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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2024

OR

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

For the transition period from to

Commission File Number: 001-40887

Life Time Group Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**47-3481985**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

2902 Corporate Place
Chanhassen, Minnesota 55317
(952) 947-0000

(Address of principal executive offices, including zip code; Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common stock, par value $0.01 per share	LTH	The New York Stock Exchange

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§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 "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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

As of October 24, 2024, the registrant had 206,972,629 shares of common stock outstanding, par value $0.01 per share.

TABLE OF CONTENTS

PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

LIFE TIME GROUP HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)
(Unaudited)

	September 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 120,947	$ 11,161
Restricted cash and cash equivalents	16,106	18,805
Accounts receivable, net	26,230	23,903
Center operating supplies and inventories	59,237	52,803
Prepaid expenses and other current assets	41,374	57,751
Income tax receivable	5,298	10,101
Total current assets	269,192	174,524
Property and equipment, net	3,095,145	3,171,616
Goodwill	1,235,359	1,235,359
Operating lease right-of-use assets	2,335,206	2,202,601
Intangible assets, net	171,917	172,127
Other assets	72,840	75,914
Total assets	$ 7,179,659	$ 7,032,141
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 70,592	$ 81,252
Construction accounts payable	61,562	108,730
Deferred revenue	48,836	49,299
Accrued expenses and other current liabilities	196,290	185,305
Current maturities of debt	12,439	73,848
Current maturities of operating lease liabilities	67,016	58,764
Total current liabilities	456,735	557,198
Long-term debt, net of current portion	1,639,752	1,859,027
Operating lease liabilities, net of current portion	2,401,711	2,268,863
Deferred income taxes, net	77,657	56,066
Other liabilities	42,004	36,875
Total liabilities	4,617,859	4,778,029
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Common stock, $0.01 par value per share; 500,000 shares authorized; 206,613 and 196,671 shares issued and outstanding, respectively.	2,066	1,967
Additional paid-in capital	3,025,445	2,835,883
Accumulated deficit	(457,736)	(576,813)
Accumulated other comprehensive loss	(7,975)	(6,925)
Total stockholders' equity	2,561,800	2,254,112
Total liabilities and stockholders' equity	$ 7,179,659	$ 7,032,141

See notes to unaudited condensed consolidated financial statements.

LIFE TIME GROUP HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Revenue:				
Center revenue	$ 674,775	$ 568,402	$ 1,900,267	$ 1,608,279
Other revenue	18,459	16,775	57,445	49,480
Total revenue	693,234	585,177	1,957,712	1,657,759
Operating expenses:				
Center operations	371,134	319,401	1,048,544	896,113
Rent	78,575	69,225	225,804	203,196
General, administrative and marketing	57,737	51,668	159,836	147,005
Depreciation and amortization	69,451	63,618	205,068	180,067
Other operating expense	22,642	34,516	47,952	64,837
Total operating expenses	599,539	538,428	1,687,204	1,491,218
Income from operations	93,695	46,749	270,508	166,541
Other (expense) income:				
Interest expense, net of interest income	(36,011)	(33,075)	(111,083)	(96,249)
Equity in (loss) earnings of affiliates	(116)	56	(403)	287
Total other expense	(36,127)	(33,019)	(111,486)	(95,962)
Income before income taxes	57,568	13,730	159,022	70,579
Provision for income taxes	16,213	5,815	39,945	18,200
Net income	$ 41,355	$ 7,915	$ 119,077	$ 52,379
Income per common share:				
Basic	$ 0.20	$ 0.04	$ 0.60	$ 0.27
Diluted	$ 0.19	$ 0.04	$ 0.57	$ 0.26
Weighted-average common shares outstanding:				
Basic	202,945	196,146	199,793	195,404
Diluted	214,633	204,298	207,841	203,954

See notes to unaudited condensed consolidated financial statements.

LIFE TIME GROUP HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	$ 41,355	$ 7,915	$ 119,077	$ 52,379
Foreign currency translation adjustments, net of tax of $0	1,266	(2,265)	(1,050)	(303)
Comprehensive income	$ 42,621	$ 5,650	$ 118,027	$ 52,076

See notes to unaudited condensed consolidated financial statements.

LIFE TIME GROUP HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)
(Unaudited)

	Common Stock		Additional Paid-In	Accumulated Deficit	Accumulated Other	Total
	Shares	Amount	Capital		Comprehensive Loss	Equity
Balance at June 30, 2024	199,052	$ 1,990	$ 2,873,839	$ (499,091)	$ (9,241)	$ 2,367,497
Net income	—	—	—	41,355	—	41,355
Other comprehensive income	—	—	—	—	1,266	1,266
Share-based compensation	—	—	9,265	—	—	9,265
Stock option exercises	1,547	16	18,042	—	—	18,058
Issuance of common stock in connection with the Offering (Note 7), net of issuance costs	6,000	60	124,297	—	—	124,357
Issuances of common stock in connection with the vesting of restricted stock units	14	—	2	—	—	2
Balance at September 30, 2024	206,613	$ 2,066	$ 3,025,445	$ (457,736)	$ (7,975)	$ 2,561,800

	Common Stock		Additional Paid-In	Accumulated Deficit	Accumulated Other	Total
	Shares	Amount	Capital		Comprehensive Loss	Equity
Balance at December 31, 2023	196,671	$ 1,967	$ 2,835,883	$ (576,813)	$ (6,925)	$ 2,254,112
Net income	—	—	—	119,077	—	119,077
Other comprehensive loss	—	—	—	—	(1,050)	(1,050)
Share-based compensation	—	—	27,216	—	—	27,216
Stock option exercises	1,691	17	19,531	—	—	19,548
Issuance of common stock in connection with the Offering (Note 7), net of issuance costs	6,000	60	124,297	—	—	124,357
Issuances of common stock in connection with the vesting of restricted stock units	701	6	(986)	—	—	(980)
Issuances of common stock in connection with the employee stock purchase plan	103	1	1,461	—	—	1,462
Settlement of accrued compensation liabilities through the issuance of common stock	1,447	15	18,043	—	—	18,058
Balance at September 30, 2024	206,613	$ 2,066	$ 3,025,445	$ (457,736)	$ (7,975)	$ 2,561,800

	Common Stock		Additional Paid-In	Accumulated Deficit	Accumulated Other	Total
	Shares	Amount	Capital		Comprehensive Loss	Equity
Balance at June 30, 2023	196,031	$ 1,960	$ 2,814,424	$ (608,412)	$ (7,260)	$ 2,200,712
Net income	—	—	—	7,915	—	7,915
Other comprehensive loss	—	—	—	—	(2,265)	(2,265)
Share-based compensation	—	—	8,906	—	—	8,906
Stock option exercises	152	2	1,619	—	—	1,621
Balance at September 30, 2023	196,183	$ 1,962	$ 2,824,949	$ (600,497)	$ (9,525)	$ 2,216,889

	Common Stock		Additional Paid-In	Accumulated Deficit	Accumulated Other	Total
	Shares	Amount	Capital		Comprehensive Loss	Equity
Balance at December 31, 2022	194,271	$ 1,943	$ 2,784,416	$ (652,876)	$ (9,222)	$ 2,124,261
Net income	—	—	—	52,379	—	52,379
Other comprehensive loss	—	—	—	—	(303)	(303)
Share-based compensation	—	—	22,842	—	—	22,842
Stock option exercises	1,362	14	14,884	—	—	14,898
Issuances of common stock in connection with the vesting of restricted stock units	337	3	(113)	—	—	(110)
Issuances of common stock in connection with the employee stock purchase plan	123	1	1,449	—	—	1,450
Issuances of common stock in connection with business acquisitions	90	1	1,471	—	—	1,472
Balance at September 30, 2023	196,183	$ 1,962	$ 2,824,949	$ (600,497)	$ (9,525)	$ 2,216,889

See notes to unaudited condensed consolidated financial statements.

LIFE TIME GROUP HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2024	**2023**
Cash flows from operating activities:		
Net income	$ 119,077	$ 52,379
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	205,068	180,067
Deferred income taxes	21,693	15,994
Share-based compensation	30,450	37,029
Non-cash rent expense	25,181	26,900
Impairment charges associated with long-lived assets	2,941	6,620
(Gain) loss on disposal of property and equipment, net	(6,548)	13,742
Write-off of debt discounts and issuance costs	3,510	—
Amortization of debt discounts and issuance costs	5,891	5,862
Changes in operating assets and liabilities	1,794	(4,407)
Other	2,919	(3,240)
Net cash provided by operating activities	411,976	330,946
Cash flows from investing activities:		
Capital expenditures	(388,213)	(529,965)
Proceeds from sale-leaseback transactions	207,714	121,831
Proceeds from the sale of land	15,577	4,169
Other	2,819	416
Net cash used in investing activities	(162,103)	(403,549)
Cash flows from financing activities:		
Proceeds from borrowings	—	44,291
Repayments of debt	(408,612)	(11,202)
Proceeds from revolving credit facility	1,045,000	986,000
Repayments of revolving credit facility	(925,000)	(961,000)
Repayments of finance lease liabilities	(626)	(771)
Proceeds from financing obligations	4,300	1,500
Payments of debt discounts and issuance costs	(1,873)	(2,550)
Proceeds from the issuance of common stock, net of issuance costs	124,357	—
Proceeds from stock option exercises	19,548	14,897
Proceeds from issuances of common stock in connection with the employee stock purchase plan	1,462	1,450
Other	(1,304)	(110)
Net cash (used in) provided by financing activities	(142,748)	72,505
Effect of exchange rates on cash and cash equivalents and restricted cash and cash equivalents	(38)	30
Increase (decrease) in cash and cash equivalents and restricted cash and cash equivalents	107,087	(68)
Cash and cash equivalents and restricted cash and cash equivalents – beginning of period	29,966	25,509
Cash and cash equivalents and restricted cash and cash equivalents – end of period	$ 137,053	$ 25,441

See notes to unaudited condensed consolidated financial statements.

