenues are generated from stores owned and operated by the Company.

Membership dues revenue

Customers are offered multiple membership choices varying in length. Membership dues are earned and recognized over the membership term on a straight-line basis.

Enrollment fee revenue

Enrollment fees are charged to new members at the commencement of their membership. The Company recognizes enrollment fees ratably over the estimated duration of the membership life, which is generally two years.

Annual membership fee revenue

Annual membership fees are annual fees charged to members in addition to and in order to maintain low monthly membership dues. The Company recognizes annual membership fees ratably over the 12-month membership period.

Retail sales

The Company sells Planet Fitness branded apparel, food, beverages, and other accessories. The revenue for these items is recognized at the point of sale.

Sales tax

All revenue amounts are recorded net of applicable sales tax.

(f) Deferred revenue

Franchise deferred revenue results from initial and successor franchise fees and ADA fees paid by franchisees, as well as transfer fees, which are generally recognized on a straight-line basis over the term of the underlying franchise agreement. Deferred revenue is also recognized in our Corporate-owned stores segment for cash received from members for enrollment fees, membership dues and annual fees for the portion not yet earned based on the membership period.

(g) Cost of revenue

Cost of revenue consists primarily of direct costs associated with equipment sales (including freight costs) and the cost of retail merchandise sold in corporate-owned stores. Costs related to retail merchandise sales were immaterial in all periods presented. Rebates from equipment vendors where the Company has recognized the related equipment revenue and costs are recorded as a reduction to the cost of revenue.

(h) Store operations

Store operations consists of the direct costs related to operating corporate-owned stores, including our store management and staff, rent expense, utilities, supplies, maintenance, and local advertising.

(i) Selling, general and administrative

Selling, general and administrative expenses consist of costs associated with administrative and franchisee support functions related to our existing business as well as growth and development activities. These costs primarily consist of payroll, IT related, marketing, legal and accounting expenses. These expenses include costs related to placement services of $4,358, $3,341, and $7,063, for the years ended December 31, 2021, 2020 and 2019, respectively.

(j) Accounts receivable

Accounts receivable is primarily comprised of amounts owed to the Company resulting from equipment, placement, and commission revenue. The Company evaluates its accounts receivable on an ongoing basis and may establish an allowance for doubtful accounts based on collections and current credit conditions. Accounts are written off as uncollectible when it is determined that further collection efforts will be unsuccessful. Historically, the Company has not had a significant amount of write-offs.

(k) Leases and asset retirement obligations

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

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

At the inception of each lease, we determine its appropriate classification as an operating or financing lease. The majority of our leases are operating leases. Operating lease assets and liabilities are recognized at the lease commencement date. Operating lease liabilities represent the present value of lease payments not yet paid. Operating lease right of use (“ROU”) assets represent

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our right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs and lease incentives. To determine the present value of lease payments not yet paid, we estimate incremental secured borrowing rates corresponding to the maturities of the leases based upon interpolated rates using our Notes.

The Company has an immaterial amount of non-real estate leases that are accounted for as finance leases under ASC 842.

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

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

Asset retirement obligations

In accordance with ASC Topic 410, *Asset Retirement and Environmental Obligations*, the Company establishes assets and liabilities for the present value of estimated future costs to return certain leased facilities to their original condition. Such assets are depreciated on a straight-line basis over the lease period into operating expense, and the recorded liabilities are accreted to the future value of the estimated restoration costs.

(l) Property and equipment

Property and equipment is recorded at cost and depreciated using the straight-line method over its related estimated useful life. Leasehold improvements are amortized over the shorter of the expected lease term or the estimated useful life of the related asset. Upon sale or retirement, the asset cost and related accumulated depreciation are removed from the respective accounts, and any related gain or loss is reflected in the consolidated statements of operations. Ordinary maintenance and repair costs are expensed as incurred. The estimated useful lives of the Company's fixed assets by class of asset are as follows:

	Years
Buildings and building improvements	20–40
Information technology and systems	3-5
Furniture and fixtures	5
Leasehold improvements	Useful life or term of lease whichever is shorter
Fitness equipment	5–7
Vehicles	5

(m) Advertising expenses

The Company expenses advertising costs as incurred. Advertising expenses for our corporate-owned stores are included within store operations and selling, general and administrative expenses and totaled $21,258, $15,132, and $13,749 for the years ended December 31, 2021, 2020 and 2019, respectively. See Note 4 for discussion of the national advertising fund.

(n) Goodwill, long-lived assets, and other intangible assets

Goodwill and other intangible assets that arise from acquisitions are recorded in accordance with ASC Topic 350, *Intangibles—Goodwill and Other*. In accordance with this guidance, specifically identified intangible assets must be recorded as a separate asset from goodwill if either of the following two criteria is met: (1) the intangible asset acquired arises from contractual or other legal rights; or (2) the intangible asset is separable. Intangibles are typically trade and brand names, customer relationships, and reacquired franchise rights. Transactions are evaluated to determine whether any gain or loss on reacquired franchise rights, based on their fair value, should be recognized separately from identified intangibles. Goodwill is the excess of the purchase price over the fair value of identifiable net assets acquired in a business combination.

Goodwill and indefinite-lived intangible assets are not amortized, but are reviewed annually for impairment or more frequently if impairment indicators arise. Separable intangible assets that are not deemed to have an indefinite life are amortized over their estimated useful lives on either a straight-line or accelerated basis as deemed appropriate, and are reviewed for impairment when events or circumstances suggest that the assets may not be recoverable.

The Company performs its annual test for impairment of goodwill and indefinite lived intangible assets on December 31 of each year. The annual goodwill test begins with a qualitative assessment, where qualitative factors and their impact on critical

inputs are assessed to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If the Company determines that a reporting unit has an indication of impairment based on the qualitative assessment, it is required to perform a quantitative assessment**.** During the periods presented, the Company did not need to proceed beyond the qualitative analysis, and no goodwill impairments were recorded.

For indefinite lived intangible assets, the impairment assessment consists of comparing the carrying value of the asset to its estimated fair value. To the extent that the carrying value exceeds the fair value of the asset, an impairment is recorded to reduce the carrying value to its fair value. The Company is also permitted to make a qualitative assessment of whether it is more likely than not an indefinite lived intangible asset's fair value is less than its carrying value prior to applying the quantitative assessment. If based on the Company's qualitative assessment it is not more likely than not that the carrying value of the asset is less than its fair value, then a quantitative assessment is not required.

During the periods presented, the Company did not need to proceed beyond the qualitative analysis, and determined that no impairment charges were required.

The Company applies the provisions of ASC Topic 360, *Property, Plant and Equipment*, which requires that long-lived assets, including amortizable intangible assets, be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group to be tested for impairment, then assets are required to be grouped and evaluated at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset or asset group to the undiscounted future net cash flows expected to be generated by the asset or asset group. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. There were no assets that were impaired during any of the periods presented.

(o) Income taxes

The Company accounts for income taxes using the asset and liability method. Deferred income taxes are recognized for the expected future tax consequences attributable to temporary differences between the carrying amount of the existing tax assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using enacted tax rates expected to be applied in the years in which temporary differences are expected to be recovered or settled. The principal items giving rise to temporary differences are the use of accelerated depreciation and certain basis differences resulting from acquisitions and the recapitalization transactions. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Planet Fitness, Inc. is the sole managing member of Pla-Fit Holdings, which is treated as a partnership for U.S. federal and most applicable state and local income tax purposes. 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 Planet Fitness, Inc. following the recapitalization transactions, on a pro rata basis. Planet Fitness, Inc. is subject to U.S. federal income taxes, in addition to state and local income taxes with respect to our allocable share of any taxable income of Pla-Fit Holdings. The Company is also subject to taxes in foreign jurisdictions.

The Company recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs (see Note 16).

(p) 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, LLC who are unaffiliated with TSG (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 sales 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 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

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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.

Based on current projections, the Company anticipates having sufficient taxable income to utilize these tax attributes and receive corresponding tax deductions in future periods. Accordingly, as of December 31, 2021 the Company has recorded a liability of $528,107 payable to the TRA Holders under the tax benefit obligations, representing approximately 85% of the calculated tax savings based on the original basis adjustments the Company anticipates being able to utilize in future years. Changes in the projected liability resulting from these tax benefit arrangements may occur based on changes in anticipated future taxable income, changes in applicable tax rates or other changes in tax attributes that may occur and impact the expected future tax benefits to be received by the Company. Changes in the projected liability under these tax benefit arrangements will be recorded as a component of other income (expense) each period. The projection of future taxable income involves significant judgment. Actual taxable income may differ from estimates, which could significantly impact the liability under the tax benefit arrangements and the Company's consolidated results of operations.

(q) Fair value

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

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

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

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

The carrying value and estimated fair value of long-term debt as of December 31, 2021 and 2020 were as follows:

	December 31, 2021		December 31, 2020	
	Carrying value	Estimated fair value[1]	Carrying value	Estimated fair value[1]
Long-term debt	$ 1,700,000	$ 1,725,021	$ 1,717,500	$ 1,699,749
2018 Variable Funding Notes	$ 75,000	$ 75,000	$ 75,000	$ 75,000

(1) The Company's 2018 Variable Funding Notes are a variable rate loan and the fair value of this loan approximates book value based on the borrowing rates currently available for variable rate loans obtained from third party lending institutions. The estimated fair value of our fixed rate long-term debt is estimated primarily based on current bid prices for our long-term debt. Judgment is required to develop these estimates. As such, the fair value of our long-term debt is classified within Level 2, as defined under U.S. GAAP.

(r) Financial instruments

The carrying values of cash and cash equivalents, restricted cash, accounts receivable and accounts payable approximate fair value because of the short-term nature of these instruments.

(s) Investments

The Company's investments consist of held-to-maturity investments in debt securities and equity method investments. Held-to-maturity investment securities are financial instruments for which the Company has the intent and ability to hold to maturity. Held-to-maturity securities are reported at amortized cost. We reserve for expected credit losses on our held-to-maturity debt securities through the allowance for expected credit losses. The allowance for expected credit losses estimate reflects a lifetime loss estimate and is based on historical loss information for assets with similar risk characteristics, adjusted for management's expectations. Adjustments for management's expectations may be based on factors such as investee earnings performance, recent financing rounds at reduced valuations, changes in the regulatory, economic or technological environment of an investee or doubt about an investee's ability to continue as a going concern. An increase or a decrease in the allowance for expected credit losses is recorded through other gain (loss) as a credit loss expense or a reversal thereof. The allowance for expected credit losses is presented as a deduction from the amortized cost. A held-to-maturity investment security is written off when deemed uncollectible.

The Company accounts for investments under the equity method if it holds less than 50% of the voting stock, has the ability to exercise significant influence, and is not a VIE in which the Company is the primary beneficiary. These investments are recorded initially at cost and the carrying amount is adjusted to reflect the Company's share of earnings or losses of the investee.

(t) Equity-based compensation

The Company has an equity-based compensation plan under which it receives services from employees and directors as consideration for equity instruments of the Company. The compensation expense is determined based on the fair value of the award as of the grant date. Compensation expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are satisfied. For awards with graded vesting, the fair value of each tranche is recognized over its respective vesting period. For awards with performance targets, the Company recognizes compensation expense ratably over the required service period based on its estimate of the number of shares will vest upon achieving the measurement criteria. The Company accounts for forfeitures as they occur by reversing compensation cost for unvested awards when the award is forfeited. See Note 14 for further information.

(u) Business combinations

The Company accounts for business combinations using the purchase method of accounting which results in the assets acquired and liabilities assumed being recorded at fair value.

The valuation methodologies used are based on the nature of the asset or liability. The significant assets and liabilities measured at fair value include property and equipment, intangible assets, including trade names, member relationships and re-acquired franchise rights, deferred revenue and favorable and unfavorable leases.

The fair value of trade and brand names is estimated using the relief from royalty method, an income approach to valuation, which includes projecting future system-wide sales and other estimates. Membership relationships and franchisee relationships are valued based on an estimate of future revenues and costs related to the respective contracts over the remaining expected lives. The valuation includes assumptions related to the projected attrition and renewal rates on those existing franchise and membership arrangements being valued. Re-acquired franchise rights are valued using an excess earnings approach. The valuation of re-acquired franchise rights is determined using an estimation of future royalty income and related expenses associated with existing franchise contracts at the acquisition date. For re-acquired franchise rights with terms that are either favorable or unfavorable (from the Company's perspective) to the terms included in the Company's current franchise agreements, a gain or charge is recorded at the time of the acquisition to the extent of the favorability or unfavorability, respectively. Favorable and unfavorable operating leases are recorded based on differences between contractual rents under the respective lease agreements and prevailing market rents at the lease acquisition date, and are recorded as a component of the ROU asset. Deferred revenue is valued based on estimated costs to fulfill the obligations assumed, plus a normal profit margin. No deferred revenue amounts are recognized for enrollment fees in the Company's business combinations as there is no remaining obligation.

The Company considers its trade and brand name intangible assets to have an indefinite useful life, and, therefore, these assets are not amortized but rather are tested for impairment annually as discussed above. Amortization of re-acquired franchise rights and franchisee relationships is recorded over the respective franchise terms using the straight-line method which the Company believes approximates the period during which the related benefits are expected to be received. Member relationships are

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amortized on an accelerated basis based on expected attrition. Favorable and unfavorable operating leases are amortized into rental expense over the lease term of the respective leases using the straight-line method.

(v) Guarantees

The Company, as a guarantor, is required to recognize, at inception of the guaranty, a liability for the fair value of the obligation undertaken in issuing the guarantee. See Note 17 for further discussion of such obligations guaranteed.

(w) Contingencies

The Company records estimated future losses related to contingencies when such amounts are probable and estimable. The Company includes estimated legal fees related to such contingencies as part of the accrual for estimated future losses.

(x) Reclassifications

Certain amounts have been reclassified to conform to current year presentation.

(y) Recent accounting pronouncements

The FASB issued ASU No. 2017-4, *Simplifying the Test for Goodwill Impairment*, in January 2017. This guidance eliminates the requirement to calculate the implied fair value, essentially eliminating step two from the goodwill impairment test. The new standard requires goodwill impairment to be based upon the results of step one of the impairment test, which is defined as the excess of the carrying value of a reporting unit over its fair value. The impairment charge will be limited to the amount of goodwill allocated to that reporting unit. The Company adopted the new guidance on January 1, 2020, with no material impact on the Company's consolidated financial statements.

The FASB issued ASU No. 2018-15, *Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, in August 2018. The guidance helps align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The Company adopted the new guidance on January 1, 2020, with no material impact on the Company's consolidated financial statements.

The FASB issued ASU No. 2019-12, *Simplifying the Accounting for Income Taxes*, in December 2019. The guidance simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The Company adopted the new guidance on January 1, 2021, with no material impact on the Company's consolidated financial statements.

The FASB issued ASU No. 2021-08, *Accounting for Contract Assets and Contract Liabilities from Contracts with Customers,* in October, 2021. The guidance improves the accounting for acquired revenue contracts with customers in a business combination. This guidance will be effective for fiscal years beginning after December 15, 2022, including interim periods within that year, with early adoption permitted. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

(3) Variable interest entities

The carrying values of certain VIEs included in the consolidated financial statements as of December 31, 2021 and December 31, 2020 are as follows:

	December 31, 2021		December 31, 2020	
	Assets	Liabilities	Assets	Liabilities
PF Melville	$ 2,363	$ —	$ 2,523	$ —
MMR	$ 1,991	—	$ 2,099	—
Total	$ 4,354	$ —	$ 4,622	$ —

As discussed in Note 2, the NAF is also a VIE and is included in the Consolidated financial statements. See Note 4 for additional information on the NAF.