LIFE TIME GROUP HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Table amounts in thousands except per share data)

1. Nature of Business and Basis of Presentation

Nature of Business

Life Time Group Holdings, Inc. (collectively with its direct and indirect subsidiaries, "Life Time," "we," "our," or the "Company") is a holding company incorporated in the state of Delaware. As a holding company, Life Time Group Holdings, Inc. does not have its own independent assets or business operations, and all of our assets and business operations are through Life Time, Inc. and its direct and indirect subsidiaries. We are primarily dedicated to providing premium health, fitness and wellness experiences at our athletic country club destinations and via our comprehensive digital platform and portfolio of iconic athletic events – all with the objective of inspiring healthier, happier lives. We design, build and operate our athletic country club destinations that are distinctive and large, multi-use sports and athletic, professional fitness, family recreation and spa centers in a resort-like environment. As of September 30, 2024, we operated 177 centers in 31 states and one Canadian province.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial reporting and as required by rules and regulations of the Securities and Exchange Commission (the "SEC"). While these statements reflect normal recurring adjustments that are, in the opinion of management, necessary for a fair statement of the results of the interim period, they do not include all of the information and footnotes required by GAAP for complete financial statements. These unaudited condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC.

The unaudited condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements. When preparing financial statements in conformity with GAAP, we are required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. All intercompany balances and transactions have been eliminated in consolidation. We have one operating segment and one reportable segment.

Reclassification

A reclassification has been made on our December 31, 2023 condensed consolidated balance sheet in order to conform to the current period presentation. Specifically, our restricted cash and cash equivalents balance of $18.8 million at December 31, 2023 was reclassified out of Cash and cash equivalents and into a separate line item labeled Restricted cash and cash equivalents. This reclassification had no impact on our previously reported statements of operations or cash flows.

2. Summary of Significant Accounting Policies

New Accounting Pronouncements Not Yet Adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued guidance to expand annual and interim disclosure requirements for reportable segments, primarily through additional disclosures on segment expenses. We expect to adopt the accounting guidance for our Annual Report on Form 10-K for the year ended December 31, 2024. We do not anticipate the updated standard will have a material impact on our financial statement disclosures.

In December 2023, the FASB issued guidance to enhance transparency of income tax disclosures. The updated guidance requires additional disclosures on income tax rate reconciliation and income taxes paid, among other things. We expect to adopt the accounting guidance for our Annual Report on Form 10-K for the year ended December 31, 2025. We are currently evaluating the impact that the updated standard will have on our financial statement disclosures.

Fair Value Measurements

The accounting guidance establishes a framework for measuring fair value and expanded disclosures about fair value measurements. The guidance applies to all assets and liabilities that are measured and reported on a fair value basis. This enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The guidance requires that each asset and liability carried at fair value be classified into one of the following categories:

(Table amounts in thousands except per share data)

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The carrying amounts related to cash and cash equivalents, restricted cash and cash equivalents, accounts receivable, income tax receivable, accounts payable and accrued liabilities approximate fair value.

Fair Value Measurements on a Recurring Basis. We had no material remeasurements of such assets or liabilities to fair value during thethree and nine months ended September 30, 2024 and 2023.

Financial Assets and Liabilities. At September 30, 2024 and December 31, 2023, the carrying value and fair value of our outstanding long-term debt was as follows:

	September 30, 2024		December 31, 2023	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Long-term debt (1)	$ 1,658,653	$ 1,661,106	$ 1,948,145	$ 1,934,695

(1) Excludes unamortized debt discounts and issuance costs.

The fair value of our debt is based on the amount of future cash flows discounted using rates we would currently be able to realize for similar instruments of comparable maturity. If our long-term debt were recorded at fair value, it would be classified as Level 2 in the fair value hierarchy. For more information regarding our debt, see Note 5, Debt.

Fair Value Measurements on a Nonrecurring Basis. Assets and liabilities that are measured at fair value on a nonrecurring basis primarily relate to our goodwill, intangible assets and other long-lived assets, which are remeasured when the derived fair value is below carrying value on our condensed consolidated balance sheets. For these assets, we do not periodically adjust carrying value to fair value except in the event of impairment. If we determine that impairment has occurred, the carrying value of the asset would be reduced to fair value and the difference would be recorded as a loss within operating income in our condensed consolidated statements of operations. We had no material remeasurements of such assets or liabilities to fair value during the three and nine months ended September 30, 2024 and 2023.

3. Supplemental Balance Sheet and Cash Flow Information

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

	September 30, 2024	December 31, 2023
Property held for sale	$ —	$ 8,600
Construction contract receivables	12,806	25,280
Prepaid insurance	2,762	2,393
Prepaid commissions	6,057	5,059
Prepaid rent	3,752	514
Prepaid software licenses and maintenance	5,576	5,481
Other	10,421	10,424
Prepaid expenses and other current assets	$ 41,374	$ 57,751

LIFE TIME GROUP HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Table amounts in thousands except per share data)

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	September 30, 2024	December 31, 2023
Real estate taxes	$ 38,138	$ 32,165
Accrued interest	31,238	38,723
Payroll liabilities	39,176	40,357
Self-insurance accruals	27,419	24,869
Corporate accruals	34,574	33,066
Other	25,745	16,125
Accrued expenses and other current liabilities	$ 196,290	$ 185,305

Supplemental Cash Flow Information

(Increases) decreases in operating assets and increases (decreases) in operating liabilities are as follows:

	Nine Months Ended September 30,	
	2024	2023
Accounts receivable	$ (3,175)	$ (8,044)
Center operating supplies and inventories	(6,448)	(2,903)
Prepaid expenses and other current assets	(5,361)	3,316
Income tax receivable	4,802	(10,967)
Other assets	(284)	5,203
Accounts payable	(10,532)	2,191
Accrued expenses and other current liabilities	22,258	10,596
Deferred revenue	(867)	1,277
Other liabilities	1,401	(5,076)
Changes in operating assets and liabilities	$ 1,794	$ (4,407)

Additional supplemental cash flow information is as follows:

	Nine Months Ended September 30,	
	2024	2023
Net cash paid for income taxes, net of refunds received	$ 13,413	$ 13,172
Cash payments for interest, net of capitalized interest	110,084	91,896
Capitalized interest	4,664	14,498
Non-cash activity:		
Issuances of common stock in connection with a business acquisition	—	1,472
Right-of-use assets obtained in exchange for initial lease liabilities:		
Operating leases	172,106	106,285
Finance leases	969	963
Right-of-use asset adjustments recognized as a result of the remeasurement of existing operating lease liabilities	5,069	17,845
Non-cash increase in operating lease right-of-use assets associated with below-market sale-leaseback transactions	13,350	5,900
Non-cash increase in financing obligations as a result of interest accretion	89	83

(Table amounts in thousands except per share data)

4. Revenue

Revenue associated with our membership dues, enrollment fees, and certain services from our in-center businesses is recognized over time as earned. Revenue associated with products and services offered in our cafes and spas, as well as through e-commerce, is recognized at a point in time. The following is a summary of revenue, by major revenue stream, that we recognized during the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Membership dues and enrollment fees	$ 488,105	$ 407,903	$ 1,376,212	$ 1,152,506
In-center revenue	186,670	160,499	524,055	455,773
Total center revenue	674,775	568,402	1,900,267	1,608,279
Other revenue	18,459	16,775	57,445	49,480
Total revenue	$ 693,234	$ 585,177	$ 1,957,712	$ 1,657,759

The timing associated with the revenue we recognized during the three months ended September 30, 2024 and 2023 is as follows:

	Three Months Ended September 30, 2024			Three Months Ended September 30, 2023		
	Center Revenue	Other Revenue	Total Revenue	Center Revenue	Other Revenue	Total Revenue
Goods and services transferred over time	$ 599,700	$ 18,459	$ 618,159	$ 502,003	$ 16,775	$ 518,778
Goods and services transferred at a point in time	75,075	—	75,075	66,399	—	66,399
Total revenue	$ 674,775	$ 18,459	$ 693,234	$ 568,402	$ 16,775	$ 585,177

The timing associated with the revenue we recognized during the nine months ended September 30, 2024 and 2023 is as follows:

	Nine Months Ended September 30, 2024			Nine Months Ended September 30, 2023		
	Center Revenue	Other Revenue	Total Revenue	Center Revenue	Other Revenue	Total Revenue
Goods and services transferred over time	$ 1,684,453	$ 57,445	$ 1,741,898	$ 1,417,352	$ 49,480	$ 1,466,832
Goods and services transferred at a point in time	215,814	—	215,814	190,927	—	190,927
Total revenue	$ 1,900,267	$ 57,445	$ 1,957,712	$ 1,608,279	$ 49,480	$ 1,657,759

Contract liabilities represent payments or consideration received in advance for goods or services that the Company has not yet transferred to the customer. Contract liabilities consist primarily of deferred revenue for fees collected in advance for Dynamic Personal Training, media and athletic events, enrollment fees, other in-center services offerings and membership dues. Contract liabilities at September 30, 2024 and December 31, 2023 were $48.9 million and $49.9 million, respectively.

Contract liabilities that will be recognized within one year are classified as deferred revenue in our condensed consolidated balance sheets. Deferred revenue at September 30, 2024 and December 31, 2023 was $48.8 million and $49.3 million, respectively, and consists primarily of prepaid Dynamic Personal Training, media and athletic events, enrollment fees, other in-center services and membership dues.

Contract liabilities that will be recognized in a future period greater than one year are classified as a component of Other liabilities in our condensed consolidated balance sheets. Long-term contract liabilities at September 30, 2024 and December 31, 2023 were $0.1 million and $0.6 million, respectively, and consist primarily of deferred enrollment fees.

(Table amounts in thousands except per share data)

5. Debt

Debt consisted of the following:

	September 30, 2024	December 31, 2023
Term Loan Facility, retired September 2024	$ —	$ 310,000
Prior Revolving Credit Facility, retired September 2024	—	90,000
Revolving Credit Facility, maturing September 2029	210,000	—
5.75% Senior Secured Notes, maturing January 2026	925,000	925,000
8.00% Senior Unsecured Notes, maturing April 2026	475,000	475,000
Construction Loan, retired August 2024	—	28,000
Mortgage Notes, various maturities	44,890	115,502
Other debt	3,440	4,122
Fair value adjustment	323	521
Total debt	1,658,653	1,948,145
Less unamortized debt discounts and issuance costs	(6,462)	(15,270)
Total debt less unamortized debt discounts and issuance costs	1,652,191	1,932,875
Less current maturities	(12,439)	(73,848)
Long-term debt, less current maturities	$ 1,639,752	$ 1,859,027

Refinancing Transaction

On September 20, 2024, Life Time, Inc. and certain of our other wholly-owned subsidiaries entered into a thirteenth amendment to the credit agreement governing our senior secured credit agreement (the “Amended Credit Agreement”). The Amended Credit Agreement provided for, among other things, (i) an increase in the commitments under the revolving credit facility to $650.0 million, (ii) a reduction in the floating interest rate per annum of, at our option, Term Secured Overnight Financing Rate (“SOFR”) plus an applicable margin of 2.50% or a base rate plus 1.50%, and a reduction in the undrawn commitment fee rate from 50 basis points to 25 basis points, and (iii) an extension of the maturity of the revolving credit facility to September 20, 2029, except that the maturity will be (a) October 16, 2025 if at least $100 million remains outstanding on the Senior Secured Notes on such date and (b) January 14, 2026 if at least $100 million remains outstanding on the Senior Unsecured Notes on such date. The applicable margins will (i) decrease 25 basis points upon achieving a certain first lien net leverage ratio and/or (ii) decrease 25 basis points upon achieving public corporate family ratings of Ba3 or BB- from any two of Moody’s, S&P and Fitch, as provided in the Amended Credit Agreement.

Term Loan Facility

On August 19, 2024, we used a portion of the net proceeds we received from an equity offering to pay down an aggregate principal amount of $110.0 million of our Term Loan Facility. For more information regarding our equity offering, see Note 7, Stockholders’ Equity. On September 20, 2024, we paid the remaining aggregate principal amount of $200.0 million of our Term Loan Facility and no borrowings remained outstanding under our Term Loan Facility as of September 30, 2024.

Before we paid off the Term Loan Facility in full on September 20, 2024, loans under the Term Loan Facility were at a floating interest rate per annum of, at our option, SOFR plus an applicable credit adjustment spread ranging from 0.11448% to 0.42826% depending on the duration of borrowing plus the continued applicable margin of 4.00% or a base rate plus 3.00%. We were not required to make principal payments on the Term Loan Facility prior to its maturity.

Revolving Credit Facility

At September 30, 2024, there were $210.0 million of outstanding borrowings under the $650.0 million Revolving Credit Facility, as amended pursuant to the Amended Credit Agreement, and there were $31.2 million of outstanding letters of credit, resulting in total revolver availability of $408.8 million, which was available at intervals ranging from 30 to 180 days at interest rates of SOFR plus an applicable margin of 2.50% or a base rate plus 1.50%. During the second quarter of 2024, we amended the credit agreement governing the Revolving Credit Facility to replace the Canadian Dollar Offered Rate (CDOR), which ceased at the end of June 2024, with the Canadian Overnight Repo Rate Average (CORRA). We do not have any outstanding borrowings in Canadian dollars under the Revolving Credit Facility.

(Table amounts in thousands except per share data)

The weighted average interest rate and debt outstanding under the Revolving Credit Facility for the nine months ended September 30, 2024 was 9.36% and $140.6 million, respectively. The highest balance during that same period was $285.0 million.

Construction Loan

On August 15, 2024, we fully paid the remaining principal balance and accrued interest associated with our Construction Loan totaling $28.2 million.

Mortgage Notes

During the nine months ended September 30, 2024, we fully paid at maturity the principal balance and remaining accrued interest associated with two of our Mortgage Notes totaling $62.9 million.

Debt Discounts and Issuance Costs

During the three months ended September 30, 2024, in connection with the Refinancing Transaction, we incurred debt discounts and issuance costs totaling $1.9 million, which are included in Other assets on our condensed consolidated balance sheet at September 30, 2024.

During the three months ended September 30, 2024, in connection with the pay down in full of each of our Term Loan Facility and Construction Loan, we recognized $3.5 million of debt discounts and issuance cost write-offs, which are included in Interest expense, net of interest income in our condensed consolidated statement of operations.

Debt Covenants

We are required to comply with certain affirmative and restrictive covenants under our Credit Facilities, Secured Notes, Unsecured Notes and Mortgage Notes. We are also required to comply with a first lien net leverage ratio covenant under the Revolving Credit Facility, which requires us to maintain a first lien net leverage ratio, if 30.00% or more of the Revolving Credit Facility commitments are outstanding shortly after the end of any fiscal quarter (excluding all cash collateralized undrawn letters of credit and other undrawn letters of credit up to $90.0 million).

As of September 30, 2024, we were either in compliance in all material respects with the covenants or the covenants were not applicable.

Future Maturities of Long-Term Debt

Aggregate annual future maturities of long-term debt, excluding unamortized discounts, issuance costs and fair value adjustments, at September 30, 2024 were as follows:

October 2024 through September 2025	$	12,439
October 2025 through September 2026		1,413,007
October 2026 through September 2027		19,876
October 2027 through September 2028		157
October 2028 through September 2029		210,173
Thereafter		2,678
Total future maturities of long-term debt	$	1,658,330

6. Leases

Sale-Leaseback Transactions with Unrelated Third Parties

During the nine months ended September 30, 2024, we entered into and consummated sale-leaseback transactions with three unrelated third parties. Under these transactions, we sold five properties for gross proceeds of $173.2 million, which was reduced by transaction costs of $1.0 million, for net cash proceeds of $172.2 million. The estimated fair value of the properties sold was $182.2 million. Accordingly, the aggregate cash sales price associated with these arrangements was increased by a $9.0 million aggregate off-market adjustment to $181.2 million. Of the aggregate off-market adjustment, $13.3 million was associated with a property sale in which the sales price was less than the fair value of the property sold, which was recognized as an increase in the aggregate sales price associated with this property and an increase in the related operating lease right-of-use asset, and $4.3 million was associated with property sales in which the sales price was greater than the fair value of the properties sold, which was recognized as a reduction to the aggregate sales price associated with these properties and as financing obligations separate from the related operating lease liabilities. Proceeds from the financing obligations are reported within financing activities on our condensed consolidated statement of cash flows. During the nine months ended September 30, 2024, we recognized a net gain of $19.8 million on sale-leaseback transactions with unrelated third parties, which is included in Other operating expense in our condensed consolidated statement of operations.

Right-of-use assets and lease liabilities recognized in connection with sale-leaseback transactions with unrelated third parties were $123.0 million and $108.5 million, respectively.

Sale-Leaseback Transaction with Related Parties

During the three months ended September 30, 2024, we entered into and consummated a sale-leaseback transaction with an entity in which our chief executive officer and a member of our board of directors own a minority interest. Under this transaction, we sold one property for gross proceeds of $40.0 million, which was reduced by transaction costs of $0.2 million, for net cash proceeds of $39.8 million. The estimated fair value of the property sold was $40.3 million. During the three months ended September 30, 2024, we recognized a loss of $17.2 million on this sale-leaseback transaction, which is included in Other operating expense in our condensed consolidated statement of operations.

The right-of-use asset and lease liability recognized in connection with this sale-leaseback transaction was $25.1 million and $24.9 million, respectively.

7. Stockholders' Equity

Equity Offering

On August 14, 2024, we consummated the registered offering, issuance and sale of 6.0 million shares of our common stock by the Company (the "Primary Shares") and 7.8 million shares of our common stock by certain of our stockholders (the "Secondary Shares") at an offering price of $21.75 per share, less underwriting discounts and commissions (collectively, the "Offering"). We received total gross proceeds from the Primary Shares of $130.5 million, which was reduced by underwriting discounts and commissions and other expenses of $6.1 million, for net proceeds of $124.4 million. We did not receive any proceeds from the sale of the Secondary Shares. We used a portion of the net proceeds we received from the Offering to pay down $110.0 million of our Term Loan Facility on August 19, 2024. For more information regarding our debt, see Note 5, Debt.

Share-Based Compensation Expense

Share-based compensation expense for the three months ended September 30, 2024 was $11.8 million, of which $9.3 million and $2.5 million was associated with equity-classified awards and liability-classified awards, respectively. Share-based compensation expense for the nine months ended September 30, 2024 was $30.5 million, of which $27.2 million and $3.3 million was associated with equity-classified awards and liability-classified awards, respectively.

Share-based compensation expense for the three months ended September 30, 2023 was $14.9 million, of which $8.9 million and $6.0 million was associated with equity-classified awards and liability-classified awards, respectively. Share-based compensation expense for the nine months ended September 30, 2023 was $37.0 million, of which $22.8 million and $14.2 million was associated with equity-classified awards and liability-classified awards, respectively.