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

(4) National advertising fund

On July 26, 2011, the Company established the NAF for the creation and development of marketing, advertising, and related programs and materials for all Planet Fitness stores located in the United States and Puerto Rico. On behalf of the NAF, the Company collects approximately 2% annually of gross monthly membership billings from franchisees, in accordance with the provisions of the franchise agreements, which is reflected as NAF revenue on the consolidated statements of operations (see Note 2). The Company also contributes 2% annually of monthly membership billings from stores owned by the Company to the NAF, which is reflected in store operations expense in the consolidated statements of operations. The use of amounts received by the NAF is restricted to advertising, product development, public relations, merchandising, and administrative expenses and programs to increase sales and further enhance the public reputation of the Planet Fitness brand. The Company consolidates and reports all assets and liabilities held by the NAF within the consolidated financial statements. Amounts received or receivable by the NAF, which are restricted in their use, are recorded within current assets and current liabilities on the consolidated balance sheets. The Company provides administrative services to the NAF and charges the NAF a fee for providing those services. These services include accounting, information technology, data processing, product development, legal and administrative support, and other operating expenses, which amounted to $1,997, $793 and $2,177 for the years ended December 31, 2021, 2020 and 2019, respectively. Fees paid to the Company by the NAF are reflected as expense in the NAF expense caption on the consolidated statement of operations, and reflected as a corresponding reduction in general and administrative expenses in the consolidated statements of operations.

Assets and liabilities of the NAF, which are restricted in their use, included in the Consolidated Balance Sheets were as follows:

	December 31, 2021	December 31, 2020
Assets		
Cash & cash equivalents	$ 15,754	$ 11,281
Other current assets	388	357
Total current assets	$ 16,142	$ 11,638
Liabilities		
Accounts payable	$ 175	$ 7,022
Accrued expenses and other current liabilities	16,240	4,451
Deferred revenue - current	—	417
Total current liabilities	$ 16,415	$ 11,890

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(5) Acquisition

New Jersey Acquisition

On December 16, 2019, the Company purchased from one of its franchisees certain assets associated with twelve franchisee-owned stores in New Jersey for a cash payment of $37,812. As a result of the transaction, the Company incurred a loss on unfavorable reacquired franchise rights of $1,810. The loss incurred reduced the net purchase price to $36,002. The Company financed the purchase through cash on hand. The acquired stores are included in the Corporate-owned stores segment.

The purchase consideration was allocated as follows:

	Amount
Fixed assets	$ 3,044
Reacquired franchise rights	9,480
Customer relationships	940
Favorable leases, net	1,508
Reacquired area development rights	90
Other assets	314
Goodwill	21,069
Liabilities assumed, including deferred revenues	(443)
	$ 36,002

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

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

Maine Acquisition

On May 30, 2019, the Company purchased from one of its franchisees certain assets associated with four franchisee-owned stores in Maine for a cash payment of $14,801. The Company financed the purchase through cash on hand. The acquired stores are included in the Corporate-owned stores segment.

The purchase consideration was allocated as follows:

	Amount
Fixed assets	$ 999
Reacquired franchise rights	6,740
Customer relationships	30
Unfavorable leases, net	(140)
Other assets	78
Goodwill	7,239
Liabilities assumed, including deferred revenues	(145)
	$ 14,801

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

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

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

(6) Property and equipment

Property and equipment as of December 31, 2021 and 2020 consists of the following:

	December 31, 2021	December 31, 2020
Land	$ 1,341	$ 1,341
Equipment	66,369	57,687
Leasehold improvements	146,810	115,619
Buildings and improvements	8,589	8,589
Furniture & fixtures	29,409	23,836
Information technology and systems assets	62,803	48,552
Other	2,463	2,615
Construction in progress	8,199	10,158
	$ 325,983	$ 268,397
Accumulated depreciation	(152,296)	(107,720)
Total	$ 173,687	$ 160,677

The Company recorded depreciation expense of $46,123, $36,943, and $27,987 for the years ended December 31, 2021, 2020 and 2019, respectively.

(7) Investments

Investments - Debt securities

As of December 31, 2021, the Company's debt security investments consist of redeemable preferred shares that are accounted for as held-to-maturity debt securities. The Company's investments are measured at amortized cost within Investments in the condensed consolidated balance sheets. The Company reviews its held-to-maturity securities for expected credit losses under ASC Topic 326, *Credit Impairment*, on an ongoing basis.

During the year ended December 31, 2021, the Company's review of the investee's operations and financial position indicated that the establishment of an allowance for expected credit losses was necessary. The Company utilized a probability-of-default ("PD") and loss-given-default ("LGD") methodology to calculate the allowance for expected credit losses. The Company derived its estimate using historical lifetime loss information for assets with similar risk characteristics, adjusted for management's expectations. Adjustments for management's expectations were based on the investees recent financial results, current financial position, and forward-looking financial forecasts. Based upon the analysis, the Company recorded a credit loss expense of $17,462 within other loss on the consolidated statements of operations.

The amortized cost, including accrued dividends, of the Company's held-to-maturity debt security investments was $26,401 and $0 and the allowance for expected credit losses was $17,462 and $0, as of December 31, 2021 and December 31, 2020, respectively. During the year ended December 31, 2021, the Company recognized dividend income of $1,401 within other income (expense) on the consolidated statements of operations.

As of December 31, 2021, all of the Company's held-to-maturity investments had a contractual maturity in 2026.

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

	Year Ended December 31, 2021	Year Ended December 31, 2020
Beginning allowance for expected credit losses	$ —	$ —
Credit loss expense	17,462	—
Write-offs, net of recoveries	—	—
Ending allowance for expected credit losses	$ 17,462	$ —

Equity method investments

On April 9, 2021, the Company acquired a 21% ownership in Planet Fitness Australia Holdings, the Company's franchisee and store operator in Australia, which is deemed to be a related party, for $10,000. For the year ended December 31, 2021, the Company's proportionate share of the equity method earnings was a loss of $179.

(8) Leases

Leases	Classification	December 31, 2021	December 31, 2020
Assets			
Operating lease assets	Right of use asset, net	$ 190,330	$ 164,252
Finance lease assets	Property and equipment, net of accumulated depreciation	222	306
Total lease assets		$ 190,552	$ 164,558
Liabilities			
Current:			
Operating	Other current liabilities	$ 22,523	$ 19,544
Noncurrent:			
Operating	Lease liabilities, net of current portion	197,682	167,910
Financing	Other liabilities	230	327
Total lease liabilities		$ 220,435	$ 187,781
Weighted-average remaining lease term (years) - operating leases		8.7	8.7
Weighted-average discount rate - operating leases		5.0 %	5.1 %

For the years ended December 31, 2021, 2020 and 2019, the components of lease cost were as follows:

	December 31, 2021	December 31, 2020	December 31, 2019
Operating lease cost	$ 29,012	$ 26,255	$ 20,635
Variable lease cost	11,317	10,324	8,323
Total lease cost	$ 40,329	$ 36,579	$ 28,958

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 for the years ended December 31, 2021, 2020 and 2019:

	December 31, 2021	December 31, 2020	December 31, 2019
Cash paid for lease liabilities	$ 28,126	$ 24,091	$ 19,502
Operating assets obtained in exchange for operating lease liabilities	$ 48,651	$ 33,140	$ 43,016

As of December 31, 2021, maturities of lease liabilities were as follows:

	Amount
2022	$ 32,479
2023	33,192
2024	33,544
2025	33,007
2026	30,238
Thereafter	111,718
Total lease payments	$ 274,178
Less: imputed interest	53,743
Present value of lease liabilities	$ 220,435

As of December 31, 2021, operating lease payments exclude approximately $13,194 of legally binding minimum lease payments for leases signed but not yet commenced.

(9) Goodwill and intangible assets

A summary of goodwill and intangible assets at December 31, 2021 and 2020 is as follows:

December 31, 2021	Weighted average amortization period (years)	Gross carrying amount	Accumulated amortization	Net carrying Amount
Customer relationships	11.0	$ 174,033	(137,699)	$ 36,334
Reacquired franchise rights	8.0	38,158	(20,155)	18,003
		$ 212,191	$ (157,854)	$ 54,337
Indefinite-lived intangible:				
Trade and brand names	N/A	146,600	—	146,600
Total intangible assets		$ 358,791	$ (157,854)	$ 200,937
Goodwill		$ 228,569	$ —	$ 228,569

December 31, 2020	Weighted average amortization period (years)	Gross carrying amount	Accumulated amortization	Net carrying Amount
Customer relationships	11.0	$ 174,033	(124,907)	$ 49,126
Reacquired franchise rights	8.0	37,660	(16,311)	21,349
		$ 211,693	$ (141,218)	$ 70,475
Indefinite-lived intangible:				
Trade and brand names	N/A	146,600	—	146,600
Total intangible assets		$ 358,293	$ (141,218)	$ 217,075
Goodwill		$ 227,821	$ —	$ 227,821

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

A rollforward of goodwill during the years ended December 31, 2021 and 2020 is as follows:

	Franchise	Corporate-owned stores	Equipment	Total
As of December 31, 2019	$ 16,938	$ 118,217	$ 92,666	$ 227,821
Acquisition of franchisee-owned stores	—	—	—	—
As of December 31, 2020	$ 16,938	$ 118,217	$ 92,666	$ 227,821
Acquisition of franchisee-owned stores	—	748	—	748
As of December 31, 2021	$ 16,938	$ 118,965	$ 92,666	$ 228,569

The Company determined that no impairment charges were required during any periods presented, and the increase to goodwill was due to the acquisition of two franchisee-owned stores in 2021.

Amortization expense related to the intangible assets totaled $16,677, $16,888, and $16,359 for the years ended December 31, 2021, 2020 and 2019, respectively. The anticipated annual amortization expense to be recognized in future years as of December 31, 2021 is as follows:

	Amount
2022	$ 16,808
2023	16,639
2024	14,148
2025	3,146
2026	1,804
Thereafter	1,792
Total	$ 54,337

(10) Long-term debt

Long-term debt as of December 31, 2021 and 2020 consists of the following:

	December 31, 2021	December 31, 2020
2018-1 Class A-2-I notes	$ 556,312	$ 562,063
2018-1 Class A-2-II notes	604,688	610,938
2019-1 Class A-2 notes	539,000	544,500
2018 Variable Funding Notes	75,000	75,000
Total debt, excluding deferred financing costs	1,775,000	1,792,501
Deferred financing costs, net of accumulated amortization	(17,227)	(23,575)
Total debt	1,757,773	1,768,926
Current portion of long-term debt and 2018 Variable Funding Note	17,500	17,500
Long-term debt and borrowings under 2018 Variable Funding Notes, net of current portion	$ 1,740,273	$ 1,751,426

On February 10, 2022, the Company completed a prepayment in full of its 2018-1 Class A-2-I Notes (as defined below) and an issuance of Series 2022-1 3.251% Fixed Rate Senior Secured Notes, Class A-2-I and Series 2022-1 4.008% Fixed Rate Senior Secured Notes, Class A-2-II, 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"). On February 10, 2022, the Company borrowed in 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. The below footnote details are as of December 31, 2021 and do not include the impact of the refinancing. See Note 21, Subsequent Events, for further details of the refinancing.

On August 1, 2018, Planet Fitness Master Issuer LLC (the "Master Issuer"), a limited-purpose, bankruptcy remote, wholly-owned indirect subsidiary of Pla-Fit Holdings, LLC, entered into a base indenture and a related supplemental indenture (collectively, the "2018 Indenture") under which the Master Issuer may issue multiple series of notes. On the same date, the

Master Issuer issued Series 2018-1 4.262% Fixed Rate Senior Secured Notes, Class A-2-I (the "2018 Class A-2-I Notes") with an initial principal amount of $575,000 and Series 2018-1 4.666% Fixed Rate Senior Secured Notes, Class A-2-II (the "2018 Class A-2-II Notes" and, together with the 2018 Class A-2-I Notes, the "2018 Notes") with an initial principal amount of $625,000. In connection with the issuance of the 2018 Notes, the Master Issuer also entered into a revolving financing facility that allows for the incurrence of up to $75,000 in revolving loans and/or letters of credit under the Master Issuer's Series 2018-1 Variable Funding Senior Notes, Class A-1 (the "2018 Variable Funding Notes"). The Company fully drew down on the 2018 Variable Funding Notes on March 20, 2020. Outstanding amounts under the 2018 Variable Funding Notes bear interest at a variable rate, which is 2.15% as of December 31, 2021. 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 "Indenture"). Together the Notes and 2018 Variable Funding Notes will be referred to as the "Securitized Senior Notes".

The Notes were issued in a securitization transaction pursuant to which most of the Company's domestic revenue-generating assets, consisting principally of franchise-related agreements, certain corporate-owned store assets, equipment supply agreements and intellectual property and license agreements for the use of intellectual property, were assigned to the Master Issuer and certain other limited-purpose, bankruptcy remote, wholly-owned indirect subsidiaries of the Company that act as guarantors of the 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 Notes is in September 2048, but as of December 31, 2021, unless earlier prepaid to the extent permitted under the Indenture, the anticipated repayment date of the 2018 Class A-2-I Notes was September 2022 and the anticipated repayment date of the 2018 Class A-2-II Notes is in 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 December 2029 (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 2018 Variable Funding Notes on March 20, 2020. The 2018 Variable Funding Notes accrue interest at a variable interest rate based on (i) the prime rate, (ii) overnight federal funds rates, (iii) the London interbank offered rate for U.S. Dollars, or (iv) with respect to advances made by conduit investors, the weighted average cost of, or related to, the issuance of commercial paper allocated to fund or maintain such advances, in each case plus any applicable margin and as specified in the 2018 Variable Funding Notes. There is a commitment fee on the unused portion of the 2018 Variable Funding Notes of 0.5% based on utilization. As of December 31, 2021, the anticipated repayment date of the Variable Funding Notes was September 2023. Following the anticipated repayment date (and any extensions thereof) additional interest will accrue on the 2018 Variable Funding Notes equal to 5.0% per year.

In connection with the issuance of the 2018 Notes and 2019 Notes, the Company incurred debt issuance costs of $27,133 and $10,577, 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.

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

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

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 December 31, 2021, the Company had restricted cash held by the Trustee of $42,024. Restricted cash has been combined with cash and cash equivalents when reconciling the beginning and end of period balances in the consolidated statements of cash flows.

Future annual principal payments of long-term debt as of December 31, 2021 are as follows:

	Amount
2022	$ 568,063
2023	86,750
2024	11,750
2025	591,437
2026	5,500
Thereafter	511,500
Total	$ 1,775,000

(11) Revenue from contracts with customers

Contract Liabilities

Contract liabilities consist of deferred revenue resulting from initial and successor franchise fees and ADA fees paid by franchisees, as well as transfer fees, which are generally recognized on a straight-line basis over the term of the underlying franchise agreement. Also included are corporate-owned store enrollment fees, annual fees and monthly fees. We classify these contract liabilities as deferred revenue in our condensed consolidated balance sheets. The following table reflects the change in contract liabilities between December 31, 2020 and December 31, 2021:

	Contract liabilities
Balance at December 31, 2020	$ 59,278
Revenue recognized that was included in the contract liability at the beginning of the year	(25,139)
Increase, excluding amounts recognized as revenue during the period	27,640
Balance at December 31, 2021	$ 61,779

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 December 31, 2021. 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.

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

Contract liabilities to be recognized in:	Amount
2022	$ 28,351
2023	4,541
2024	3,815
2025	3,446
2026	3,023
Thereafter	18,603
Total	$ 61,779

The summary set forth below represents the balances in deferred revenue as of December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Prepaid membership fees	$ 6,491	$ 6,021
Enrollment fees	1,257	399
Equipment discount	3,152	4,013
Annual membership fees	13,591	12,506
Area development and franchise fees	37,288	36,339
Total deferred revenue	61,779	59,278
Long-term portion of deferred revenue	33,428	32,587
Current portion of deferred revenue	$ 28,351	$ 26,691

Equipment deposits received in advance of delivery as of December 31, 2021 and 2020 were $6,036 and $795, respectively and are expected to be recognized as revenue in the next twelve months.

(12) Related party transactions

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

	For the Year Ended December 31,		
	2021	2020	2019
Franchise revenue	$ 2,840	$ 1,783	$ 2,821
Equipment revenue	1,626	515	3,333
Total revenue from related parties	$ 4,466	$ 2,298	$ 6,154

Additionally, the Company had deferred ADA revenue from related parties of $164 and $182 as of December 31, 2021 and 2020, respectively.