(Table amounts in thousands except per share data)

Restricted Stock Units

During the nine months ended September 30, 2024, the Company granted approximately 1.8 million restricted stock unit awards under the 2021 Incentive Award Plan, of which approximately 1.3 million were time-based vesting awards and approximately 0.5 million were performance-based vesting awards granted to our executives in connection with our short-term incentive compensation program. We determine the grant date fair value of restricted stock unit awards by multiplying the number of restricted stock unit awards by the closing trading price of our common stock on the grant date.

Performance Stock Units

During the nine months ended September 30, 2024, the Company granted approximately 0.5 million three-year performance stock unit awards under the 2021 Incentive Award Plan, all of which were granted to our executives in connection with our long-term incentive compensation program. Approximately 0.3 million of the performance stock unit awards are based on our Adjusted EBITDA with performance determined each year for one-third of such award but the entire award does not vest until the end of the three-year period and approximately 0.2 million of the performance stock unit awards are based on our leverage ratio at the end of each year with one-third vesting each year dependent on achieving the leverage ratio target for such year. We determine the grant date fair value of performance stock unit awards by multiplying the number of performance stock unit awards by the closing trading price of our common stock on the grant date.

Other Share-Based Payment Awards

In the event specified performance metrics are met under our 2024 incentive compensation program for team members who are not executive officers, awards thereunder will be paid out in cash or through the issuance of fully-vested shares of the Company’s common stock or a combination thereof at the time of such performance determination in 2025. As of September 30, 2024, we expect that these awards will be settled in a combination of cash and shares of the Company’s common stock. Because the portion of incentive compensation that we currently expect to pay through the issuance of shares of the Company’s common stock represents a fixed dollar that, if payable, will be settled in a variable number of shares of the Company’s common stock, we are currently accounting for this portion of these awards as liability-classified share-based payment awards. Accordingly, the offset to the share-based compensation expense we have recognized in connection with these awards during the nine months ended September 30, 2024 is included in Accrued expenses and other current liabilities on our September 30, 2024 condensed consolidated balance sheet.

In February 2024, our board of directors determined that our 2023 performance exceeded the maximum performance metric under our 2023 short-term incentive program and issued corresponding shares of common stock to our employees. As a result, the $18.1 million liability we had recognized in connection with liability-classified share-based payment awards, which was included in Accrued expenses and other current liabilities on our December 31, 2023 condensed consolidated balance sheet, was reclassified out of Accrued expenses and other current liabilities and into Common stock and Additional paid-in capital on our condensed consolidated balance sheet during the nine months ended September 30, 2024.

8. Income Per Share

For the three and nine months ended September 30, 2024 and 2023, our potentially dilutive securities included stock options, restricted stock units and shares to be issued under our employee stock purchase plan. Our potentially dilutive securities for the three and nine months ended September 30, 2024 also included performance stock units.

The following table sets forth the calculation of basic and diluted income per share for the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net income	$ 41,355	$ 7,915	$ 119,077	$ 52,379
Weighted-average common shares outstanding – basic	202,945	196,146	199,793	195,404
Dilutive effect of stock-based compensation awards	11,688	8,152	8,048	8,550
Weighted-average common shares outstanding – diluted	214,633	204,298	207,841	203,954
Income per common share – basic	$ 0.20	$ 0.04	$ 0.60	$ 0.27
Income per common share – diluted	$ 0.19	$ 0.04	$ 0.57	$ 0.26

LIFE TIME GROUP HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Table amounts in thousands except per share data)

The following is a summary of potential shares of common stock that were antidilutive and excluded from the weighted average share computations for the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Stock options	1,750	6,533	1,750	6,272
Restricted stock units	66	872	66	872
Potential common shares excluded from the weighted average share calculations	1,816	7,405	1,816	7,144

9. Commitments and Contingencies

Life Time, Inc. et al. v. Zurich American Insurance Company

On August 19, 2020, Life Time, Inc., several of its subsidiaries, and a joint venture entity, Bloomingdale Life Time Fitness LLC (collectively, the “Life Time Parties”) filed a complaint against Zurich American Insurance Company (“Zurich”) in the Fourth Judicial District of the State of Minnesota, County of Hennepin (Case No. 27-CV-20-10599) (the “Action”) seeking declaratory relief and damages with respect to Zurich’s failure under a property/business interruption insurance policy to provide certain coverage to the Life Time Parties related to the closure or suspension by governmental authorities of their business activities due to the spread or threat of the spread of COVID-19. On March 15, 2021, certain of the Life Time Parties filed a First Amended Complaint in the Action adding claims against Zurich under a Builders’ Risk policy related to the suspension of multiple construction projects. The Court granted Zurich’s dispositive motions on July 25, 2024, dismissing Life Time’s claims with prejudice, and entered judgment on July 26, 2024. Life Time has appealed from that judgment to the Minnesota Court of Appeals. The Action is subject to many uncertainties, and the outcome of the matter is not predictable with any assurance.

Other

We are also engaged in other proceedings incidental to the normal course of business. Due to their nature, such legal proceedings involve inherent uncertainties, including but not limited to court rulings, negotiations between affected parties and governmental intervention. We establish reserves for matters that are probable and estimable in amounts we believe are adequate to cover reasonable adverse judgments. Based upon the information available to us and discussions with legal counsel, it is our opinion that the outcome of the various legal actions and claims that are incidental to our business will not have a material adverse impact on our consolidated financial position, results of operations or cash flows. Such matters are subject to many uncertainties, and the outcomes of individual matters are not predictable with assurance.

10. Subsequent Events

On October 22, 2024, Life Time, Inc., an indirect subsidiary of Life Time Group Holdings, Inc., priced $500 million in aggregate principal amount of 6.000% senior secured notes due 2031. The offering is expected to close on November 5, 2024, subject to customary closing conditions. Concurrently with the closing of the offering, we intend to amend the Amended Credit Agreement to, among other things, incur new term loans in an aggregate principal amount of $1,000 million that will mature in 2031 and bear interest at a rate per annum of SOFR plus an applicable margin of 2.50% (subject to a certain ratings-based step-down). We intend to use the net proceeds from the senior secured notes and new term loans and cash from our balance sheet to fund the satisfaction and discharge of the Senior Secured Notes due 2026 and Senior Unsecured Notes due 2026.

In preparing the accompanying condensed consolidated financial statements, we have evaluated the period from September 30, 2024 through the date the condensed consolidated financial statements were issued for material subsequent events. There have been no other events or transactions during this time which would have a material effect on the condensed consolidated financial statements and therefore would require recognition or disclosure.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking Statements

Certain statements in this discussion and analysis are forward-looking statements within the meaning of federal securities regulations. Forward-looking statements in this discussion and analysis include, but are not limited to, our plans, strategies and prospects, both business and financial, including our financial outlook and cash flow, possible or assumed future actions, opportunities for growth and margin expansion, improvements to our balance sheet and leverage, capital expenditures, consumer demand, industry and economic trends, business strategies, events or results of operations. Generally, forward-looking statements are not based on historical facts but instead represent only our current beliefs and assumptions regarding future events. All forward-looking statements are, by nature, subject to risks, uncertainties and other factors. This discussion and analysis does not purport to identify factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements. You should understand that forward-looking statements are not guarantees of performance or results and are preliminary in nature. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements. Statements preceded by, followed by or that otherwise include the words "believes," "assumes," "expects," "anticipates," "intends," "continues," "projects," "predicts," "estimates," "plans," "potential," "may increase," "may result," "will result," "may fluctuate," and similar expressions or future or conditional verbs such as "will," "should," "would," "foreseeable," "may," and "could" as well as the negative version of these words or similar terms and phrases are generally forward-looking in nature and not historical facts. In addition, any statements or information that refer to expectations, beliefs, plans, projections, objectives, performance or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking.

The forward-looking statements contained in this discussion and analysis are based on management's current beliefs and assumptions and are not guarantees of future performance. The forward-looking statements are subject to various risks, uncertainties, assumptions or changes in circumstances that are difficult to predict or quantify. Actual results may differ materially from these expectations due to numerous factors, many of which are beyond our control, including risks relating to our business operations and competitive and economic environment, risks relating to our brand, risks relating to the growth of our business, risks relating to our technological operations, risks relating to our capital structure and lease obligations, risks relating to our human capital, risks relating to legal compliance and risk management and risks relating to ownership of our common stock and the other important factors discussed under the caption "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 filed with the Securities and Exchange Commission (the "SEC") and as such risk factors may be updated from time to time in our periodic filings with the SEC that are accessible on the SEC's website at www.sec.gov. Since it is not possible to foresee all such factors, these factors should not be considered as complete or exhaustive. Consequently, we caution investors not to place undue reliance on any forward-looking statements, as no forward-looking statement can be guaranteed, and actual results may vary materially. Additionally, our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, investments or other strategic transactions we may make.

All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements. Forward-looking statements speak only as of the date of this report. We do not undertake any obligation to update or revise, or to publicly announce any update or revision to, any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Overview

Equity Offering

On August 14, 2024, we consummated the registered offering, issuance and sale of 6.0 million shares of our common stock by the Company (the "Primary Shares") and 7.8 million shares of our common stock by certain of our stockholders (the "Secondary Shares") at an offering price of $21.75 per share, less underwriting discounts and commissions (collectively, the "Offering"). We received total gross proceeds from the Primary Shares of $130.5 million, which was reduced by underwriting discounts and commissions and other expenses. We did not receive any proceeds from the sale of the Secondary Shares.