As of December 31, 2021 and 2020, the Company had $84,595 and $71,416, respectively, payable to related parties pursuant to tax benefit arrangements, see Note 16.

The Company provides administrative services to the NAF and typically charges the NAF a fee for providing those services, but temporarily suspended charging these fees in June 2020 through December 31, 2020 as a result of COVID-19. The services provided include accounting, information technology, data processing, product development, legal and administrative support, and other operating expenses, which amounted $1,997, $793 and $2,177 for the years ended December 31, 2021, 2020 and 2019, respectively.

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 $220 and $196, during the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, the software was being utilized at 110 and 101 corporate-owned stores, respectively, and approximately 653 and 599 franchise stores, respectively.

For the years ended December 31, 2021, 2020 and 2019, the Company incurred approximately $173, $90 and $190, respectively, which is included within selling, general and administrative expense on the consolidated statements of operations, for corporate travel to a third-party company which is affiliated with our Chief Executive Officer.

In May 2020, the Company provided a short-term loan of approximately $8,950 to its third party payment processor related to amounts drafted by franchisee-owned stores in March 2020 that were not collected as part of the typical monthly process as a result of the impact of COVID-19. As of December 31, 2021, the loan has been fully repaid.

(13) 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.

Other Exchanges

In addition to the secondary offerings mentioned above, during the years ended December 31, 2021, 2020 and 2019, respectively, certain Continuing LLC Owners have exercised their exchange right and exchanged 622,979, 4,839,866 and 885,810 Holdings Units for 622,979, 4,839,866 and 885,810 newly-issued shares of Class A common stock. Simultaneously, and in connection with these exchanges, 622,979, 4,839,866 and 885,810 shares of Class B common stock were surrendered by the Continuing LLC Owners that exercised their exchange right and canceled in the years ended December 31, 2021 and 2020, respectively. Additionally, in connection with these exchanges, Planet Fitness, Inc. received 622,979, 4,839,866 and 885,810 Holdings Units, during the years ended December 31, 2021, 2020 and 2019 respectively, increasing its total ownership in Pla-Fit Holdings. Future exchanges of Holdings Units by the Continuing LLC Owners will result in a change in ownership and reduce the amount recorded as non-controlling interest and increase additional paid-in capital on our consolidated balance sheets.

As a result of the recapitalization transactions, the IPO, completion of our secondary offerings, and other exchanges and equity activity, as of December 31, 2021:

- the public investors collectively owned 83,803,821 shares of our Class A common stock, representing 96.5% of the voting power in the Company and, through the Company, 96.5% of the economic interest in Pla-Fit Holdings; and
- the Continuing LLC Owners collectively hold 3,056,219 Holdings Units, representing 3.5% of the economic interest in Pla-Fit Holdings and 3,056,219 shares of our Class B common stock, representing 3.5% of the voting power in the Company;

Share repurchase programs

2018 share repurchase program

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

On November 13, 2018, the Company entered into a $300,000 accelerated share repurchase agreement (the "2018 ASR Agreement") with Citibank, N.A. ("Citibank"). Pursuant to the terms of the 2018 ASR Agreement, on November 14, 2018, the Company paid Citibank $300,000 upfront in cash and received 4,607,410 shares of the Company's Class A common stock, which were retired, and the Company elected to record as a reduction to retained earnings of $240,000. Final settlement of the 2018 ASR Agreement occurred on April 30, 2019. At final settlement, Citibank delivered 524,124 additional shares of the Company's Class A common stock, based on a weighted average cost per share of $58.46 over the term of the 2018 ASR Agreement, which were retired. This was evaluated as an unsettled forward contract indexed to our own stock, with $60,000 classified as a reduction to retained earnings at the original date of payment.

Additionally, during the year ended December 31, 2019, the Company repurchased at market value and retired 2,272,001 shares of Class A common stock for a total cost of $157,945, completing the 2018 share repurchase plan.

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

2019 share repurchase program

On November 5, 2019, our board of directors approved a share repurchase program of up to $500,000.

On December 4, 2019, the Company entered into a $300,000 accelerated share repurchase agreement (the "2019 ASR Agreement") with JPMorgan Chase Bank, N.A. ("JPMC"). Pursuant to the terms of the 2019 ASR Agreement, on December 5, 2019, the Company paid JPMC $300,000 upfront in cash and received 3,289,924 shares of the Company's Class A common stock, which were retired, and the Company elected to record as a reduction to retained earnings of $240,000. Final settlement of the ASR Agreement occurred on March 2, 2020. At final settlement, JPMC delivered 666,961 additional shares of the Company's Class A common stock, based on a weighted average cost per share of $75.82 over the term of the 2019 ASR Agreement, which were retired. This was evaluated as an unsettled forward contract indexed to our own stock, with $60,000 classified as a reduction to retained earnings at the original date of payment.

On March 18, 2020, the Company announced the suspension of its 2019 share repurchase program. If the 2019 share repurchase program is reinstated, the timing of purchases and amount of stock repurchased will be subject to the Company's discretion and will depend on market and business conditions, the Company's general working capital needs, stock price, applicable legal requirements and other factors. Our ability to repurchase shares at any particular time is also subject to the terms of the Indenture governing the 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. The Company may reinstate or terminate the program at any time.

Dividends

The Company did not declare or pay any dividends during the years ended December 31, 2021, 2020, or 2019.

Preferred stock

The Company had 50,000,000 preferred stock shares authorized and none issued or outstanding for the years ended December 31, 2021 or 2020.

Sunshine Acquisition

Subsequent to year end, on February 10, 2022, the Company completed an acquisition of a franchisee for aggregate consideration of approximately $800,000 including approximately $425,000 in cash consideration and approximately $375,000 of equity consideration, including 517,348 shares of Class A Common Stock, par value $0.0001, of the Company and 3,637,678 membership units of Pla-Fit Holdings, LLC, together with shares of Class B Common Stock, par value $0.0001, of the Company. See Note 21 for further details.

(14) Equity-based compensation

2015 Omnibus Incentive Plan

In August 2015, the Company adopted the 2015 Omnibus Incentive Plan (the "2015 Plan") under which the Company may grant options and other equity-based awards to purchase up to 7,896,800 shares to employees, directors and officers.

Stock Options

Generally, stock options awarded vest annually, on a tranche by tranche basis, over a period of four years with a maximum contractual term of 10 years.

The fair value of stock option awards granted were determined on the grant date using the Black-Scholes valuation model based on the following assumptions:

	Year ended December 31,	
	2021	**2020**
Expected term (years)[1]	6.25	0.25 - 6.25
Expected volatility[2]	48.8% - 49.4%	28.5% - 139.8%
Risk-free interest rate[3]	1.05% - 1.21%	0.14% - 1.67%
Dividend yield[4]	— %	— %

(1) Expected term represents the estimated period of time until an award is exercised and was determined using the simplified method.

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

(2) Expected volatility is based on the historical volatility of a selected peer group over a period equivalent to the expected term.
(3) The risk-free rate is an interpolation of yields on U.S. Treasury securities with maturities equivalent to the expected term.
(4) Based on an assumed a dividend yield of zero at the time of grant.

A summary of stock option activity for the year ended December 31, 2021:

	Stock Options	Weighted average exercise price	Weighted average remaining contractual term (years)	Aggregate intrinsic value
Outstanding at January 1, 2021	965,636	$ 31.05		
Granted	196,652	$ 78.35		
Exercised	(308,389)	$ 23.91		
Forfeited	(21,574)	$ 69.76		
Outstanding at December 31, 2021	832,325	$ 43.86	6.7	$ 38,882
Vested or expected to vest at December 31, 2021	832,325	$ 43.86	6.7	$ 38,882
Exercisable at December 31, 2021	506,035	$ 26.95	5.5	$ 32,201

The weighted-average grant date fair value of stock options granted during the year ended December 31, 2021 was $37.51. During the years ended December 31, 2021 and 2020, $3,915 and $2,313, respectively, was recorded to selling, general and administrative expense related to stock options. As of December 31, 2021, total unrecognized compensation expense related to unvested stock options, was $4,865, which is expected to be recognized over a weighted-average period of 2.0 years.

Restricted stock units

Restricted Class A stock units ("RSUs") granted to members of the Board of Directors vest on the first anniversary of the grant date, provided that the recipient continues to serve on the Board of Directors through the vesting dates. RSUs are also granted to certain employees of the Company and generally vest annually, on a tranche by tranche basis, over a period of four years. RSU awards are valued using the intrinsic value method.

	Restricted stock units	Weighted average fair value	Weighted average remaining contractual term (years)	Aggregate intrinsic value
Unvested outstanding at January 1, 2021	86,031	$ 57.35		
Granted	99,917	$ 78.26		
Vested	(38,897)	$ 57.23		
Forfeited	(8,134)	$ 70.53		
Unvested outstanding at December 31, 2021	138,917	$ 71.65	2.0	$ 12,583

During the years ended December 31, 2021 and 2020, $4,568 and $2,426, respectively, was recorded to selling, general and administrative expense related to RSUs. As of December 31, 2021, total unrecognized compensation expense related to unvested RSUs was $4,832, which is expected to be recognized over a weighted-average period of 2.0 years.

Performance share units

Class A performance share units ("PSUs") are subject to a set of performance metrics that adjusts the quantity of awards earned from zero up to 200% of the original target quantity depending upon the Company's results at the end of the three year performance period against the performance metrics. These awards cliff-vest three years from the date of grant, and the Company recognizes compensation expense ratably over the required service period based on its estimate of the number of shares will vest upon achieving the measurement criteria. If there is a change in the estimate of the number of shares that are probable of vesting, the Company will cumulatively adjust compensation expense in the period that the change in estimate is made.

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

	Performance share units	Weighted average fair value	Weighted average remaining contractual term (years)	Aggregate intrinsic value
Unvested outstanding at January 1, 2021	65,629	$ 67.24		
Granted	—	$ —		
Vested	—	$ —		
Forfeited	(65,629)	$ 67.24		
Unvested outstanding at December 31, 2021	—	$ —	0.0	$ —

As a result of COVID-19, the performance metrics related to all outstanding PSU awards fell below the minimum threshold and as a result, the Company cancelled all the previously granted PSU awards. During the years ended December 31, 2021 and 2020, an expense of $0 and a gain of $355, respectively, was recorded to selling, general and administrative expense related to these PSUs. As of December 31, 2021, total unrecognized compensation expense related to unvested PSUs was $0.

2018 Employee stock purchase plan

The 2018 Employee Stock Purchase Plan (the "ESPP"), as adopted by the Board of Directors in March 2018, allows eligible employees to purchase shares of the Company's Class A common stock at a discount through payroll deductions of up to 10% of their eligible compensation, subject to any plan limitations. The ESPP provides for six-month offering periods, and at the end of each offering period, employees are able to purchase shares at 85% of the lower of the fair market value of the Company's Class A common stock on the first trading day of the offering period or on the last day of the offering period. As of December 31, 2021, a total of 1,000,000 shares of common stock were authorized and available for the issuance of equity awards under the ESPP. During the year ended December 31, 2021, employees purchased 12,231 shares and $322 was recorded to expense related to the ESPP.

(15) Earnings per share

Basic earnings per share of Class A common stock is computed by dividing net income or loss attributable to Planet Fitness, Inc. for the years ended December 31, 2021, 2020, and 2019, by the weighted-average number of shares of Class A common stock outstanding during the same periods. 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.

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

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

Basic net income per share:	**Year Ended December 31, 2021**	**Year Ended December 31, 2020**	**Year Ended December 31, 2019**
Numerator			
Net income (loss)	$ 46,122	$ (15,204)	$ 135,413
Less: net income (loss) attributable to non-controlling interests	3,348	(213)	17,718
Net income (loss) attributable to Planet Fitness, Inc. - basic & diluted	$ 42,774	$ (14,991)	$ 117,695
Denominator			
Weighted-average shares of Class A common stock outstanding - basic	83,295,580	80,303,277	82,976,620
Effect of dilutive securities:			
Stock options	540,381	—	599,425
RSUs and PSUs	58,188	—	43,135
Weighted-average shares of Class A common stock outstanding - diluted	83,894,149	80,303,277	83,619,180
Earnings (loss) per share of Class A common stock - basic	$ 0.51	$ (0.19)	$ 1.42
Earnings (loss) per share of Class A common stock - diluted	$ 0.51	$ (0.19)	$ 1.41

Potentially dilutive stock options of $528,464 and restricted stock units of $41,223 for the year ended December 31, 2020 were not included in the computation of diluted loss per share because the inclusion thereof would be antidilutive.

Weighted average shares of Class B common stock of 3,323,399, 6,292,971 and 8,739,015 for the years ended December 31, 2021, 2020 and 2019, 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 160,833, 162,740 and 57,273 for the years ended December 31, 2021, 2020 and 2019, respectively, were evaluated under the treasury stock method for potential dilutive effects and were determined to be anti-dilutive. Weighted average restricted stock units outstanding of 114, 548 and 755, for the year ended December 31, 2021, 2020 and 2019, respectively, were evaluated under the treasury stock method for potential dilutive effects and were determined to be anti-dilutive.

(16) Income taxes

Income (loss) before the provision for income taxes as shown in the accompanying consolidated statements of operations is as follows:

	Year Ended December 31,		
	2021	**2020**	**2019**
Domestic	$ 52,425	$ (13,382)	$ 171,970
Foreign	(465)	(1,135)	1,207
Total income (loss) before the provision for income taxes	51,960	(14,517)	173,177

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

The provision (benefit) for income taxes consists of the following:

	Year Ended December 31,		
	2021	2020	2019
Current:			
Federal	$ (314)	$ (6,938)	$ 7,359
State	4,197	256	8,280
Foreign	248	156	500
Total current tax expense (benefit)	4,131	(6,526)	16,139
Deferred:			
Federal	11,079	2,769	23,289
State	(9,750)	4,530	(1,346)
Foreign	199	(86)	(318)
Total deferred tax expense	1,528	7,213	21,625
Provision for income taxes	$ 5,659	$ 687	$ 37,764

The Company is the sole managing member of Pla-Fit Holdings, which is treated as a partnership for U.S. federal and certain state and local income taxes. As a partnership, Pla-Fit Holdings is not subject to U.S. federal and certain state and local income taxes. Any taxable income or loss generated by Pla-Fit Holdings is passed through to and included in the taxable income or loss of its members, including the Company, on a pro rata basis. Planet Fitness, Inc. is subject to U.S. federal income taxes, in addition to state and local income taxes with respect to our allocable share of any taxable income of Pla-Fit Holdings. The Company is also subject to taxes in certain foreign jurisdictions.

A reconciliation of the U.S. statutory income tax rate to the Company's effective tax rate is as follows:

	Year Ended December 31,		
	2021	2020	2019
U.S. statutory tax rate	21.0 %	21.0 %	21.0 %
State and local taxes, net of federal benefit	6.6 %	5.7 %	6.2 %
State rate change impact on deferred taxes	(22.7)%	(37.4)%	(4.1)%
Tax benefit arrangement liability adjustment	4.7 %	8.6 %	0.7 %
Foreign tax rate differential	0.7 %	(1.0)%	— %
Withholding taxes and other	0.6 %	(0.3)%	0.5 %
Change in valuation allowance	8.6 %	— %	— %
Equity-based compensation	(7.4)%	— %	(0.4)%
Income attributable to non-controlling interests	(1.2)%	(1.3)%	(2.1)%
Effective tax rate	10.9 %	(4.7)%	21.8 %

The Company's effective tax rate was 10.9% for the year ended December 31, 2021, in comparison to the U.S. statutory tax rate in 2021 of 21.0%. The effective tax rate differs from the U.S. statutory rate primarily due to an income tax benefit recorded in 2021 resulting from a change in our deferred tax rate, partially offset by the fact that we are subject to taxation in various state and local jurisdictions resulting in an increase in our effective tax rate.

The Company's effective tax rate was 10.9% for the year ended December 31, 2021, compared to (4.7)% in the prior year. The increase in the effective income tax rate was primarily due to having an income tax benefit on pretax income in 2021 compared to income tax expense on a pretax loss in 2020, partially offset by the impact of the remeasurement of the tax benefit arrangements, which is not deductible for income tax purposes.

Deferred income taxes are provided for the effects of temporary differences between the tax basis of an asset or liability and its reported amount in the accompanying consolidated balance sheets. These temporary differences result in taxable or deductible amounts in future years. Details of the Company's deferred tax assets and liabilities are summarized as follows:

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

	Year Ended December 31,	
	2021	2020
Deferred tax assets:		
Deferred revenue	$ 7,518	$ 5,829
Goodwill and intangible assets	487,752	479,627
Net operating loss	47,361	34,580
Lease liabilities	53,625	46,061
Valuation allowance	(4,630)	—
Other	11,209	3,295
Deferred tax assets	$ 602,835	$ 569,392
Deferred tax liabilities:		
Prepaid expenses	(2,244)	(2,591)
Property and equipment	(16,433)	(16,429)
Right of use assets	(44,894)	(40,053)
Total deferred tax liabilities	$ (63,571)	$ (59,073)
Total deferred tax assets and liabilities	$ 539,264	$ 510,319
Reported as:		
Deferred income taxes - non-current assets	$ 539,264	$ 511,200
Deferred income taxes - non-current liabilities	—	(881)
Total deferred tax assets and liabilities	$ 539,264	$ 510,319

As of December 31, 2021, we had a net deferred tax asset of $539,264, primarily resulting from tax attributes generated from past exchanges and sales of Holdings Units which will reduce taxable income in future periods. Substantially all of our deferred tax assets are deemed to be more likely than not to be realized. In assessing the need for a valuation allowance, we consider, among other things, our recent history of generating positive income before taxes, projections of future taxable income and ongoing prudent and feasible tax planning strategies. As of December 31, 2021, the Company has provided a valuation allowance of $4,630 against the portion of its deferred tax assets that arose from capital losses for which the Company does not have sufficient positive evidence to support its recoverability.

As of December 31, 2021, the Company had federal net operating loss carryforwards of $190,900, with an indefinite lived carryforward.

A summary of the changes in the Company's unrecognized tax positions is as follows:

	Year Ended December 31,	
	2021	2020
Balance at beginning of year	$ 420	$ 420
Increase related to current year tax positions	—	—
Decrease related to prior year tax positions	—	—
Balance at end of year	$ 420	$ 420

As of December 31, 2021 and 2020, the total liability related to uncertain tax positions was $420, and is included within other liabilities on our consolidated balance sheets. The table above presents a reconciliation of the beginning and ending balances of the liability for unrecognized tax benefits, excluding interest and penalties, for the years ended December 31, 2021 and 2020.

The Company and its subsidiaries file U.S. federal income tax returns, as well as tax returns in various state and foreign jurisdictions. Generally, the tax years 2018 through 2021 remain open to examination by the tax authorities in these jurisdictions.

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

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 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 sales 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 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. The Company recorded other expense of $11,737, other income of $5,949 and other expense of $5,966 in the years ended December 31, 2021, 2020 and 2019, respectively, reflecting a change in the tax benefit obligation attributable to a change in the expected tax benefits. In each year, the remeasurement was primarily due to various state tax legislation changes enacted in the year and in 2019 was also due to acquisitions which resulted in an increase in the amount of income apportioned to various states in future periods and accordingly resulted in a decrease to the tax benefit arrangement liability.

In connection with the exchanges that occurred in the secondary offerings and other exchanges during 2021 and 2020, 622,979 and 4,839,866 Holdings Units, respectively, were redeemed by the Continuing LLC Owners for newly-issued shares of Class A common stock, resulting in an increase in the tax basis of the net assets of Pla-Fit Holdings subject to the provisions of the tax receivable agreements. As a result of the change in Planet Fitness, Inc.'s ownership percentage of Pla-Fit Holdings that occurred in conjunction with the exchanges, we recorded a decrease to our net deferred tax assets of $468 and $3,490, during the years ended December 31, 2021 and 2020, respectively. As a result of these exchanges and other activity, during the years ended December 31, 2021 and 2020 we also recognized deferred tax assets in the amount of $17,714 and $109,823, respectively, and corresponding tax benefit arrangement liabilities of $15,034 and $93,554, respectively, representing approximately 85% of the tax benefits due to the TRA Holders. The offset to the entries recorded in connection with exchanges in each year was to stockholders' equity.

The tax benefit obligation was $528,107 and $488,200 as of December 31, 2021 and 2020, respectively.

Projected future payments under the tax benefit arrangements are as follows:

	Amount
2022	$ 20,302
2023	35,303
2024	41,992
2025	51,861
2026	52,192
Thereafter	326,457
Total	$ 528,107

(17) Commitments and contingencies

(a) Legal matters

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 September 3, 2020, the Company and other defendants, including an officer of the Company who is a related party, received a final amendment to the joint and several judgment against them in the amount of $5,576, inclusive of accrued interest, in a civil action brought by a former employee. As of December 31, 2021, the Company has estimated its obligation related to this matter to be approximately $2,225, which is included in other current liabilities on the condensed consolidated balance sheet. In connection with 2012 acquisition of Pla-Fit Holdings on November 8, 2012, the sellers are obligated to indemnify the Company related to this specific matter. The Company has therefore recorded an offsetting indemnification receivable of $2,225 in other receivables on the Company's condensed consolidated balance sheet, for which it has determined to record a full reserve as a result of potential uncertainty around collectability. Due to the joint and several nature of the judgment, the Company has

determined that the amount of estimated obligation recorded constitutes a related party transaction. The Company has incurred, and may incur in the future, legal costs on behalf of the defendants in the case, which include a related party. These costs have not been and are not expected to be material in the future.

On December 31, 2020, the Company reached agreement on the settlement of certain legal claims for $3,800 and recorded this amount as expense in other gain (loss) in our consolidated statements of operations in the year ended December 31, 2020.

Mexico Acquisition

On March 19, 2020, a franchisee in Mexico exercised a put option that requires the Company to acquire their franchisee-owned stores in Mexico. The transaction has not closed as of December 31, 2021 as the parties are in dispute over the final terms of the transaction and related matters. The Company estimates that the purchase price will approximate fair value of the acquired assets.

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.

(b) Purchase commitments

As of December 31, 2021, the Company had advertising purchase commitments of approximately $60,700, including commitments made by the NAF. In addition, the Company had open purchase orders of approximately $19,694 primarily related to equipment to be sold to franchisees.

(c) Guarantees

The Company historically guaranteed lease agreements for certain franchisees and in 2019, in connection with a real estate partnership, the Company began guaranteeing certain leases of its franchisees up to a maximum period of ten years, with earlier expiration dates if certain conditions are met. The Company's maximum obligation, as a result of its guarantees of leases, is approximately $6,670 and $7,842 as of December 31, 2021 and 2020, respectively, and would only require payment upon default by the primary obligor. The Company has determined the fair value of these guarantees at inception is not material, and as of December 31, 2021 and 2020, no accrual has been recorded for the Company's potential obligation under its guaranty arrangement.

(18) Retirement Plan

The Company maintains a 401(k) deferred tax savings plan (the Plan) for eligible employees. The Plan provides for the Company to make an employer matching contribution currently equal to 100% of employee deferrals up to a maximum of 4% of each eligible participating employees' wages. Total employer matching contributions expensed in the consolidated statements of operations were approximately $846, $910, and $986 for the years ended December 31, 2021, 2020 and 2019, respectively.

(19) 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. The Company records all revenues and expenses of the NAF within the franchise segment. The Corporate-owned stores segment includes operations with respect to all Corporate-owned stores throughout the United States and Canada. The Equipment segment includes the sale of equipment to franchisee-owned stores.

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

The tables below summarize the financial information for the Company's reportable segments for the years ended December 31, 2021, 2020 and 2019. The "Corporate and other" column, as it relates to Segment EBITDA, primarily includes

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

corporate overhead costs, such as payroll and related benefit costs and professional services which are not directly attributable to any individual segment.

	Year Ended December 31,		
	2021	2020	2019
Revenue			
Franchise segment revenue - U.S.	$ 286,283	$ 202,844	$ 271,375
Franchise segment revenue - International	4,427	3,312	6,207
Franchise segment total	290,710	206,156	277,582
Corporate-owned stores segment - U.S.	165,433	115,174	155,308
Corporate-owned stores segment - International	1,786	1,968	4,389
Corporate-owned stores segment total	167,219	117,142	159,697
Equipment segment - U.S.	125,023	82,331	251,524
Equipment segment - International	4,071	989	—
Equipment segment total	129,094	83,320	251,524
Total revenue	$ 587,023	$ 406,618	$ 688,803

Franchise revenue includes revenue generated from placement services of $9,968, $6,918, and $17,755 for the years ended December 31, 2021, 2020 and 2019, respectively.

	Year Ended December 31,		
	2021	2020	2019
Segment EBITDA			
Franchise	$ 194,303	$ 114,968	$ 192,281
Corporate-owned stores	49,196	23,672	65,613
Equipment	29,680	13,097	59,618
Corporate and other	(78,265)	(33,242)	(46,190)
Total Segment EBITDA	$ 194,914	$ 118,495	$ 271,322

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

	Year Ended December 31,		
	2021	2020	2019
Total Segment EBITDA	$ 194,914	$ 118,495	$ 271,322
Less:			
Depreciation and amortization	62,800	53,832	44,346
Other income (expense)	(11,102)	4,903	(6,107)
Equity earnings (losses) of unconsolidated entities, net of tax	(179)	—	—
Income from operations	143,395	59,760	233,083
Interest expense, net	(80,333)	(79,180)	(53,799)
Other income (expense)	(11,102)	4,903	(6,107)
Income before income taxes	$ 51,960	$ (14,517)	$ 173,177

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

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

	December 31, 2021	December 31, 2020
Franchise	$ 172,822	$ 174,812
Corporate-owned stores	516,714	468,628
Equipment	193,983	171,201
Unallocated	1,132,464	1,035,096
Total consolidated assets	$ 2,015,983	$ 1,849,737

The table above includes $1,203 and $828 of long-lived assets located in the Company's international corporate-owned stores as of December 31, 2021 and 2020, respectively.

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

	December 31, 2021	December 31, 2020
Franchise	$ 16,938	$ 16,938
Corporate-owned stores	118,965	118,217
Equipment	92,666	92,666
Total consolidated goodwill	$ 228,569	$ 227,821

(20) Corporate-owned and franchisee-owned stores

The following table shows changes in our corporate-owned and franchisee-owned stores for the years ended December 31, 2021, 2020 and 2019:

	Year Ended December 31,		
	2021	2020	2019
Franchisee-owned stores:			
Stores operated at beginning of period	2,021	1,903	1,666
New stores opened	125	125	255
Stores debranded, sold or consolidated[1]	(4)	(7)	(18)
Stores operated at end of period[2]	2,142	2,021	1,903
Corporate-owned stores:			
Stores operated at beginning of period	103	98	76
New stores opened	7	5	6
Stores acquired from franchisees	2	—	16
Stores operated at end of period[2]	112	103	98
Total stores:			
Stores operated at beginning of period	2,124	2,001	1,742
New stores opened	132	130	261
Stores debranded, sold or consolidated[1]	(2)	(7)	(2)
Stores operated at end of period[2]	2,254	2,124	2,001

(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.

(2) The "stores operated" includes stores that have closed temporarily related to the COVID-19 pandemic. All stores were closed in March 2020 in response to COVID-19, and as of December 31, 2021, 2,246 were re-opened and operating, of which 2,134 were franchisee-owned stores and 112 were corporate-owned stores.

(21) Subsequent Events

Refinancing transactions

On February 10, 2022, the Company issued the Series 2022-1 Class A-2 Fixed Rate Senior Secured Notes (the " 2022 Class A-2 Notes"), which consist of two tranches: the 2022 Class A-2-I Senior Secured Notes with an anticipated repayment term of five years, with an aggregate principal amount of $425,000 and a fixed interest rate of 3.251% per annum, payable quarterly, and the 2022 Class A-2-II Senior Secured Notes with an anticipated repayment term of ten years, with an aggregate principal amount of $475,000 and a fixed interest rate of 4.008% per annum, payable quarterly. The 2022 Class A-2 Notes were issued by the Master Issuer in a privately placed securitization transaction. In conjunction with the issuance, the Master Issuer used a portion of the net proceeds for the repayment in full of approximately $556,312 in aggregate principal amount of the Series 2018-1 Class A-2-I Notes (together with any accrued and unpaid interest on such Series 2018-1 Class A-2-I Notes), and paid the transaction costs and funded the reserve accounts associated with the securitized financing facility. and funded a portion of the Sunshine Acquisition.

In addition to the 2022 Class A-2 Notes, the refinancing transaction also included a revolving financing facility that allows for the incurrence of up to $75,000 in revolving loans and/or letters of credit (the "2022 Variable Funding Notes"), which replaces the Master Issuer's 2018 Variable Funding Notes. After closing, all $75,000 of the 2022 Variable Funding Notes were drawn and used to pay down the borrowed balance under the 2018 Variable Funding Notes. The 2022 Variable Funding Notes accrue interest at a variable interest rate based on (i) the prime rate, (ii) overnight federal funds rates, (iii) adjusted term secured overnight financing rate ("SOFR"), 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.

Sunshine acquisition

On February 10, 2022, the Company and Pla-Fit Holdings (together with the Company, the "Buyers"), acquired 100% of the equity interests of franchisee Sunshine Fitness Growth Holdings, LLC, a Delaware limited liability company and Planet Fitness franchisee ("Sunshine Fitness"). Sunshine Fitness operates 114 locations in Alabama, Florida, Georgia, North Carolina, and South Carolina. The purchase price of the acquisition was approximately $800,000 including approximately $425,000 in cash consideration and approximately $375,000 of equity consideration, including 517,348 shares of Class A Common Stock, par value $0.0001, of the Company and 3,637,678 membership units of Pla-Fit Holdings, LLC, together with shares of Class B Common Stock, par value $0.0001, of the Company.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are intended to ensure that information that would be required to be disclosed in Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

An evaluation was performed, under the supervision, and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2021. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2021 at the reasonable assurance level.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel, 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 and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2021. In making this assessment, the company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated 2013 Framework.

Based on this assessment, our management concluded that, as of December 31, 2021, our internal control over financial reporting is effective based on those criteria.

KPMG LLP, our independent registered public accounting firm, has issued an audit report appearing in this Annual Report on Form 10-K on the effectiveness of our internal control over financial reporting as of December 31, 2021.

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.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors

Planet Fitness, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Planet Fitness, Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2021, and the related notes and financial statement Schedule II-Valuation and Qualifying Accounts (collectively, the consolidated financial statements), and our report dated March 1, 2022 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Boston, Massachusetts

March 1, 2022

Item 9B. Other Information.

Not applicable.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information called for by Item 10 is incorporated herein by reference to our Definitive Proxy Statement relating to our 2021 Annual Meeting of Stockholders to be held May 2, 2022. We intend to file such Definitive Proxy Statement with the Securities and Exchange Commission pursuant to Regulation 14A within 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

Item 11. Executive Compensation.

The information required by this Item 11 will be contained in the Definitive Proxy Statement referenced above in Item 10 and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this Item 12 will be contained in the Definitive Proxy Statement referenced above in Item 10 and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this Item 13 will be contained in the Definitive Proxy Statement referenced above in Item 10 and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

The information required by this Item 14 will be contained in the Definitive Proxy Statement referenced above in Item 10 and is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) The following documents are filed as part of this Annual Report on Form 10-K:

(i) Financial statements (included in Item 8 of this Annual Report on Form 10-K):

1 Report of Independent Registered Public Accounting Firm (PCAOB ID: 185)

2 Consolidated Balance Sheets as of December 31, 2021 and 2020

3 Consolidated Statements of Operations for the years ended December 31, 2021, 2020 and 2019

4 Consolidated Statements of Comprehensive Income for the years ended December 31, 2021, 2020 and 2019

5 Consolidated Statements of Cash Flows for the years ended December 31, 2021, 2020 and 2019

6 Consolidated Statements of Changes in Equity for the years ended December 31, 2021, 2020 and 2019

7 Notes to Consolidated Financial Statements

(ii) Financial Statements Schedules

1 Schedule II – Valuation and Qualifying Accounts

(in thousands)	Balance at Beginning of Period	Provision for (recovery of) doubtful accounts, net	Write-offs and other	Balance at End of Period
Allowance for doubtful accounts:				
December 31, 2021	$ 7	$ 10	$ (17)	$ —
December 31, 2020	$ 111	$ (74)	$ (30)	$ 7
December 31, 2019	$ 84	$ 87	$ (60)	$ 111

(in thousands)	Balance at Beginning of Period	Provision of allowance	Utilization of allowance	Balance at End of Period
Valuation allowance:				
December 31, 2021	$ —	$ 4,630	$ —	$ 4,630
December 31, 2020	$ —	$ —	$ —	$ —
December 31, 2019	$ —	$ —	$ —	$ —

All other separate financial statements schedules have been omitted because such information is inapplicable or is included in the financial statements or notes described above.