Business and Strategy

Life Time, the "Healthy Way of Life Company," is a leading lifestyle and leisure brand offering premium health, fitness and wellness experiences to a community of more than 1.5 million individual members, who together comprise more than 876,000 memberships, as of September 30, 2024. Since our founding over 30 years ago, we have sought to continuously innovate ways for our members to lead healthy and happy lives by offering them the best places, programs and performers. Wedeliver high-quality experiences through our omni-channel physical and digital ecosystem that includes more than 175 centers—distinctive, resort-like athletic country club destinations—across 31 states in the United States and one province in Canada. Our brand loyalty and track record of providing differentiated experiences to our members has fueled our strong, long-term financial performance.

Our luxurious athletic country clubs total approximately 17 million square feet in the aggregate. Our centers are located in affluent suburban and urban locations. Depending on the size and location of a center, we offer expansive fitness floors with top-of-the-line equipment, spacious locker rooms, group fitness studios and spaces, indoor and outdoor pools and bistros, indoor and outdoor tennis courts, indoor and outdoor pickleball courts, basketball courts, LifeSpa, LifeCafe and our childcare and Kids Academy learning spaces. Our premium service offerings are delivered by over 41,000 Life Time team members, including over 10,700 certified fitness professionals, ranging from personal trainers to studio performers.

Our members are highly engaged and draw inspiration from the experiences and community we have created. The value our members place on our community is reflected in the continued strength and growth of our average revenue per center membership, center usage and the visits to our athletic country clubs. Our average revenue per center membership increased to $2,361 for the nine months ended September 30, 2024 as compared to $2,095 for the nine months ended September 30, 2023. Total visits to our clubs were 87 million for the nine months ended September 30, 2024 as compared to 78 million for the nine months ended September 30, 2023, and average visits per membership to our centers remained strong at 108 for the nine months ended September 30, 2024. We believe that no other company in the United States delivers the same quality and breadth of health, fitness and wellness experiences that we deliver, which has enabled us to consistently grow our annual membership dues and in-center revenue.

Our total Center revenue increased to $1,900.3 million for the nine months ended September 30, 2024 as compared to $1,608.3 million for the nine months ended September 30, 2023. We believe it will continue to grow as we open new centers in desirable locations across the country, new members join at higher membership dues rates, our new centers that are open and operating ramp to expected performance, we benefit from capital expenditures already invested in our centers under construction and we continue to execute on our strategic initiatives discussed below. Our new centers on average have taken three to four years to ramp to expected performance. As of September 30, 2024, we had 27 centers open for less than three years and nine new centers under construction, with significant growth capital expenditures already invested into these new centers that have yet to open. We are expanding the number of our centers using an asset-light model that targets increasingly affluent markets with higher income members, higher average revenue per center membership and higher returns on invested capital. As we open these new centers in more affluent markets, our average revenue per center membership should naturally increase. We believe we have significant opportunities to continue expanding our portfolio of premium centers in an asset-light manner and we are targeting 10 to 12 new locations on average per year. We believe these combined dynamics create a strong tailwind for the continued growth of our total Center revenue.

We have also implemented several strategic initiatives that are driving revenue, engagement and memberships as we continue to elevate and broaden our member experiences and allow our members to integrate health, fitness and wellness into their lives with greater ease and frequency. These strategic initiatives include pickleball, Dynamic Personal Training, Dynamic Stretch, small group training such as Alpha, GTX and Ultra Fit, and our ARORA community focused on members aged 55 years and older, where we have experienced a significant increase in our unique participants or total sessions. We have also launched a pilot for our MIORA health optimization and longevity services and we have been executing on enhanced offerings within our LifeCafe, LifeShop and LifeSpa. Additionally, our digital platform is delivering a true omni-channel experience through our integrated digital app that is now available at no cost, including live streaming fitness classes, remote goal-based personal training, nutrition and weight loss support and curated award-winning health, fitness and wellness content. In addition, our LifeShop digital health store offers a wide variety of equipment, wearables, apparel, beauty products and nutritional supplements. We are continuing to invest in our digital capabilities, including artificial intelligence, to strengthen our relationships with our members, reach more people looking for a Healthy Way of Life and more comprehensively address their health, fitness and wellness needs so that they can engage and connect with Life Time at any time or place.

We also continue to expand our “Healthy Way of Life” ecosystem in response to the desire of our members to holistically integrate health and wellness into every aspect of their daily lives. In 2018, we launched Life Time Work, an asset-light branded co-working model that offers premium work spaces in close proximity to our centers and integrates ergonomic furnishings and promotes a healthy working environment. Life Time Work members also have the ability to receive access to all of our resort-like athletic country club destinations across the United States and Canada. Additionally, our Life Time Living locations offer luxury wellness-oriented residences, also in close proximity to one of our athletic country clubs. As of September 30, 2024, we had 15 Life Time Work and four Life Time Living locations open and operating. Our Life Time Living offering is generating interest from new property developers and presenting opportunities for new center development and deal terms that were not previously available to us. Our omni-channel platform continues to grow as we expand our footprint with new centers and nearby work and living spaces, as well as strengthen our digital capabilities.

Macroeconomy

We continue to monitor the macroeconomic environment and its impact on our business, including with respect to inflation, interest rates and laboras well as a potential economic recession. Inflation has been elevated, which has impacted our expenses and capital expenditures in several areas, including wages, construction costs and other operating expenses, and thus pressured our margin performance. Despite this headwind, we have experienced growth in our revenue and margins. Our Term Loan Facility and Revolving Credit Facility have variable rates and are thus also impacted by the higher interest rates. We will continue to monitor the macroeconomic environment, but we believe that our business is resilient and has performed well historically during different economic cycles including during a recession.

Non-GAAP Financial Measures

This discussion and analysis includes certain financial measures that are not presented in accordance with generally accepted accounting principles in the United States (“GAAP”), including Adjusted net income, Adjusted net income per common share, Adjusted EBITDA, free cash flow and ratios related thereto. These non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles and should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. In addition, these non-GAAP financial measures should be read in conjunction with our financial statements prepared in accordance with GAAP. The reconciliations of the Company’s non-GAAP financial measures to the corresponding GAAP measures should be carefully evaluated.

Adjusted Net Income

We define Adjusted net income as net income excluding the impact of share-based compensation expense as well as (gain) loss on sale-leaseback transactions, capital transaction costs, legal settlements, asset impairment, severance and other items that are not indicative of our ongoing operations, less the tax effect of these adjustments.

Adjusted EBITDA

We define Adjusted EBITDA as net income before interest expense, net, provision for income taxes and depreciation and amortization, excluding the impact of share-based compensation expense as well as (gain) loss on sale-leaseback transactions, capital transaction costs, legal settlements, asset impairment, severance and other items that are not indicative of our ongoing operations.

Management uses Adjusted net income and Adjusted EBITDA to evaluate the Company’s performance. We believe that Adjusted net income and Adjusted EBITDA are important metrics for management, investors and analysts as they remove the impact of items that we do not believe are indicative of our core operating performance and allows for consistent comparison of our operating results over time and relative to our peers. We use Adjusted net income and Adjusted EBITDA to supplement GAAP measures of performance in evaluating the effectiveness of our business strategies and to establish annual budgets and forecasts. We also use Adjusted EBITDA or variations thereof to establish short-term incentive compensation for management.

Free Cash Flow

We define free cash flow as net cash provided by operating activities less capital expenditures, net of construction reimbursements, plus net proceeds from sale-leaseback transactions and land sales. We believe free cash flow assists investors and analysts in evaluating our liquidity and cash flows, including our ability to make principal payments on our indebtedness and to fund our capital expenditures and working capital requirements. Our management considers free cash flow to be a key indicator of our liquidity and we present this metric to our board of directors. Additionally, we believe free cash flow is frequently used by analysts, investors and other interested parties in the evaluation of companies in our industry. We also believe that investors, analysts and rating agencies consider free cash flow as a useful means of measuring our ability to make principal payments on our indebtedness and evaluating our liquidity, and management uses this measurement for one or more of these purposes.

Adjusted net income, Adjusted EBITDA and free cash flow should be considered in addition to, and not as a substitute for or superior to, financial measures calculated in accordance with GAAP. These are not measurements of our financial performance under GAAP and should not be considered as alternatives to net income or any other performance measures derived in accordance with GAAP or as an alternative to net cash provided by operating activities as a measure of our liquidity and may not be comparable to other similarly titled measures of other businesses. Adjusted net income, Adjusted EBITDA and free cash flow have limitations as analytical tools, and you should not consider these measures in isolation or as a substitute for analysis of our operating results or cash flows as reported under GAAP. Furthermore, we compensate for the limitations described above by relying primarily on our GAAP results and using Adjusted net income, Adjusted EBITDA and free cash flow only for supplemental purposes. See our condensed consolidated financial statements included elsewhere in this report for our GAAP results.

Non-GAAP Measurements and Key Performance Indicators

We prepare and analyze various non-GAAP performance metrics and key performance indicators to assess the performance of our business and allocate resources. For more information regarding our non-GAAP performance metrics, see "—Non-GAAP Financial Measures" above. These are not measurements of our financial performance under GAAP and should not be considered as alternatives to any other performance measures derived in accordance with GAAP.