(3) Exhibits

The exhibits listed in the following Exhibits Index, are filed or incorporated by reference as part of this Annual Report on Form 10-K.

Exhibit number	Exhibit description	Filed herewith	Incorporated by Reference			
			Form	File no.	Exhibit	Filing date
3.1	Restated Certificate of Incorporation of Planet Fitness, Inc.		S-1/A	333-205141	3.1	15-Jul-15
3.2	Amended and Restated Bylaws of Planet Fitness, Inc.		S-1	333-205141	3.2	22-Jun-15
4.1	Form of Class A Common Stock Certificate		S-1/A	333-205141	4.1	27-Jul-15

Exhibit number	Exhibit description	Filed herewith	Incorporated by Reference			
			Form	File no.	Exhibit	Filing date
4.2	Base Indenture dated August 1, 2018 between Planet Fitness Master Issuer LLC, as Master Issuer, and Citibank, N.A., as Trustee and Securities Intermediary		8-K	001-37534	4.1	1-Aug-18
4.3	Series 2018-1 Supplement dated August 1, 2018 between Planet Fitness Master Issuer LLC, as Master Issuer of the Series 2018-1 fixed rate senior secured notes, Class A-2, and Series 2018-1 variable funding senior notes, Class A-1, and Citibank, N.A., as Trustee and Series 2018-1 Securities Intermediary		8-K	001-37534	4.2	1-Aug-18
4.4	Series 2019-1 Supplement dated December 3, 2019 between Planet Fitness Master Issuer LLC, as Master Issuer of the Series 2019-1 3.858% Fixed Rate Senior Secured Notes, Class A-2, and Citibank, N.A., as Trustee and Series 2019-1 Securities Intermediary		8-K	001-37534	4.1	3-Dec-19
4.5	Description of Securities of the Registrant		10-K	001-37534	4.5	28-Feb-20
10.1	Form of Amended and Restated Pla-Fit Holdings, LLC Operating Agreement		S-1/A	333-205141	10.4	15-Jul-15
10.2	Form of Tax Receivable Agreement with the Continuing LLC Owners		S-1/A	333-205141	10.5	15-Jul-15
10.3	Form of Tax Receivable Agreement with the Direct TSG Investors		S-1/A	333-205141	10.6	15-Jul-15
10.4	Form of Registration Rights Agreement		S-1/A	333-205141	10.7	15-Jul-15
10.5	Amendment No. 1 to the Registration Rights Agreement, dated August 30, 2016, by and among Planet Fitness, Inc., the Investors (as defined therein) and the Managers (as defined therein)		10-Q	001-37534	10.2	03-Nov-16
10.6	Form of Exchange Agreement		S-1/A	333-205141	10.9	15-Jul-15
10.7	Amendment No. 1 to the Exchange Agreement, dated August 30, 2016, by and among Planet Fitness, Inc., Pla-Fit Holdings, LLC, and the holders of Holdings Units (as defined therein) and shares of Class B Common Stock (as defined therein)		10-Q	001-37534	10.1	03-Nov-16
10.8	Amended and Restated Employment Agreement with Christopher Rondeau		S-1/A	333-205141	10.10	15-Jul-15
10.9	Form of Director Indemnification Agreement		S-1/A	333-205141	10.11	15-Jul-15
10.10	Amended and Restated Employment Agreement with Dorvin Lively		S-1/A	333-205141	10.12	15-Jul-15
10.11	Employment Agreement with Craig Miller		10-Q	001-37534	10.1	8-May-19
10.12	Form of Confidentiality, Inventions and Non-competition Agreement		10-Q	001-37534	10.3	8-May-19
10.13	Employment Agreement with Thomas Fitzgerald		10-K	001-37534	10.13	28-Feb-20
10.14	Employment Agreement with Jeremy Tucker		10-K	001-37534	10.14	01-Mar-21
10.15	Amended and Restated Planet Fitness, Inc. 2015 Omnibus Incentive Plan	X				
10.16	Form of Planet Fitness, Inc. Cash Incentive Plan		S-1	333-205141	10.17	22-Jun-15
10.17	Form of Stock Option Award		10-K	001-37534	10.17	01-Mar-21
10.18	Form of Restricted Stock Unit and Performance Stock Unit Award Agreement	X				

Exhibit number	Exhibit description	Filed herewith	Incorporated by Reference			
			Form	File no.	Exhibit	Filing date
10.19	Class A-1 Note Purchase Agreement dated July 19, 2018 among Planet Fitness Master Issuer LLC, as Master Issuer, Planet Fitness SPV Guarantor LLC, Planet Fitness Franchising LLC, Planet Fitness Assetco LLC and Planet Fitness Equipment Distributor LLC, each as Guarantor, Planet Fitness Holdings, LLC, as manager, certain conduit investors and financial institutions and funding agents, and ING Capital LLC, as provider of letters of credit, as swingline lender and as administrative agent		8-K	001-37534	10.1	20-Jul-18
10.20	Guarantee and Collateral Agreement dated August 1, 2018 among Planet Fitness Franchising LLC, Planet Fitness Distribution LLC, Planet Fitness Assetco LLC and Planet Fitness SPV Guarantor LLC, each as a Guarantor, and Citibank, N.A., as Trustee		8-K	001-37534	10.1	1-Aug-18
10.21	Management Agreement dated August 1, 2018 among Planet Fitness Master Issuer LLC, Planet Fitness SPV Guarantor LLC, certain subsidiaries of Planet Fitness Master Issuer LLC party thereto, Planet Fitness Holdings, LLC, as Manager, and Citibank, N.A., as Trustee		8-K	001-37534	10.2	1-Aug-18
10.22	Executive Severance & Change in Control Policy		10-Q	001-37534	10.1	7-May-21
10.23	Employment Agreement with Shane McGuiness	X				
10.24	Amended and Restated Planet Fitness, Inc. 2018 Employee Stock Purchase Plan	X				
10.25	Amended and Restated Planet Fitness, Inc. Non-Employee Director Compensation Program	X				
21.1	List of Subsidiaries of the Registrant	X				
23.1	Consent of KPMG LLP	X				
31.1	Certification of Chief Executive Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
31.2	Certification of Chief Financial Officer, pursuant to Rule 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	X				
32.1	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X				
32.2	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X				
101	Interactive Data Files Pursuant to Rule 405 of Regulation S-T formatted as Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Cash Flows, (v) Consolidated Statements of Changes in Equity, and (vi) Notes to Consolidated Financial Statements	X				
104	Cover Page Interactive Data File Inline XBRL and contained in Exhibit 101	X				

Item 16. Form 10-K Summary.
None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized**.**

Planet Fitness, Inc.

Date: March 1, 2022

/s/ Thomas Fitzgerald
Thomas Fitzgerald
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Name	Title	Date
/s/ Christopher Rondeau Christopher Rondeau	Chief Executive Officer and Director (Principal Executive Officer)	March 1, 2022
/s/ Thomas Fitzgerald Thomas Fitzgerald	Chief Financial Officer (Principal Financial Officer)	March 1, 2022
/s/ Brian O'Donnell Brian O'Donnell	Chief Accounting Officer (Principal Accounting Officer)	March 1, 2022
/s/ Enshalla Anderson Enshalla Anderson	Director	March 1, 2022
/s/ Frances Rathke Frances Rathke	Director	March 1, 2022
/s/ Craig Benson Craig Benson	Director	March 1, 2022
/s/ Cammie Dunaway Cammie Dunaway	Director	March 1, 2022
/s/ Stephen Spinelli, Jr. Stephen Spinelli, Jr.	Director	March 1, 2022
/s/ Christopher Tanco Christopher Tanco	Director	March 1, 2022
/s/ Bernard Acoca Bernard Acoca	Director	March 1, 2022

Exhibit 10.15

PLANET FITNESS, INC.

AMENDED AND RESTATED

2015 OMNIBUS INCENTIVE PLAN

1. DEFINED TERMS

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

2. PURPOSE

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

3. ADMINISTRATION

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

4. LIMITS ON AWARDS UNDER THE PLAN

a. **Number of Shares.** Subject to adjustment as provided in Section 7, the maximum number of shares of Stock that may be delivered in satisfaction of Awards under the Plan is 7,896,800 shares. Up to the total number of shares available for Awards to employee Participants may be issued in satisfaction of ISOs, but nothing in this Section 4(a) will be construed as requiring that any, or any fixed number of, ISOs be awarded under the Plan. The limits set forth in this Section 4(a) shall be construed to comply with Section 422. For purposes of this Section 4(a), the number of shares of Stock delivered in satisfaction of Awards will be determined net of shares of Stock withheld by the Company in payment of the exercise price or purchase price of the Award or in satisfaction of tax withholding requirements with respect to the Award and, for the avoidance of doubt, without including any shares of Stock underlying Awards settled in cash or that otherwise expire or become unexercisable without having been exercised or that are forfeited to or repurchased by the Company due to failure to vest. To the extent consistent with the requirements of Section 422 and the regulations thereunder, and with other applicable legal requirements (including applicable stock exchange requirements), Stock issued under awards of an acquired company that are converted, replaced or adjusted in connection with the acquisition shall not reduce the number of shares of Stock available for Awards under the Plan.

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

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

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

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

under clause (4) refers to the maximum dollar amount payable under an Award or Awards of the type specified in clause (4) assuming a maximum payout.

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

5. ELIGIBILITY AND PARTICIPATION

The Administrator will select Participants from among key Employees and directors of, and consultants and advisors to, the Company and its Affiliates. Eligibility for ISOs is limited to individuals described in the first sentence of this Section 5 who are employees of the Company or of a "parent corporation" or "subsidiary corporation" of the Company as those terms are defined in Section 424 of the Code. Eligibility for Cash Awards is limited to individuals who are Employees. Eligibility for Stock Options other than ISOs is limited to individuals described in the first sentence of this Section 5 who are providing direct services on the date of grant of the Stock Option to the Company or to a subsidiary of the Company that would be described in the first sentence of Section 1.409A-1(b)(5)(iii)(E) of the Treasury Regulations.

6. RULES APPLICABLE TO AWARDS

a. **All Awards.**

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

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

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

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

a. Immediately upon the cessation of the Participant's Employment and except as provided in (B) and (C) below, each Stock Option and SAR that is then held by the Participant or by the Participant's permitted transferees, if any, will cease to be exercisable and will terminate and all other Awards that are then held by the Participant or by the Participant's permitted transferees, if any, to the extent not already vested will be forfeited.

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

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

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

5. **Additional Restrictions.** The Administrator may cancel, rescind, withhold or otherwise limit or restrict any Award at any time, and may provide that any proceeds from the exercise or disposition of any Award or Stock acquired under any Award, and any other amounts received in respect of any Award or Stock acquired under any Award will be subject to forfeiture and disgorgement to the Company, with interest and other related earnings, if the Participant is not in compliance with all applicable provisions of the Award agreement and the Plan, or if the Participant breaches any agreement with the Company or its Affiliates with respect to noncompetition, non-solicitation, no-hire, non-disparagement, invention assignment, confidentiality or other restrictive covenant by which the Participant is bound. Without limiting the generality of the foregoing, the Administrator may recover Awards made under the Plan and payments or shares of Stock delivered under or gain in respect of any Award in accordance with any applicable Company clawback or recoupment policy, as such policy may be amended and in effect from time to time, or as otherwise required by applicable law or applicable stock exchange listing standards, including, without limitation, Section 10D of the Securities Exchange Act of 1934, as amended. In addition, each Award will be subject to any policy of the Company or any of its subsidiaries that relates to trading on non-public information and permitted transactions with respect to shares of Stock, including limitations on hedging and pledging. Each Participant, by accepting or being deemed to have accepted an Award under the Plan, agrees (or will be deemed to have agreed) to the terms of this Section 6(a)(5) and to any clawback, recoupment or similar policy of the Company or any of its subsidiaries and further agrees (or will be deemed to have further agreed) to cooperate fully with the Administrator, and to cause any and all permitted transferees of the Participant to cooperate fully with the Administrator, to effectuate any forfeiture or disgorgement described in this Section 6(a)(5). Neither the Administrator nor the Company nor any other person, other than the Participant and his or her permitted transferees, if any, will be responsible for any adverse tax or other consequences to a Participant or his or her permitted transferees, if any, that may arise in connection with this Section 6(a)(5).

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

consequences to the Company in the discretion of the Administrator). Any amounts withheld pursuant to this Section 6(a)(6) will be treated as though such amounts had been paid directly to the Participant. In addition, the Company may, to the extent permitted by law, deduct any such tax and other withholding amounts from any payment of any kind otherwise due to a Participant from the Company or any parent or subsidiary of the Company

7. **Dividend Equivalents, *etc.*** The Administrator may provide for the payment of amounts (on terms and subject to conditions established by the Administrator) in lieu of cash dividends or other cash distributions with respect to Stock subject to an Award whether or not the holder of such Award is otherwise entitled to share in the actual dividend or distribution in respect of such Award. Dividends or dividend equivalent amounts payable in respect of Awards that are subject to restrictions may be subject to such limits or restrictions as the Administrator may impose.

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

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

10. **Section 409A.**

a. Each Award will contain such terms as the Administrator determines, and will be construed and administered, such that the Award either qualifies for an exemption from the requirements of Section 409A or satisfies such requirements.

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

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

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

e. With regard to any payment considered to be nonqualified deferred compensation under Section 409A, to the extent applicable, that is payable upon a change in control of the Company or other similar event, to the extent required to avoid the imposition of an additional tax, interest or

penalty under Section 409A, no amount will be payable unless such change in control constitutes a "change in control event" within the meaning of Section 1.409A-3(i)(5) of the Treasury Regulations.

b. **Stock Options and SARs.**

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

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

3. **Payment of Exercise Price.** Where the exercise of an Award is to be accompanied by payment, payment of the exercise price will be by cash or check acceptable to the Administrator or by such other legally permissible means, if any, as may be acceptable to the Administrator.

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

7. EFFECT OF CERTAIN TRANSACTIONS

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

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

2. **Cash-Out of Awards.** Subject to Section 7(a)(5) below, the Administrator may (but, for the avoidance of doubt, need not) provide for payment (a "cash-out"), with respect to some or all Awards or any portion thereof, equal in the case of each affected Award or portion thereof to the excess, if any, of (A) the Fair Market Value of one share of Stock times the number of shares of Stock subject to the Award or such portion, over (B) the aggregate exercise or purchase price, if any, under the Award or such portion (in the case of an SAR, the aggregate base value above which appreciation is measured), in each case on such payment terms (which need not be the same as the terms of payment to holders of Stock) and other terms, and subject to such conditions, as the Administrator determines; it being understood that if the exercise or

purchase price (or base value) of an Award is equal to or greater than the Fair Market Value of one share of Stock, the Award may be cancelled with no payment due hereunder.

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

4. **Termination of Awards Upon Consummation of Covered Transaction.** Except as the Administrator may otherwise determine in any case, each Award will automatically terminate (and in the case of outstanding shares of Restricted Stock, will automatically be forfeited) upon consummation of the Covered Transaction, other than Awards assumed pursuant to Section 7(a)(1) above.

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

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

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

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

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

8. LEGAL CONDITIONS ON DELIVERY OF STOCK

The Company will not be obligated to deliver any shares of Stock pursuant to the Plan or to remove any restriction from shares of Stock previously delivered under the Plan until: (i) the Company is satisfied that all legal matters in connection with the issuance and delivery of such shares have been addressed and resolved; (ii) if the outstanding Stock is at the time of delivery listed on any stock exchange or national market system, the shares to be delivered have been listed or authorized to be listed on such exchange or system upon official notice of issuance; and (iii) all

conditions of the Award have been satisfied or waived. The Company may require, as a condition to exercise of the Award, such representations or agreements as counsel for the Company may consider appropriate to avoid violation of the Securities Act of 1933, as amended, or any applicable state or non-U.S. securities law. Any Stock required to be issued to Participants under the Plan will be evidenced in such manner as the Administrator may deem appropriate, including book-entry registration or delivery of stock certificates. In the event that the Administrator determines that Stock certificates will be issued to Participants under the Plan, the Administrator may require that certificates evidencing Stock issued under the Plan bear an appropriate legend reflecting any restriction on transfer applicable to such Stock, and the Company may hold the certificates pending lapse of the applicable restrictions.

9. AMENDMENT AND TERMINATION

The Administrator may at any time or times amend the Plan or any outstanding Award for any purpose which may at the time be permitted by law, and may at any time terminate the Plan as to any future grants of Awards; provided, that, except as otherwise expressly provided in the Plan, the Administrator may not, without the Participant's consent, alter the terms of an Award so as to affect materially and adversely the Participant's rights under the Award, unless the Administrator expressly reserved the right to do so at the time the Award was granted. Any amendments to the Plan will be conditioned upon stockholder approval only to the extent, if any, such approval is required by law (including the Code and applicable stock exchange requirements), as determined by the Administrator.

10. OTHER COMPENSATION ARRANGEMENTS

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

11. MISCELLANEOUS

a. **Waiver of Jury Trial.** By accepting an Award under the Plan, to the maximum extent permitted by law, each Participant waives any right to a trial by jury in any action, proceeding or counterclaim concerning any rights under the Plan and any Award, or under any amendment, waiver, consent, instrument, document or other agreement delivered or which in the future may be delivered in connection therewith, and agrees that any such action, proceedings or counterclaim will be tried before a court and not before a jury. By accepting an Award under the Plan, each Participant certifies that no officer, representative, or attorney of the Company has represented, expressly or otherwise, that the Company would not, in the event of any action, proceeding or counterclaim, seek to enforce the foregoing waivers. Notwithstanding anything to the contrary in the Plan, nothing herein is to be construed as limiting the ability of the Company and a Participant to agree to submit disputes arising under the terms of the Plan or any Award made hereunder to binding arbitration or as limiting the ability of the Company to require any eligible individual to agree to submit such disputes to binding arbitration as a condition of receiving an Award hereunder.

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

12. ESTABLISHMENT OF SUB-PLANS

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

13. GOVERNING LAW

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

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

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

EXHIBIT A

Definition of Terms

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

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

"Affiliate": Any corporation or other entity that stands in a relationship to the Company that would result in the Company and such corporation or other entity being treated as one employer under Section 414(b) or Section 414(c) of the Code, *provided* that, for purposes of determining treatment as a single employer under Section 414(b) or Section 414(c) of the Code,

"20%" shall replace "80%" in the applicable stock or other equity ownership requirements under such sections of the Code and the regulations thereunder.

"Award": Any or a combination of the following:

a. Stock Options.

b. SARs.

c. Restricted Stock.

d. Unrestricted Stock.

e. Stock Units, including Restricted Stock Units.

f. Performance Awards.

g. Awards (other than Awards described in (i) through (vi) above) that are convertible into or otherwise based on Stock.

h. Cash Awards.

"Board": The Board of Directors of the Company.

"Cash Award": An Award denominated in cash.

"Cause": In the case of any Participant who is party to an effective employment or severance-benefit agreement with the Company or an Affiliate of the Company that contains a definition of "Cause," the definition set forth in such agreement will apply with respect to such Participant under the Plan for so long as such agreement is in effect. In the case of any other

Participant, "Cause" will mean, as determined by the Administrator in its reasonable judgment, (i) a substantial failure of the Participant to perform the Participant's duties and responsibilities to the Company or Affiliates or substantial negligence in the performance of such duties and responsibilities; (ii) the commission by the Participant of a felony or a crime involving moral turpitude; (iii) the commission by the Participant of theft, fraud, embezzlement, material breach of trust or any material act of dishonesty involving the Company or any of its Affiliates; (iv) a significant violation by the Participant of the Code of Ethics or Code of Ethics for Senior Financial & Executive Officers of the Company or its Affiliates, of any other material policy of the Company or its Affiliates or of any statutory or common law duty of loyalty to the Company or its Affiliates; (v) material breach of any of the terms of the Plan or any Award made under the Plan, or of the terms of any other agreement between the Company or Affiliates and the Participant; or (vi) other conduct by the Participant that could be expected to be harmful to the business, interests or reputation of the Company or its Affiliates.

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

"Compensation Committee": The Compensation Committee of the Board.

"Company": Planet Fitness, Inc.

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

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

"Director": A member of the Board who is not an employee.

"Disability": In the case of any Participant who is party to an effective employment or severance-benefit agreement with the Company or an Affiliate of the Company that contains a definition of "Disability," the definition set forth in such agreement will apply with respect to such Participant under the Plan for so long as such agreement is in effect. In the case of any other Participant, a permanent disability as defined in the long-term disability plan maintained by the Company or one of its Affiliates, or as defined from time to time by the Company in its sole discretion.

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

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

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

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

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

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

"Performance Award": An Award subject to Performance Criteria.

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

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

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

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

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

"Section 409A": Section 409A of the Code.

"Section 422": Section 422 of the Code.

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

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

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

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

Exhibit 10.18

Name:	**[●]**
Number of [INSERT TYPE OF UNITS] subject to Awa	**[●]**
Date of Gran	**[●]**

PLANET FITNESS, INC.

2015 OMNIBUS INCENTIVE PLAN

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

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

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

2. Vesting, etc. [INSERT TIME BASED OR Performance BASED VESTING CONDITIONS AND SCHEDULE, AS APPLICABLE] subject to the Grantee's continued Employment with the Company] through the applicable vesting date. If the Grantee's Employment with the Company ceases for any reason, the Award, to the extent not already vested, will be automatically and immediately forfeited.

3. Delivery of Shares. The Company shall, as soon as practicable upon the vesting of the [INSERT TYPE OF UNITS] (but in no event later than March 15 of the year following the year in which such [INSERT TYPE OF UNITS), effect delivery of the Shares with respect to such vested [INSERT TYPE OF UNITS] to the Grantee. No Shares will be issued pursuant to this Award unless and until all legal requirements applicable to the issuance or transfer of such Shares have been complied with to the satisfaction of the Administrator.

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

5. Forfeiture; Recovery of Compensation.

(a) The Administrator may cancel, rescind, withhold or otherwise limit or restrict the Award at any time if the Grantee is not in compliance with all applicable provisions of the Agreement and the Plan.

(b) By accepting the Award, the Grantee expressly acknowledges and agrees that his or her rights (and those of any permitted transferee) under the Award, including to any Shares acquired under the Award or any proceeds from the disposition thereof, are subject to Section 6(a)(5) of the Plan (including any successor provision). Nothing in the preceding sentence shall be construed as limiting the general application of Section 9 of this Agreement.

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

7. Certain Tax Matters.

(a) The Grantee expressly acknowledges and agrees that the Grantee's rights hereunder, including the right to be issued Shares upon vesting, are subject to the Grantee promptly paying to the Company in cash (or by such other

means as may be acceptable to the Administrator in its discretion) all taxes required to be withheld. No Shares will be transferred pursuant to the vesting of the [INSERT TYPE OF UNITS] unless and until the Grantee has remitted to the Company an amount sufficient to satisfy any federal, state or local withholding tax requirements, or has made other arrangements satisfactory to the Administrator with respect to such taxes. The Grantee authorizes the Company and its Affiliates to withhold such amounts from any amounts otherwise owed to the Grantee, but nothing in this sentence shall be construed as relieving the Grantee of any liability for satisfying his or her obligations under the preceding provisions of this Section. The Company shall have no liability or obligation relating to the foregoing.

(b) The Grantee expressly acknowledges that because this Award consists of an unfunded and unsecured promise by the Company to deliver Shares in the future, subject to the terms hereof, it is not possible to make a so-called "83(b) election" with respect to the Award.

(c) The Award is intended to be exempt from the requirements of Section 409A and the Plan and this Agreement shall be administered and interpreted in a manner consistent with this intent. Notwithstanding the foregoing, in no event shall the Company or any of its Affiliates be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Grantee on account of non-compliance with Section 409A.

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

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

10. Acknowledgments. By accepting the Award, the Grantee agrees to be bound by, and agrees that the Award and the [INSERT TYPE OF UNITS] are subject in all respects to, the terms of the Plan. The Grantee further acknowledges and agrees that (i) this Agreement may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument, (ii) this Agreement may be executed and exchanged using facsimile, portable document format (PDF) or electronic signature, which, in each case, shall constitute an original signature for all purposes hereunder and (iii) such signature by the Company will be binding against the Company and will create a legally binding agreement when this Agreement is countersigned by the Grantee. By executing this Agreement, the Grantee acknowledges and agrees that the Grantee has received and understands the Company's Executive Compensation Recoupment Policy (as such policy is amended, amended and restated or superseded from time to time, the "Clawback Policy"), that the Clawback Policy applies and will continue to apply to the Grantee during and after the Grantee's employment in accordance with its terms, and that the Grantee has complied with and will continue to comply with the terms of the Clawback Policy.

[Signature page follows.]

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

PLANET FITNESS, INC. By:_

Name: Christopher Rondeau

Title: CEO

Dated: [●]

Acknowledged and Agreed:

By:_

Name: [●],

SCHEDULE A

[INSERT ADDITIONAL VESTING OR PERFORMANCE TERMS, AS APPLICABLE]

Exhibit 10.23

February 23, 2022

Shane McGuiness

Via Electronic Delivery

Dear Shane,

We are delighted to offer you the opportunity to join the Planet Fitness Corporate team! We believe your skills, knowledge and experiences are the right combination for success in the role of President, Corporate Clubs. This letter will confirm our offer of employment to you with Pla-Fit Franchise, LLC (the "Company"), under the terms and conditions that follow:

1. POSITION AND DUTIES:

Effective as of the date that the transaction contemplated by that certain Equity Purchase Agreement by and among Planet Fitness, Inc., Sunshine Fitness Group Holdings, LLC, TSG7 A AIV III Holdings-A, L.P., and certain other parties thereto (the "Transaction") is closed, and contingent on the closing of the Transaction, you will be employed by the Company, on a full-time basis, in the role of President, Corporate Clubs. You agree to perform the duties of your position and such other duties as may reasonably be assigned to you. You also agree to comply at all times with the Company's policies, practices and procedures, including, but not limited to, the Planet Fitness Code of Ethics.

2. COMPENSATION AND BENEFITS:

The Company will pay you a bi-weekly salary of $18,269.24 ($475,000 annualized), subject to applicable withholdings. Your salary shall be payable in accordance with the regular payroll practices of the Company and subject to adjustment from time to time by the Company in its discretion, though the Company agrees that your base salary will be no less than $475,000 annualized.

Bonus Compensation: Effective for 2022, you are eligible to participate in the Planet Fitness Corporate Bonus Plan. You shall be eligible to earn an annual bonus, the amount of any such bonus to be determined by the Company in its sole discretion, initially set at 60% of your Base Salary. The final calculation of your bonus is based upon achievement of Company goals and personal goals within an Individual Goal Plan for the performance period, prorated for active service within the plan year. Except as set forth in the Planet Fitness, Inc. Executive Severance & Change in Control Policy (the "Severance Policy"), to be eligible for a bonus payout, you must be employed by the Company on the date that the bonus is paid. The Company retains the right to modify its bonus plans at any time.

Sign-On Award: On or within seven days of your start date, you will be granted a special one-time new hire award (the "Sign-On Award") based on a target fair value of $7.5 Million and comprised of 25% restricted stock units and 75% performance share units. The restricted stock unit grant is subject to cliff vesting on the fifth anniversary of the closing of the transaction. The performance share unit grant is subject to a three-year performance period and will be settled as follows: 50% to be settled promptly following the certification of applicable performance targets in 2025; 25% settled on or about January 1, 2026; and 25% settled on or about January 1, 2027. The maximum payout on the performance share units is 200%.

Notwithstanding anything to the contrary in the Severance Policy, with respect to the Sign-On Award, any then-unvested RSUs will vest upon an Involuntary Termination, as defined in the Severance Policy, on a pro-rated basis based on the number of months completed during the service period. With respect to the then unvested PSUs, a pro-rated number of the PSUs will similarly vest upon an Involuntary Termination on a pro-rated basis based on the number of months completed during the performance period and shall remain eligible to vest and settle at the end of the performance period based on actual achievement of the applicable performance metrics. For the avoidance of doubt, if an Involuntary Termination occurs upon or within 24 months after the consummation of a Change of Control (as such terms are defined in the Severance Policy), your Sign-On Award and any other Annual Long Term Incentive Award shall be treated in accordance with Section 4.2(d) of the Severance Plan.

Annual Long Term Incentive Award: Beginning in March 2022, you are eligible to receive an annual long term incentive award (the "Annual Awards"), equal to 100% of your annual base pay amount. The Annual Awards will be comprised of 33 1/3% restricted stock units, 33 1/3% performance share units and 33 1/3% stock options, with the restricted stock unit, performance share unit and exercise price of options to be determined by the closing share price on your grant date. Stock options will be valued in a manner consistent with the valuation of stock options granted to other senior executives of the Company. The restricted stock unit grant and stock option grant are each subject to vesting of 25% annually over a period of four years beginning on your grant date. The performance share unit grant is subject to 100% vesting on the third anniversary of your grant date, subject to the achievement of defined performance metrics.

The Sign-On Award and the Annual Awards are governed by, and subject to the terms of, our 2015 Omnibus Incentive Plan (the "Plan") and subject to Company guidelines, stock ownership requirements and Board approval. Under the terms of the Plan, your eligibility to receive the Annual Awards and whether you are granted Annual Awards are subject to final review and approval by the Board of Directors in their discretion.

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

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

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

3. CONFIDENTIAL INFORMATION AND RESTRICTED ACTIVITIES:

Planet Fitness believes in the protection of confidential and proprietary information. Consequently, you will be required, as a condition of your employment with the Company, to sign the Company's standard Confidentiality, Non-Competition and Inventions Agreement before or upon hire. Should you become a Participant in the Severance Policy, the restrictive covenants in the Severance Policy shall supersede any similar provisions in the Confidentiality, Non-Competition and Inventions Agreement.

4. AT-WILL EMPLOYMENT:

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

5. TERMINATION OF EMPLOYMENT – SEVERANCE:

In the event of an Involuntary Termination of your employment, as defined in the Severance Policy, you will be eligible to participate in the Severance Policy so long as you meet the eligibility requirements of Article 3 of the Severance Policy.

6. WORK ELIGIBILITY:

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

7. CONTINGENT OFFER:

Your offer and continued employment are contingent upon our satisfactory completion of a background check.

8. CHOICE OF LAW:

Any disputes about the provisions in this Letter shall be governed by and construed in accordance with the laws of the State of Florida, without regard to the conflict of laws principles thereof. In the event of any alleged breach or threatened breach of provisions in this Letter, the parties hereby consent and submit to the exclusive jurisdiction of the federal and state courts in and of the State of Florida.

This Agreement shall supersede and replace all prior agreements and understandings, oral or written, between you and the Company or any of its affiliates, including Sunshine Fitness Management LLC, regarding your employment. If the foregoing is acceptable to you, please sign this letter in the space provided and return it to me by February 25, 2022.

Sincerely yours,

PLA-FIT FRANCHISE, LLC Accepted and Agreed:

By: /s/ Kathy Gentilozzi Signature: /s/ Shane McGuiness

Kathy Gentilozzi Shane McGuiness Date: 2/25/22
Chief People Officer

By: /s/ Chris Rondeau

Chris Rondeau
Chief Executive Officer

Exhibit 10.24

THE PLANET FITNESS, INC.