Set forth below are certain GAAP and non-GAAP measurements and key performance indicators for the three and nine months ended September 30, 2024 and 2023. The following information has been presented consistently for all periods presented.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	($ in thousands, except for Average Center revenue per center membership data)			
Membership Data				
Center memberships	826,502	784,331	826,502	784,331
Digital On-hold memberships	50,007	45,708	50,007	45,708
Total memberships	876,509	830,039	876,509	830,039
Revenue Data				
Membership dues and enrollment fees	72.3%	71.8%	72.4%	71.7%
In-center revenue	27.7%	28.2%	27.6%	28.3%
Total Center revenue	100.0%	100.0%	100.0%	100.0%
Membership dues and enrollment fees	$ 488,105	$ 407,903	$ 1,376,212	$ 1,152,506
In-center revenue	186,670	160,499	524,055	455,773
Total Center revenue	$ 674,775	$ 568,402	$ 1,900,267	$ 1,608,279
Average Center revenue per center membership (1)	$ 815	$ 722	$ 2,361	$ 2,095
Comparable center revenue (2)	12.1%	11.4%	11.8%	16.6%
Center Data				
Net new center openings (3)	2	6	6	9
Total centers (end of period) (3)	177	170	177	170
Total center square footage (end of period) (4)	17,400,000	16,700,000	17,400,000	16,700,000
GAAP and Non-GAAP Financial Measures				
Net income	$ 41,355	$ 7,915	$ 119,077	$ 52,379
Net income margin (5)	6.0 %	1.4 %	6.1 %	3.2 %
Adjusted net income (6)	$ 56,278	$ 26,684	$ 140,158	$ 91,139
Adjusted net income margin (6)	8.1 %	4.6 %	7.2 %	5.5 %
Adjusted EBITDA (7)	$ 180,293	$ 142,981	$ 499,816	$ 399,123
Adjusted EBITDA margin (7)	26.0 %	24.4 %	25.5 %	24.1 %
Center operations expense	$ 371,134	$ 319,401	$ 1,048,544	$ 896,113
Pre-opening expenses (8)	$ 1,164	$ 1,477	$ 4,819	$ 6,146
Rent	$ 78,575	$ 69,225	$ 225,804	$ 203,196
Non-cash rent expense (open properties) (9)	$ 9,684	$ 8,409	$ 20,734	$ 25,662
Non-cash rent expense (properties under development) (9)	$ 1,847	$ 861	$ 4,447	$ 1,238
Net cash provided by operating activities	$ 151,146	$ 114,655	$ 411,976	$ 330,946
Free cash flow (10)	$ 138,332	$ (30,274)	$ 247,054	$ (73,019)

(1) We define Average Center revenue per center membership as Center revenue less Digital On-hold revenue, divided by the average number of Center memberships for the period, where the average number of Center memberships for the period is an average derived from dividing the sum of the total Center memberships outstanding at the beginning of the period and at the end of each month during the period by one plus the number of months in each period.

(2) We measure the results of our centers based on how long each center has been open as of the most recent measurement period. We include a center, for comparable center revenue purposes, beginning on the first day of the 13th full calendar month of the center's operation, in order to assess the center's growth rate after one year of operation.

(3) Net new center openings is calculated as the number of centers that opened for the first time to members during the period, less any centers that closed during the period. Total centers (end of period) is the number of centers operational as of the last day of the period. During the three months ended September 30, 2024, we opened two centers.

(4) Total center square footage (end of period) reflects the aggregate square footage, excluding areas used for tennis courts, outdoor swimming pools, outdoor play areas and stand-alone Work, Sport and Swim locations. We use this metric for evaluating the efficiencies of a center as of the end of the period. These figures are approximations.

(5) Net income margin is calculated as net income divided by total revenue.

(6) We present Adjusted net income as a supplemental measure of our performance. We define Adjusted net income as net income excluding the impact of share-based compensation expense as well as (gain) loss on sale-leaseback transactions, capital transaction costs, legal settlements, asset impairment, severance and other items that are not indicative of our ongoing operations, less the tax effect of these adjustments.

Adjusted net income margin is calculated as Adjusted net income divided by total revenue.

The following table provides a reconciliation of net income and income per common share, the most directly comparable GAAP measures, to Adjusted net income and Adjusted net income per common share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in thousands)	**2024**	**2023**	**2024**	**2023**
Net income	$ 41,355	$ 7,915	$ 119,077	$ 52,379
Share-based compensation expense [(a)]	11,752	14,858	30,450	37,029
Loss (gain) on sale-leaseback transactions [(b)]	4,902	12,672	(2,620)	13,431
Legal settlements [(c)]	1,250	—	1,250	—
Asset impairments [(d)]	—	5,340	—	6,620
Other [(e)]	2,869	(312)	(927)	(4,852)
Taxes [(f)]	(5,850)	(13,789)	(7,072)	(13,468)
Adjusted net income	$ 56,278	$ 26,684	$ 140,158	$ 91,139
Income per common share:				
Basic	$ 0.20	$ 0.04	$ 0.60	$ 0.27
Diluted	$ 0.19	$ 0.04	$ 0.57	$ 0.26
Adjusted income per common share:				
Basic	$ 0.28	$ 0.14	$ 0.70	$ 0.47
Diluted	$ 0.26	$ 0.13	$ 0.67	$ 0.45
Weighted-average common shares outstanding:				
Basic	202,945	196,146	199,793	195,404
Diluted	214,633	204,298	207,841	203,954

(a) Share-based compensation expense recognized during the three and nine months ended September 30, 2024 was associated with stock options, restricted stock units, performance stock units, our employee stock purchase plan ("ESPP") that launched on December 1, 2022, and liability-classified awards related to our 2024 short-term incentive plan. Share-based compensation expense recognized during the three and nine months ended September 30, 2023 was associated with stock options, restricted stock units, our ESPP and liability-classified awards related to our 2023 short-term incentive plan.

(b) We adjust for the impact of gains and losses on the sale-leaseback of our properties as they do not reflect costs associated with our ongoing operations. For details on the gain on sale-leaseback transactions that we recognized during the nine months ended September 30, 2024, see Note 6, Leases, to our condensed consolidated financial statements in this report.

(c) We adjust for the impact of unusual legal settlements. These costs are non-recurring in nature and do not reflect costs associated with our normal ongoing operations.

(d) Represents non-cash asset impairments of our long-lived assets.

(e) Includes (i) a $3.5 million write-off of the unamortized debt discounts and issuance costs associated with the extinguishment of our former Term Loan Facility and Construction Loan for the three and nine months ended September 30, 2024, (ii) (gain) loss on sales of land of $(0.6) million and $0.4 million for the three months ended September 30, 2024 and 2023, respectively, and $(5.0) million and $0.4 million for the nine months ended September 30, 2024 and 2023, respectively, and (iii) legal-related expenses in pursuit of our claim against Zurich of $0.1 million for the three months ended September 30, 2023, and $0.6 million and $0.7 million for the nine months ended September 30, 2024 and 2023, respectively. For 2023, also includes a subsidy (credit) for our Canadian operations in connection with COVID-19 of $(0.3) million for the nine months ended September 30, 2023 and gain on sales of the Company's triathlons and certain other assets of $(0.8) million and $(5.7) million for the three and nine months ended September 30, 2023, respectively.

(f) Represents the estimated tax effect of the total adjustments made to arrive at Adjusted net income using the effective income tax rates for the respective periods.

(7) We present Adjusted EBITDA as a supplemental measure of our performance. We define Adjusted EBITDA as net income before interest expense, net, provision for income taxes and depreciation and amortization, excluding the impact of share-based compensation expense as well as (gain) loss on sale-leaseback transactions, capital transaction costs, legal settlements, asset impairment, severance and other items that are not indicative of our ongoing operations.

Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by total revenue.

The following table provides a reconciliation of net income, the most directly comparable GAAP measure, to Adjusted EBITDA:

	Three Months Ended September 30,		Nine Months Ended September 30,	
($ in thousands)	**2024**	**2023**	**2024**	**2023**
Net income	$ 41,355	$ 7,915	$ 119,077	$ 52,379
Interest expense, net of interest income	36,011	33,075	111,083	96,249
Provision for income taxes	16,213	5,815	39,945	18,200
Depreciation and amortization	69,451	63,618	205,068	180,067
Share-based compensation expense [(a)]	11,752	14,858	30,450	37,029
Loss (gain) on sale-leaseback transactions [(b)]	4,902	12,672	(2,620)	13,431
Legal settlements [(c)]	1,250	—	1,250	—
Asset impairments [(d)]	—	5,340	—	6,620
Other [(e)]	(641)	(312)	(4,437)	(4,852)
Adjusted EBITDA	$ 180,293	$ 142,981	$ 499,816	$ 399,123

(a) - (d) See the corresponding footnotes to the table in footnote 6 immediately above.

(e) Includes (i) (gain) loss on sales of land of $(0.6) million and $0.4 million for the three months ended September 30, 2024 and 2023, respectively, and $(5.0) million and $0.4 million for the nine months ended September 30, 2024 and 2023, respectively, and (ii) legal-related expenses in pursuit of our claim against Zurich of $0.1 million for the three months ended September 30, 2023, and $0.6 million and $0.7 million for the nine months ended September 30, 2024 and 2023, respectively. For 2023, also includes a subsidy (credit) for our Canadian operations in connection with COVID-19 of $(0.3) million for the nine months ended September 30, 2023 and gain on sales of the Company's triathlons and certain other assets of $(0.8) million and $(5.7) million for the three and nine months ended September 30, 2023, respectively.

(8) Represents non-capital expenditures associated with opening new centers that are incurred prior to the commencement of a new center opening. The number of centers under construction or development, the types of centers and our costs associated with any particular center opening can vary significantly from period to period.

(9) Reflects the non-cash portion of our annual GAAP operating lease expense that is greater or less than the cash operating lease payments. Non-cash rent expense for our open properties represents non-cash expense associated with properties that were operating at the end of each period presented. Non-cash rent expense for our properties under development represents non-cash expense associated with properties that are still under development at the end of each period presented.

(10) Free cash flow, a non-GAAP financial measure, is calculated as net cash provided by operating activities less capital expenditures, net of construction reimbursements, plus net proceeds from sale-leaseback transactions and land sales.