AMENDED AND RESTATED

2018 EMPLOYEE STOCK PURCHASE PLAN

Section 1. Defined Terms

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

Section 2. Purpose of Plan

The Plan is intended to enable Eligible Employees of the Company and its Designated Subsidiaries to use payroll deductions to purchase shares of Stock, and thereby acquire an interest in the future of the Company. Initially, the Plan is not intended to qualify as an "employee stock purchase plan" under Section 423. From and after such date as the Company, in its discretion determines that the Plan is able to satisfy the requirements under Section 423 and that it will operate the Plan in accordance with such requirements (such date, the "**Section 423 Effective Date**"), the Plan is intended to qualify as an "employee stock purchase plan" under Section 423 and will be operated and construed accordingly. Except as specifically provided under Section 4, and unless the Plan is amended pursuant to Section 20, the operative terms of the Plan as in effect on the Effective Date will remain the same on and after the Section 423 Effective Date.

Section 3. Options to Purchase Stock

Subject to adjustment pursuant to Section 18, the maximum aggregate number of shares of Stock available for purchase pursuant to the exercise of Options granted under the Plan to Eligible Employees will be 1,000,000 shares. The shares of Stock to be delivered upon exercise of Options under the Plan may be either shares of authorized but unissued Stock, treasury Stock, or Stock acquired in an open-market transaction, all as the Board may determine. If any Option granted under the Plan expires or terminates for any reason without having been exercised in full or ceases for any reason to be exercisable in whole or in part, the unpurchased shares of Stock subject to such Option will again be available for purchase pursuant to the exercise of Options under the Plan. If, on an Exercise Date, the total number of shares of Stock that would otherwise be subject to Options granted under the Plan exceeds the number of shares of Stock then available under the Plan (after deduction of all shares of Stock for which Options have been exercised or are then outstanding), the Administrator shall make a pro rata allocation of the shares of Stock remaining available for the Option grants in as uniform a manner as shall be practicable and as it shall determine to be equitable. In such event, the Administrator shall give written notice to each Participant of such reduction of the number of Options affected thereby and shall similarly reduce the rate of payroll deductions, if necessary.

Section 4. Eligibility

Subject to Section 15, and any exceptions and limitations set forth in Section 6, or as may be provided elsewhere in the Plan, each Employee who (a) has been continuously employed by the Company or a Designated Subsidiary for at least ninety (90) days as of the first day of any Option Period, (b) customarily works twenty (20) hours or more per week, (c) is not a "highly compensated employee" that is an "officer" of the Company subject to Section 16 of the Exchange Act, and (d) satisfies the requirements set forth in the Plan will be an Eligible Employee. Notwithstanding the above, an Employee who is a citizen or resident of a foreign jurisdiction (without regard to whether such Employee is also a citizen of the United States or resident alien in the United States) shall not be an Eligible Employee with respect to the Plan if the grant of an Option to such Employee is prohibited under the laws of the Employee's foreign jurisdiction or compliance with the laws of the foreign jurisdiction would cause the Plan or an Option to violate the requirements of Section 423, to the extent applicable. Furthermore, in no event may an Employee be granted an Option under the Plan if, immediately after the Option is granted, the Employee would own (or pursuant to Section 424(d) of the Code would be deemed to own) stock possessing five percent (5%) or more of the total combined voting power or value of all classes of stock of the Company or of its Parent or Subsidiaries, if any. The Administrator may, for Option Periods that have not yet commenced, establish additional eligibility requirements not inconsistent with Section 423, to the extent applicable.

Section 5. Option Periods

The Plan will generally be implemented by a series of "**Option Periods**". Unless otherwise determined by the Administrator, the Option Periods will be the six-month periods commencing January 1 and ending June 30 and commencing July 1 and ending December 31 of each year. Each June 30 and December 31 will be an "**Exercise Date**". The Administrator may change the Exercise Date and the commencement date, ending date and duration of the Option Periods to the extent permitted by Section 423, to the extent applicable.

Section 6. Option Grant

Subject to the limitations set forth in Section 4 and Section 10 and the Maximum Share Limit, on the first day of an Option Period, each Participant will be automatically granted an Option to purchase shares of Stock on the Exercise Date, provided, however, that no Participant will be granted an Option under the Plan that permits the Participant's right to purchase shares of Stock under the Plan and under all other employee stock purchase plans of the Company and its Subsidiaries, if any, to accrue at a rate that exceeds $25,000 in Fair Market Value (or such other maximum as may be prescribed from time to time by the Code) for each calendar year during which any Option granted to such Participant is outstanding at any time, as determined in accordance with Section 423(b)(8) of the Code.

Section 7. Method of Participation

To participate in an Option Period, an Eligible Employee must execute and deliver to the Administrator a payroll deduction and participation authorization form in accordance with the procedures prescribed by and in a form acceptable to the Administrator and, in so doing, the Eligible Employee will thereby become a Participant as of the first day of such Option Period. Such an Eligible Employee will remain a Participant with respect to subsequent Option Periods until his or her participation in the Plan is terminated as provided herein. Such payroll deduction and participation authorization must be delivered no later than ten (10) business days prior to the first day of an Option Period, or such other time as specified by the Administrator.

A Participant's authorization will remain in effect for subsequent Option Periods unless the Participant files a new authorization not less than ten (10) business days prior to the first day of an Option Period (or such other time as specified by the Administrator) or the Participant's Option is cancelled pursuant to Section 15 or Section 16. Except as otherwise determined by the Administrator, during an Option Period, payroll deduction authorizations may not be increased or decreased, except that a Participant may terminate his or her payroll deduction authorization by canceling his or her Option in accordance with Section 15.

Except as otherwise determined by the Administrator, each payroll deduction authorization will request payroll deductions in an amount (expressed as a whole percentage) between one percent (1%) and ten percent (10%) of the employee's total compensation per payroll period, including base pay or base salary, overtime, shift differentials, bonuses and commissions. If the Administrator determines that another limit shall be imposed on maximum payroll deductions hereunder or that eligible compensation shall be defined in a different manner, determinations shall be made in a manner that satisfies the requirements of Treasury Regulation §1.423-2(f)(2), to the extent applicable.

All payroll deductions made pursuant to this Section 7 will be credited to the Participant's Account. Amounts credited to a Participant's Account will not be required to be set aside in trust or otherwise segregated from the Company's general assets.

Section 8. Method of Payment

A Participant must pay for shares of Stock purchased upon the exercise of an Option with accumulated payroll deductions credited to the Participant's Account.

Section 9. Purchase Price

The Purchase Price of shares of Stock issued pursuant to the exercise of an Option on each Exercise Date will be eighty-five percent (85%) (or such greater percentage specified by the Administrator to the extent permitted under Section 423, to the extent applicable) of one of the following, as selected by the Administrator prior to the commencement of the relevant Option Period:

(a) the Fair Market Value of a share of Stock on the date on which the Option was granted pursuant to Section 6 (*i.e.*, the first day of the Option Period);

(b) the Fair Market Value of a share of Stock on the date on which the Option is deemed exercised pursuant to Section 10 (*i.e.*, the Exercise Date); or

(c) the lesser of (a) and (b).

Section 10. Exercise of Options

Subject to the limitations set forth in Section 6 and this Section 10, with respect to each Option Period, on the applicable Exercise Date, each Participant will be deemed to have exercised his or her Option and the accumulated payroll deductions in the Participant's Account will be applied to purchase the greatest number of whole shares of Stock (rounded down to the nearest whole share) that can be purchased with such Account balance at the applicable Purchase Price, provided, however, that no more than 2,500 shares of Stock may be purchased by a Participant on any Exercise Date, or such lesser number as the Administrator may prescribe in accordance with Section 423 (the "**Maximum Share Limit**"). As soon as practicable thereafter, shares of Stock so purchased will be placed, in book-entry form, into a record keeping account in the name of the Participant. No fractional shares will be purchased. Prior to the commencement of an Option Period, the Administrator shall determine whether any payroll deductions accumulated in a Participant's Account that are not sufficient to purchase a full share will be retained in the Participant's Account for the subsequent Option Period, subject to earlier withdrawal by the Participant as provided in Section 15 hereof, or returned to the Participant or his or her designated beneficiary or legal representative, as applicable, without interest, as soon as administratively practicable after the Exercise Date or earlier withdrawal, as applicable.

Except as provided above with respect to fractional shares, any amount of payroll deductions in a Participant's Account that are not used for the purchase of shares of Stock, whether because of the Participant's withdrawal from participation in an Option Period or for any other reason, will be returned to the Participant or his or her designated beneficiary or legal representative, as applicable, without interest, as soon as administratively practicable after such withdrawal or other event, as applicable.

If the Participant's accumulated payroll deductions on the Exercise Date would otherwise enable the Participant to purchase shares of Stock in excess of the limits specified in Section 6 or the Maximum Share Limit, the excess of the amount of the accumulated payroll deductions over the aggregate Purchase Price of the shares of Stock actually purchased will be returned to the Participant, without interest, as soon as administratively practicable after such Exercise Date.

Notwithstanding any provision of the Plan to the contrary, no Option may be exercised after 27 months from its grant date.

Section 11. Restrictions on Transfer; Plan Accounts; Disqualifying Dispositions

By electing to participate in the Plan, each Participant agrees to be subject to the restrictions and covenants set forth in this Section 11.

Shares of Stock purchased under the Plan by a Participant may be subject to such restrictions on transfer, sale, pledge or alienation of such shares as determined by the Administrator.

Further, for such period determined by the Administrator, all shares of Stock purchased under the Plan by a Participant will be subject to a restriction prohibiting the transfer of such shares of Stock by the Participant from the account where such shares of Stock are initially held until such shares are sold through the Plan's custodian and record keeper.

By electing to participate in the Plan, each Participant agrees to provide such information about any transfer of Stock acquired under the Plan that occurs within two years after the first day of the Option Period in which such Stock was acquired and within one year after the acquisition of such Stock as may be requested by the Company or any Designated Subsidiary in order to assist such entity in complying with applicable tax laws.

Section 12. Interest

No interest will be payable on any amount held in the Account of any Participant.

Section 13. Taxes

Payroll deductions will be made on an after-tax basis. The Administrator will have the right, as a condition to exercising an Option, to make such provision as it deems necessary to satisfy its obligations to withhold federal, state, local income or other taxes incurred by reason of the exercise of the Option and/or the purchase or disposition of shares of Stock under the Plan. In the Administrator's discretion and subject to applicable law, such tax obligations may be paid in whole or in part by delivery of shares of Stock to the Company, including shares of Stock purchased under the Plan, valued at Fair Market Value, but not in excess of the minimum statutory amounts required to be withheld.

Section 14. Section 409A; Limitation of Liability

Prior to the Section 423 Effective Date, the Plan and all Options are intended to be exempt from Section 409A as "short-term deferrals" within the meaning of Treasury Regulation §1.409A-1(b)(4), and following the Section 423 Effective Date, as "statutory stock options" within the meaning of Treasury Regulation §1.409A-1(b)(5)(ii), and the Plan and the Options will be interpreted and administered accordingly. Notwithstanding anything to the contrary in the Plan, neither the Company nor the Administrator, nor any Person acting on behalf of the Company or the Administrator, will be liable to any Participant or other Person by reason of any acceleration of income, any additional tax, or any other tax or liability asserted by reason of the failure of the Plan or any Option to be exempt from or satisfy the requirements of Section 409A.

Section 15. Cancellation and Withdrawal

A Participant who holds an Option under the Plan may cancel all (but not less than all) of his or her Option and terminate his or her payroll deduction authorization by revoking such authorization by written notice delivered to the Administrator, which, to be effective with respect to an upcoming Exercise Date, must be delivered not later than ten (10) business days prior to such Exercise Date (or such other time as specified by the Administrator). Upon such termination and cancellation, the balance in the Participant's Account will be returned to the Participant, without interest, as soon as administratively practicable thereafter.

Section 16. Termination of Employment; Death of Participant

Upon the termination of a Participant's employment with the Company (or a Designated Subsidiary, as applicable) for any reason or the death of a Participant during an Option Period prior to an Exercise Date, or in the event the Participant ceases to qualify as an Eligible Employee, the Participant will cease to be a Participant, any Option held by him or her under the Plan will be deemed canceled, the balance in the Participant's Account will be returned to the Participant (or his or her estate or designated beneficiary in the event of the Participant's death), without interest, as soon as administratively practicable thereafter, and the Participant will have no further rights under the Plan.

Section 17. Equal Rights; Participant's Rights Not Transferable

All Participants granted Options under the Plan will have the same rights and privileges consistent with the requirements set forth in Section 423, to the extent applicable. Any Option granted under the Plan will be exercisable during the Participant's lifetime only by him or her and may not be sold, pledged, assigned, or transferred in any manner. In the event any Participant violates or attempts to violate the terms of this Section 17, as determined by the Administrator in its sole discretion, any Options held by him or her may be terminated by the Company and, upon the return to the Participant of the balance of his or her Account, without interest, all of the Participant's rights under the Plan will terminate.

Section 18. Change in Capitalization; Merger

In the event of any change in the outstanding Stock by reason of a stock dividend, split-up, recapitalization, merger, consolidation, reorganization, or other capital change, the aggregate number and type of shares of Stock available under the Plan, the number and type of shares of Stock granted under any outstanding Options, the maximum number and type of shares of Stock purchasable under any outstanding Option and the purchase price per share of Stock under any outstanding Option will be appropriately adjusted, provided, however, that no such adjustment will be made unless the Administrator is satisfied that it will not constitute a modification of the rights granted under the

Plan or otherwise disqualify the Plan as an employee stock purchase plan under the provisions of Section 423, to the extent applicable.

In the event of a sale of all or substantially all of the Stock or a sale of all or substantially all of the assets of the Company, or a merger or similar transaction in which the Company is not the surviving corporation or that results in the acquisition of the Company by another person, the Administrator may, in its discretion, (a) if the Company is merged with or acquired by another corporation, provide that each outstanding Option will be assumed or exchanged for a substitute Option granted by the acquiror or successor corporation or by a parent or subsidiary of the acquiror or successor corporation, (b) cancel each outstanding Option and return the balances in Participants' Accounts to the Participants, and/or (c) pursuant to Section 20, terminate the Option Period on or before the date of the proposed sale, merger or similar transaction.

Section 19. Administration of Plan; Separate Offerings; Sub-Plans

The Plan will be administered by the Administrator, which will have the right to determine any questions that may arise regarding the interpretation and application of the provisions of the Plan and to make, administer, and interpret such rules and regulations as it deems necessary or advisable. All determinations and decisions by the Administrator regarding the interpretation or application of the Plan will be final and binding on all Participants.

The Administrator may specify the manner in which Employees are to provide notices and payroll deduction authorizations. Notwithstanding any requirement of "written notice" herein, the Administrator may permit Employees to provide notices and payroll deduction authorizations electronically.

Notwithstanding the foregoing provisions of this Plan to the contrary, consistent with the requirements of Section 423, to the extent applicable, the Administrator may, in its sole discretion, amend the terms of the Plan, or an offering, and/or provide for separation offerings under the Plan in order to, among other things, reflect the impact of local law outside of the United States as applied to one or more Eligible Employees and may, where appropriate, establish one or more sub-plans to reflect to such amended provisions.

Section 20. Amendment and Termination of Plan

The Board reserves the right at any time or times to amend the Plan to any extent and in any manner it may deem advisable, by action of the Board, provided, however, that any amendment that would be treated as the adoption of a new plan for purposes of Section 423, to the extent applicable, will have no force or effect unless approved by the shareholders of the Company within 12 months before or after its adoption.

The Plan may be suspended or terminated at any time by the Company, by action of the Board. In connection therewith, the Board may provide, in its sole discretion, either that outstanding Options will be exercisable either at the Exercise Date for the applicable Option Period or on such earlier date as the Board may specify (in which case such earlier date will be treated as the Exercise Date for the applicable Option Period), or that the balance of each Participant's Account will be returned to the Participant, without interest.

Section 21. Approvals

Notwithstanding anything herein to the contrary, the obligation of the Company to issue and deliver shares of Stock under the Plan will be subject to the approval required of any governmental authority in connection with the authorization, issuance, sale or transfer of said shares of Stock, to any requirements of any national securities exchange applicable thereto, and to compliance by the Company with other applicable legal requirements in effect from time to time.

Section 22. Participants' Rights as Shareholders and Employees

A Participant will have no rights or privileges as a shareholder of the Company and will not receive any dividends in respect of any shares of Stock covered by an Option granted hereunder until such Option has been exercised, full payment has been made for such shares of Stock, and the shares of Stock have been issued to the Participant. Nothing contained in the provisions of the Plan will be construed as giving to any Employee the right to be retained in the employ of the Company or any Designated Subsidiary or as interfering with the right of the Company or any Designated Subsidiary to discharge, promote, demote or otherwise re-assign any Employee from one position to another within the Company any Designated Subsidiary at any time.

Section 24. Governing Law

The Plan will be governed by and interpreted consistently with the laws of the State of Delaware, except as may be necessary to comply with applicable requirements of federal law. For purposes of litigating any dispute that arises under the Plan, such litigation shall be conducted only in the courts of New Hampshire, or the federal courts for the United States for the District of New Hampshire, and no other courts.

Section 25. Effective Date and Term

Subject to the approval by the Company's shareholders at the Company's 2018 annual meeting, the Plan will become effective on May 2, 2018 (the "**Effective Date**") and no rights will be granted hereunder after the earliest to occur of (a) the Plan's termination by the Company, (b) the issuance of all shares of Stock available for issuance under the Plan or (c) the day before the ten (10)-year anniversary of the date the Company's shareholders approve the Plan.

EXHIBIT A

Definition of Terms

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

"Account": A payroll deduction account maintained in a Participant's name on the books of the Company or a Designated Subsidiary.

"Administrator": The Compensation Committee of the Board and its delegates, except that the Compensation Committee may delegate its authority under the Plan to a sub-committee comprised of one or more of its members, to members of the Board, or to officers or employees of the Company to the extent permitted by applicable law. In each case, references herein to the Administrator refer, as applicable, to such persons or groups so delegated to the extent of such delegation.

"Board": The Board of Directors of the Company.

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

"Company": Planet Fitness, Inc.

"Designated Subsidiary": A Subsidiary of the Company that has been designated by the Board or the Compensation Committee of the Board from time to time as eligible to participate in the Plan. Exhibit B sets forth the Designated Subsidiaries as of the Effective Date.

"Effective Date": The date set forth in Section 24 of the Plan.

"Eligible Employee": Any Employee who meets the eligibility requirements set forth in Section 4 of the Plan.

"Employee": Any person who is employed by the Company or a Designated Subsidiary. For the avoidance of doubt, independent consultants and independent contractors are not "Employees".

"Exercise Date": The date set forth in Section 5 of the Plan or otherwise designated by the Administrator with respect to a particular Option Period on which a Participant will be deemed to have exercised the Option granted to him or her for such Option Period.

"Fair Market Value":

(a) If the Stock is readily traded on an established national exchange or trading system (including the New York Stock Exchange), the closing price of the Stock as reported by the principal exchange on which such Stock is traded, provided, however, that if such day is not a trading day, Fair Market Value will mean the reported closing price of the Stock for the immediately preceding day that is a trading day.

(b) If the Stock is not traded on an established national exchange or trading system, the average of the bid and ask prices for such Stock where the bid and ask prices are quoted.

(c) If the Stock cannot be valued pursuant to clauses (a) or (b), the value as determined in good faith by the Board in its sole discretion.

"Maximum Share Limit": The meaning set forth in Section 10 of the Plan.

"Option": An option granted pursuant to the Plan entitling the holder to acquire shares of Stock upon payment of the Purchase Price per share of Stock.

"Option Period": An offering period established in accordance with Section 5 of the Plan.

"Parent": A "parent corporation" as defined in Section 424(e) of the Code.

"Participant": An Eligible Employee who elects to enroll in the Plan.

"Plan": The Amended and Restated Planet Fitness, Inc. 2018 Employee Stock Purchase Plan, as from time to time amended and in effect.

"Purchase Price": The price per share of Stock with respect to an Option Period determined in accordance with Section 9 of the Plan.

"Section 409A": Section 409A of the Code and the regulations thereunder.

"Section 423": Section 423 of the Code and the regulations thereunder.

"Stock": Class A common stock of the Company, par value $0.01 per share.

"Subsidiary": On and after the Section 423 Effective Date, a "Subsidiary" shall be limited to a "subsidiary corporation" as defined in Section 424(f) of the Code. Prior to the Section 423 Effective Date, a "Subsidiary" may also include a subsidiary of the Company that would be described in the first sentence of Section 1.409A-1(b)(5)(iii)(E) of the Treasury Regulations.

EXHIBIT B

Designated Subsidiaries

Pla-Fit Franchise, LLC

Exhibit 10.25

Planet Fitness, Inc.
Amended and Restated Non-Employee Director Compensation Program
Dated as of February 22, 2022

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

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

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

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

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

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

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

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

Exhibit 21.1

SUBSIDIARIES OF PLANET FITNESS, INC.

Entity	Jurisdiction
Planet Fitness, Inc.	Delaware
TSG A AIV III Holdings, L.P.	Delaware
Planet Fitness GP, LLC	Delaware
Pla-Fit Holdings, LLC	Delaware
Planet Intermediate, LLC	Delaware
Planet Fitness Holdings, LLC	New Hampshire
Planet Fitness SPV Guarantor LLC	Delaware
Planet Fitness Master Issuer LLC	Delaware
Planet Fitness Franchising LLC	Delaware
Planet Fitness Distribution LLC	Delaware
Planet Fitness Assetco LLC	Delaware
Planet Fitness Australia Pty Ltd	Australia
Planet Fitness Australia Franchise Pty Ltd	Australia
Planet Fitness Australia Equipment Pty Ltd	Australia
Planet Fitness Australia Holdings, LLC	New Hampshire
PFIP International	Delaware
Planet Fitness International Franchise	Delaware
Planet Fitness Equipment LLC	New Hampshire
Pla-Fit Canada Inc.	Canada
Pla-Fit Canada Franchise Inc.	Canada
Pla-Fit Canada Equipment, Inc.	Canada
Pla-Fit Franchise LLC	New Hampshire
PFIP, LLC	New Hampshire
Planet Fitness NAF, LLC	New Hampshire
Planet Fitness Realco, LLC	New Hampshire
Planet Fitness Mexico Holdings, LLC	New Hampshire
Planet Fitness Mexico S. DE R.L. DE C.V.	Mexico
Pla-Fit Health LLC	New Hampshire
PF Coventry, LLC	New Hampshire
Pla-Fit Health NJNY LLC	New Hampshire
Bayonne Fitness Group, LLC	New Jersey
Bayshore Fitness Group LLC	New York
601 Washington Street Fitness Group, LLC	New York
Levittown Fitness Group, LLC	New York
Long Island Fitness Group, LLC	New York
Melville Fitness Group, LLC	New York
Peekskill Fitness Group, LLC	New York
Carle Place Fitness LLC	New York
Edison Fitness Group LLC	New Jersey

1040 South Broadway Fitness Group	New York
JFZ LLC	New Hampshire
Pla-Fit Colorado LLC	New Hampshire
PF Derry LLC	New Hampshire
PFCA LLC	New Hampshire
PF Vallejo, LLC	California
Pizzazz, LLC	Pennsylvania
PFPA, LLC	Pennsylvania
PF Kingston, LLC	Pennsylvania
Pla-Fit Warminster LLC	Pennsylvania
Pizzazz II, LLC	Pennsylvania
PF Greensburg LLC	Pennsylvania
PF Erie LLC	Pennsylvania
Planet Fitness Disaster Relief Fund	New Hampshire
Sunshine Fitness Growth Holdings, LLC	Delaware
Sunshine Fitness Thomaston, LLC	Florida
Sunshine Intermediate, LLC	Delaware
Sunshine Sub, LLC	Delaware
Sunshine Fitness Centers, LLC	Delaware
Sunshine Fitness Altamonte, LLC	Florida
Sunshine Fitness Management, LLC	Florida
Sunshine Fitness Holdings, LLC	Florida
Sunshine Fitness Apopka, LLC	Florida
Sunshine Fitness Orlando, LLC	Florida
Sunshine Fitness Cocoa, LLC	Florida
Sunshine Lake Mary, LLC	Florida
Sunshine Fitness Ocoee, LLC	Florida
Sunshine Fitness Belle Isle, LLC	Florida
Sunshine Spa Orlando, LLC	Florida
Sunshine Fitness Orange City, LLC	Florida
Sunshine Fitness Oviedo, LLC	Florida
Sunshine Fitness St. Cloud, LLC	Florida
Sunshine Fitness Albany, LLC	Florida
Sunshine Fitness Auburndale, LLC	Florida
Sunshine Fitness Augusta, LLC	Florida
Sunshine Fitness Augusta 2, LLC	Florida
Sunshine Fitness Bayonet Point, LLC	Florida
Sunshine Fitness Brunswick, LLC	Florida
Sunshine Fitness Central Georgia ADA, LLC	Florida
Sunshine Fitness Clermont, LLC	Florida
Sunshine Fitness Crestview, LLC	Florida
Sunshine Fitness Rio Pinar, LLC	Florida
Sunshine Fitness Warner Robins, LLC	Florida

Sunshine Fitness Arden, LLC	Florida
Sunshine Fitness Asheville, LLC	Florida
Sunshine Fitness Inverness, LLC	Florida
Sunshine Fitness Lake Wales, LLC	Florida
Sunshine Fitness Marianna, LLC	Florida
Sunshine Fitness Milledgeville, LLC	Florida
Sunshine Fitness Milton, LLC	Florida
Sunshine Fitness New Smyrna Beach, LLC	Florida
Sunshine Fitness North Augusta, LLC	Florida
Sunshine Fitness Orlando Lee Rd, LLC	Florida
Sunshine Fitness Pensacola West, LLC	Florida
Sunshine Fitness Perry, LLC	Florida
Sunshine Fitness Sebring, LLC	Florida
Sunshine Fitness Spindale, LLC	Florida
Sunshine Fitness Statesboro, LLC	Florida
Sunshine Fitness Vidalia, LLC	Florida
Sunshine Fitness Wesley Chapel, LLC	Florida
Sunshine Fitness Winter Springs, LLC	Florida
Sunshine Fitness Zephyrhills, LLC	Florida
Sunshine Fitness Crystal River, LLC	Florida
Sunshine Fitness Fashion Square, LLC	Florida
Sunshine Fitness Eustis, LLC	Florida
Sunshine Fitness Davenport, LLC	Florida
Sunshine Fitness Dr. Phillips, LLC	Florida
Sunshine Fitness Dublin, LLC	Florida
Sunshine Fitness Columbus 1, LLC	Florida
Sunshine Fitness Columbus 2, LLC	Florida
Sunshine Fitness Fort Walton Beach, LLC	Florida
Sunshine Fitness Hinesville, LLC	Florida
Sunshine Fitness Holden, LLC	Florida
Sunshine Fitness Jesup, LLC	Florida
Sunshine Fitness Kissimmee, LLC	Florida
Sunshine Fitness Kissimmee VSS, LLC	Florida
Sunshine Fitness Kissimmee 2, LLC	Florida
Sunshine Fitness Leesburg, LLC	Florida
Sunshine Fitness Longwood, LLC	Florida
Sunshine Fitness Pensacola East, LLC	Florida
Sunshine Fitness Palm Bay, LLC	Florida
Sunshine Fitness Opelika, LLC	Florida
Sunshine Fitness Orlando (S. Orange Blossom Trail), LLC	Florida
Sunshine Fitness Narcoossee, LLC	Florida
Sunshine Fitness North Florida ADA, LLC	Florida
Sunshine Fitness Metrowest, LLC	Florida

Sunshine Fitness Macon, LLC	Florida
Sunshine Fitness Pensacola North, LLC	Florida
Sunshine Fitness Pensacola, LLC	Florida
Sunshine Fitness Phenix City, LLC	Florida
PF Palmetto Holdings. LLC	Delaware
PF Florence, LLC	South Carolina
PF Florence 2, LLC	Florida
PF Gaffney, LLC	Florida
PF Greenville, LLC	South Carolina
PF Greenville2, LLC	South Carolina
PF Greenville3, LLC	Florida
PF Greer, LLC	Florida
PF Spartanburg, LLC	South Carolina
Spartanburg West, LLC	South Carolina
Hendersonville Fitness, LLC	North Carolina
Greenville Marketing, LLC	North Carolina
Berea Fitness, LLC	South Carolina
Lexington Fitness, LLC	South Carolina
PF Simpsonville, LLC	South Carolina
PF Columbia2, LLC	South Carolina
PF Columbia1, LLC	South Carolina
PF York, LLC	Florida
Sunshine Fitness Waynesville, LLC	Florida
Dowler Holdings, LLC	Delaware
GSH West Palm East, LLC	Florida
The A Team, LLC	Florida
PF Clover, LLC	Florida
PF NC Mint Hill, LLC	Florida
PF NC Holdings, LLC	Florida
PF NC7, LLC	Florida
PF NC 12 Camfield, LLC	Florida
PF NC8, LLC	Florida
PF NC6, LLC	Florida
PF NC 10-Matthews, LLC	Florida
PF NC9, LLC	Florida
PF NC5, LLC	Florida
PF NC 11-Tryon, LLC	Florida
PF NC4, LLC	Florida
PF NC1, LLC	Florida
PF NC2, LLC	Florida
PF NC3, LLC	Florida
PF FL 14, LLC	Florida
PF FL 12, LLC	Florida

PF FL 13, LLC	Florida
PF FL 15, LLC	Florida
PF FL 16, LLC	Florida
PF FL Fort Pierce, LLC	Florida
PF Stuart (Stuart Crossings), LLC	Florida
Anchor Fitness, LLC	Delaware
Harbor Health Club, LLC	South Carolina
Coastline Fitness, LLC	South Carolina
Great Bay Fitness, LLC	South Carolina
Coastal Fitness, LLC	Georgia
Breakwater Fitness, LLC	South Carolina
Blue Water Fitness, LLC	South Carolina
Lighthouse Fitness, LLC	South Carolina
Shoreline Fitness, LLC	Georgia
Seacoast Fitness, LLC	South Carolina
Riptide Fitness, LLC	Georgia
Bluefin Fitness, LLC	South Carolina
Blue Ocean Fitness, LLC	South Carolina
Bayside Fitness, LLC	South Carolina
PF SC Goose Creek, LLC	Florida
PF SC North Myrtle Beach, LLC	Florida
PF SC Myrtle Beach 2, LLC	Florida
PF SC Hilton Head, LLC	Florida
Sunshine Fitness Savannah, LLC	Florida
Montgomery Fitness Group, LLC	Delaware
Sunshine Fitness Montgomery, LLC	Delaware
Sunshine Fitness Montgomery 2, LLC	Florida
Sunshine Fitness Prattville 2, LLC	Florida
Sunshine Fitness Prattville, LLC	Delaware

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (Nos. 333-224887 and 333-206158) on Form S-8 of our reports dated March 1, 2022, with respect to the consolidated financial statements and financial statement schedule II of Planet Fitness, Inc. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Boston, Massachusetts
March 1, 2022

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 annual report on Form 10-K of Planet Fitness, Inc. (the "registrant");
2. Based on my knowledge, this annual 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 annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual 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 annual 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 annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and

   (d) Disclosed in this annual 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: March 1, 2022

/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 annual report on Form 10-K of Planet Fitness, Inc. (the "registrant");
2. Based on my knowledge, this annual 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 annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual 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 annual 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 annual 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 annual report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and
    (d) Disclosed in this annual 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: March 1, 2022

/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 annual report of Planet Fitness, Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2021 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: March 1, 2022

/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 annual report of Planet Fitness, Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2021 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: March 1, 2022

/s/ Thomas Fitzgerald

Thomas Fitzgerald
Chief Financial Officer
(Principal Financial Officer)