The following table provides a reconciliation from net cash provided by operating activities to free cash flow:

($ in thousands)	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Net cash provided by operating activities	$ 151,146	$ 114,655	$ 411,976	$ 330,946
Capital expenditures, net of construction reimbursements	(87,106)	(192,889)	(388,213)	(529,965)
Proceeds from sale-leaseback transactions	65,043	43,791	207,714	121,831
Proceeds from land sales	9,249	4,169	15,577	4,169
Free cash flow	$ 138,332	$ (30,274)	$ 247,054	$ (73,019)

Factors Affecting the Comparability of our Results of Operations

Impact of COVID-19 on our Business

Overview

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic, the United States declared a National Public Health Emergency and we closed all of our centers based on orders and advisories from federal, state and local governmental authorities regarding COVID-19. Throughout this report, including this "Management's Discussion and Analysis of Financial Condition and Results of Operations," when we refer to "COVID-19" or "the pandemic," such as when we describe the "impact of COVID-19" on our operations, we mean the coronavirus-related orders issued by governmental authorities affecting our operations and/or the presence of coronavirus in our centers, including COVID-19 positive members or team members.

We re-opened our first center on May 8, 2020, and continued to re-open our centers as state and local governmental authorities permitted, subject to operating processes and protocols that we developed in consultation with an epidemiologist (MD/PhD) to provide a healthy and clean environment for our members and team member and to meet various governmental requirements and restrictions. Our centers were also impacted in 2021 as a result of the Delta variant and then again later in 2021 and into 2022 with the Omicron variant. The performance of our centers has improved significantly as our centers have ramped back from the adverse impacts of COVID-19.

Leverage

We are focused on improving the ratio of our net debt to Adjusted EBITDA, or our leverage ratio We define net debt as the current and long-term portion of our debt, excluding unamortized debt discounts and issuance costs and fair value adjustments, less cash and cash equivalents. Our leverage ratio was elevated due in part to the adverse impacts of COVID-19, which required us to incur additional debt and significantly reduced our Adjusted EBITDA. We have significantly improved our leverage ratio and believe that we can continue to improve our leverage ratio as our profitability improves and we continue to strengthen our balance sheet.

Impact of Our Asset-light, Flexible Real Estate Strategy on Rent Expense

Our asset-light, flexible real estate strategy has allowed us to expand our business by leveraging operating leases and sale-leaseback transactions, among other asset-light opportunities. Approximately 68% of our centers are now leased, including approximately 86% of our new centers opened since 2015, versus a predominantly owned real estate strategy prior to 2015. Rent expense, which includes both cash and non-cash rent expense, will continue to increase as we lease more centers and will therefore impact the comparability of our results of operations. The impact of these increases is dependent upon the timing of our centers under development and the center openings, the timing of sale-leaseback transactions and terms of the leases for the new centers or sale-leaseback transactions.

Macroeconomic Trends

We have been monitoring the macroeconomic environment and its impact on our business, including with respect to inflation, interest rates and labor, as well as a potential economic recession. See "—Overview—Macroeconomy" for additional information.

Share-Based Compensation

During the nine months ended September 30, 2024, we recognized share-based compensation expense associated with stock options, restricted stock units, performance stock units, our ESPP and liability-classified awards related to our 2024 short-term incentive plan, totaling approximately $30.5 million. During the nine months ended September 30, 2023, we recognized share-based compensation expense associated with stock options, restricted stock units, our ESPP and liability-classified awards related to our 2023 short-term incentive plan, totaling approximately $37.0 million.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Ultimate results could differ from those estimates. In recording transactions and balances resulting from business operations, we use estimates based on the best information available. We revise the recorded estimates when better information is available, facts change or we can determine actual amounts. These revisions can affect operating results.

Management has evaluated the development and selection of our critical accounting policies and estimates used in the preparation of the Company's unaudited condensed consolidated financial statements and related notes and believes these policies to be reasonable and appropriate. Certain of these policies involve a higher degree of judgment or complexity and are most significant to reporting our results of operations and financial position, and are, therefore, discussed as critical. Our most significant estimates and assumptions that materially affect the Company's unaudited condensed consolidated financial statements involve difficult, subjective or complex judgments, which management used while performing goodwill, indefinite-lived intangible and long-lived asset impairment analyses and sale-leaseback arrangements.

More information on all of our significant accounting policies can be found in Note 2, "Summary of Significant Accounting Policies" to our audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC.There have been no material changes to our critical accounting policies as compared to the critical accounting policies described in such Annual Report on Form 10-K.

Results of Operations

Three Months Ended September 30, 2024 Compared to Three Months Ended September 30, 2023

The following table sets forth our condensed consolidated statements of operations data (amounts in thousands) and data as a percentage of total revenue for the three months ended September 30, 2024 and 2023:

	Three Months Ended September 30,			
			As a Percentage of Total Revenue	
	2024	2023	2024	2023
Revenue:				
Center revenue	$ 674,775	$ 568,402	97.3 %	97.1 %
Other revenue	18,459	16,775	2.7 %	2.9 %
Total revenue	693,234	585,177	100.0 %	100.0 %
Operating expenses:				
Center operations	371,134	319,401	53.5 %	54.6 %
Rent	78,575	69,225	11.3 %	11.8 %
General, administrative and marketing	57,737	51,668	8.3 %	8.8 %
Depreciation and amortization	69,451	63,618	10.0 %	10.9 %
Other operating expense	22,642	34,516	3.3 %	5.9 %
Total operating expenses	599,539	538,428	86.4 %	92.0 %
Income from operations	93,695	46,749	13.6 %	8.0 %
Other (expense) income:				
Interest expense, net of interest income	(36,011)	(33,075)	(5.2)%	(5.7)%
Equity in (loss) earnings of affiliates	(116)	56	— %	— %
Total other expense	(36,127)	(33,019)	(5.2)%	(5.7)%
Income before income taxes	57,568	13,730	8.4 %	2.3 %
Provision for income taxes	16,213	5,815	2.3 %	1.0 %
Net income	$ 41,355	$ 7,915	6.1 %	1.3 %

Total revenue. The $108.1 million increase in Total revenue for the three months ended September 30, 2024 as compared to the three months ended September 30, 2023 was due to continued strong growth in membership dues and in-center revenue, including higher average dues as a result of pricing actions already completed and higher rack rates at newer centers, membership growth in our new and ramping centers and higher member utilization of our in-center offerings.

With respect to the $106.4 million increase in Center revenue for the three months ended September 30, 2024 as compared to the three months ended September 30, 2023:

- 75.4% was from membership dues and enrollment fees, which increased $80.2 million for the three months ended September 30, 2024 as compared to the three months ended September 30, 2023. This increase reflects the improvement in our Center memberships, which increased to 826,502 as of September 30, 2024 from 784,331 as of September 30, 2023, as well as higher average monthly dues per Center membership during the three months ended September 30, 2024 as compared to the three months ended September 30, 2023; and

- 24.6% was from in-center revenue, which increased $26.2 million for the three months ended September 30, 2024 as compared to the three months ended September 30, 2023. This increase was recognized across all of our primary in-center businesses and reflects the higher utilization of our offerings by our members, particularly Dynamic Personal Training, during the three months ended September 30, 2024 as compared to the three months ended September 30, 2023

The $1.7 million increase in Other revenue for the three months ended September 30, 2024 as compared to the three months ended September 30, 2023was primarily driven by the improved performance of our Life Time Work locations.

Center operations expenses. The $51.7 million increase in Center operations expenses for the three months ended September 30, 2024 as compared to the three months ended September 30, 2023 was primarily due to operating costs related to our new and ramping centers as well as costs to support growth in memberships and in-center business revenue.

Rent expense. The $9.4 million increase in Rent expense for the three months ended September 30, 2024 as compared to the three months ended September 30, 2023 was primarily driven by the timing of sale-leaseback transactions during both the current and prior year, the timing of taking possession of other leased properties, as well as the recognition of a higher level of contingent rent expense, which is generally determined based on a percentage of center-specific revenue and/or other center-specific financial metrics over contractually specified levels, during the three months ended September 30, 2024 as compared to the three months ended September 30, 2023.

General, administrative and marketing expenses. General, administrative and marketing expenses increased $6.1 million for the three months ended September 30, 2024 as compared to the three months ended September 30, 2023, primarily due to increased cash incentive compensation and benefit-related expenses, information technology costs and center support overhead to enhance and broaden our member services and experiences, partially offset by lower share-based compensation expense.

Depreciation and amortization. Depreciation and amortization increased $5.8 million for the three months ended September 30, 2024 as compared to the three months ended September 30, 2023, primarily due to new center openings.

Other operating expense. Other operating expense decreased $11.9 million for the three months ended September 30, 2024 as compared to the three months ended September 30, 2023, primarily due to the recognition of a $4.9 million loss on sale-leaseback transactions and a $0.6 million gain on sales of outparcels of land during the three months ended September 30, 2024 as compared to the recognition of a $12.7 million loss on sale-leaseback transactions and a $5.6 million loss on the sale of an outparcel of land during the three months ended September 30, 2023.

Interest expense, net of interest income. The $2.9 million increase in Interest expense, net of interest income for the three months ended September 30, 2024 as compared to the three months ended September 30, 2023 was primarily driven by the write-off of unamortized debt discounts and issuance costs associated with the extinguishment of our former Term Loan Facility and Construction Loan during the three months ended September 30, 2024.

Provision for income taxes. The $10.4 million increase in provision for income taxes for the three months ended September 30, 2024 as compared to the three months ended September 30, 2023 was primarily driven by an increase in earnings before taxes and a change in the valuation allowance associated with certain of our deferred tax assets, partially offset by reduced tax deficiencies associated with share-based payment awards. The effective tax rate was 28.2% and 42.4% for those same periods, respectively. The effective tax rate applied to our pre-tax income for the three months ended September 30, 2024 is higher than our statutory rate of 21% and reflects an increase due to deductibility limitations associated with executive compensation and state income tax provisions, partially offset by a reduction in valuation allowance associated with certain of our deferred tax assets.

Net income. As a result of the factors described above, net income was $41.4 million for the three months ended September 30, 2024 as compared to $7.9 million for the three months ended September 30, 2023.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

The following table sets forth our condensed consolidated statements of operations data (amounts in thousands) and data as a percentage of total revenue for the nine months ended September 30, 2024 and 2023:

	Nine Months Ended September 30,			
			As a Percentage of Total Revenue	
	2024	2023	2024	2023
Revenue:				
Center revenue	$ 1,900,267	$ 1,608,279	97.1 %	97.0 %
Other revenue	57,445	49,480	2.9 %	3.0 %
Total revenue	1,957,712	1,657,759	100.0 %	100.0 %
Operating expenses:				
Center operations	1,048,544	896,113	53.6 %	54.1 %
Rent	225,804	203,196	11.5 %	12.3 %
General, administrative and marketing	159,836	147,005	8.2 %	8.9 %
Depreciation and amortization	205,068	180,067	10.5 %	10.8 %
Other operating expense	47,952	64,837	2.4 %	3.9 %
Total operating expenses	1,687,204	1,491,218	86.2 %	90.0 %
Income from operations	270,508	166,541	13.8 %	10.0 %
Other (expense) income:				
Interest expense, net of interest income	(111,083)	(96,249)	(5.7)%	(5.8)%
Equity in (loss) earnings of affiliates	(403)	287	— %	— %
Total other expense	(111,486)	(95,962)	(5.7)%	(5.8)%
Income before income taxes	159,022	70,579	8.1 %	4.2 %
Provision for income taxes	39,945	18,200	2.0 %	1.1 %
Net income	$ 119,077	$ 52,379	6.1 %	3.1 %

Total revenue. The $300.0 million increase in Total revenue for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023 was due to continued strong growth in membership dues and in-center revenue, including higher average dues as a result of pricing actions already completed and higher rack rates at newer centers, membership growth in our new and ramping centers and higher member utilization of our in-center offerings.

With respect to the $292.0 million increase in Center revenue for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023:

- 76.6% was from membership dues and enrollment fees, which increased $223.7 million for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023. This increase reflects the improvement in our Center memberships, which increased to 826,502 as of September 30, 2024 from 784,331 as of September 30, 2023, as well as higher average monthly dues per Center membership during the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023; and

- 23.4% was from in-center revenue, which increased $68.3 million for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023. This increase was recognized across all of our primary in-center businesses and reflects the higher utilization of our offerings by our members, particularly Dynamic Personal Training, during the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023.

The $8.0 million increase in Other revenue for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023 was primarily driven by the improved performance of our Life Time Work locations, media and events business and Life Time Living locations.

Center operations expenses. The $152.4 million increase in Center operations expenses for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023 was primarily due to operating costs related to our new and ramping centers as well as costs to support growth in memberships and in-center business revenue.

Rent expense. The $22.6 million increase in Rent expense for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023 was primarily driven by the timing of sale-leaseback transactions during both the current and prior year, the timing of taking possession of other leased properties, as well as the recognition of a higher level of contingent rent expense, which is generally determined based on a percentage of center-specific revenue and/or other center-specific financial metrics over contractually specified levels, during the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023.

General, administrative and marketing expenses. General, administrative and marketing expenses increased $12.8 million for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023, primarily due to increased cash incentive compensation and benefit-related expenses, information technology costs, center support overhead to enhance and broaden our member services and experiences and the timing of marketing expenses primarily related to our new club openings, partially offset by lower share-based compensation expense.

Depreciation and amortization. Depreciation and amortization increased $25.0 million for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023, primarily due to new center openings.

Other operating expense. Other operating expense decreased $16.9 million for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023, primarily due to the recognition of a $2.6 million gain on sale-leaseback transactions and a $5.0 million gain on sales of outparcels of land during the nine months ended September 30, 2024 as compared to the recognition of a $13.4 million loss on sale-leaseback transactions and a $5.6 million loss on the sale of an outparcel of land during the nine months ended September 30, 2023, partially offset by a $4.9 million gain on the sale of two triathlon events during thenine months ended September 30, 2023 and increased costs to support other revenue growth.

Interest expense, net of interest income. The $14.8 million increase in Interest expense, net of interest income for the nine months endedSeptember 30, 2024 as compared to the nine months ended September 30, 2023 was driven by a decrease in capitalized interest during the nine months endedSeptember 30, 2024 as compared to the nine months ended September 30, 2023 and the write-off of unamortized debt discounts and issuance costs associated with the extinguishment of our former Term Loan Facility and Construction Loan during the nine months ended September 30, 2024.

Provision for income taxes. The $21.7 million increase in provision for income taxes for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023 was primarily driven by an increase in earnings before taxes, partially offset by a reduction in the valuation allowance associated with certain of our deferred tax assets. The effective tax rate was 25.1% and 25.8% for those same periods, respectively. The effective tax rate applied to our pre-tax income for the nine months ended September 30, 2024 is higher than our statutory rate of 21% and reflects an increase due to deductibility limitations associated with executive compensation and state income tax provisions, partially offset by a reduction in valuation allowance associated with certain of our deferred tax assets.

Net income. As a result of the factors described above, net income was $119.1 million and $52.4 million for the nine months endedSeptember 30, 2024 and 2023, respectively.

Liquidity and Capital Resources

Liquidity

Our principal liquidity needs include the acquisition and development of new centers, lease requirements and debt service, investments in our business and technology and expenditures necessary to maintain and update or enhance our centers and associated equipment and member experiences. We have primarily satisfied our historical liquidity needs with cash flow from operations, drawing on the Revolving Credit Facility, construction reimbursements and through sale-leaseback transactions.

Our top priorities continue to include improving our balance sheet, reducing leverage and generating positive free cash flow. Our cash flow from operating activities continues to improve and we have taken significant actions to improve our liquidity. In August 2024, we consummated the registered offering, issuance and sale of 6.0 million shares of our common stock by the Company for total gross proceeds of $130.5 million, which was reduced by underwriting discounts and commissions and other expenses. We used $110.0 million of these net proceeds to pay down the aggregate principal amount outstanding under our former Term Loan Facility. Additionally, in September 2024, we amended our senior secured credit agreement to, among other things, (i) increase the commitments under the revolving credit facility to $650.0 million, (ii) reduce the floating interest rate per annum of, at our option, Term Secured Overnight Financing Rate (“SOFR”) plus an applicable margin of 2.50% or a base rate plus 1.50%, and reduce the undrawn commitment fee rate from 50 basis points to 25 basis points, and (iii) extend the maturity of the revolving credit facility to September 2029, subject to a springing maturity for our Senior Secured Notes and Senior Unsecured Notes. In September 2024, we paid the remaining aggregate principal amount of $200.0 million of our former Term Loan Facility and no borrowings remained outstanding under our former Term Loan Facility as of September 30, 2024.

On October 22, 2024, Life Time, Inc., an indirect subsidiary of Life Time Group Holdings, Inc., priced $500 million in aggregate principal amount of 6.000% senior secured notes due 2031. The offering is expected to close on November 5, 2024, subject to customary closing conditions. Concurrently with the closing of the offering, we intend to amend the Amended Credit Agreement to, among other things, incur new term loans in an aggregate principal amount of $1,000 million that will mature in 2031 and bear interest at a rate per annum of SOFR plus an applicable margin of 2.50% (subject to a certain ratings-based step-down). We intend to use the net proceeds from the senior secured notes and new term loans and cash from our balance sheet to fund the satisfaction and discharge of the Senior Secured Notes due 2026 and Senior Unsecured Notes due 2026.

During 2023, we completed sale-leaseback transactions associated with three properties and year-to-date 2024 we have completed sale-leaseback transactions for six properties. For more information regarding the sale-leaseback transactions that were consummated during the nine months ended September 30, 2024, see Note 6, Leases, to our condensed consolidated financial statements included in this report. Additionally, we benefit from our in-house architecture, design and construction expertise that allows us to create operationally efficient centers and control the pace of capital expenditures, including in determining when to begin or delay construction on a new athletic country club.

As the opportunity arises or as our business needs require, we may seek to raise capital through additional debt or equity financing. There can be no assurance that any such financing would be available on commercially acceptable terms, or at all. Volatility in these markets, particularly in light of the higher interest rate environment, may increase costs associated with issuing debt instruments or affect our ability to access those markets, which could have an adverse impact on our ability to raise additional capital, to refinance existing debt and/or to react to changing economic and business conditions. In addition, it is possible that our ability to access the credit and capital markets could be limited at a time when we would like or need to do so.

As of September 30, 2024, there were $210.0 million of outstanding borrowings under our Revolving Credit Facility and there were $31.2 million of outstanding letters of credit, resulting in total availability under our $650.0 million Revolving Credit Facility of $408.8 million. Total cash and cash equivalents at September 30, 2024 was $120.9 million, resulting in total cash and availability under our Revolving Credit Facility of $529.7 million.

The following table sets forth our condensed consolidated statements of cash flows data (amounts in thousands):

	Nine Months Ended September 30,	
	2024	**2023**
Net cash provided by operating activities	$ 411,976	$ 330,946
Net cash used in investing activities	(162,103)	(403,549)
Net cash (used in) provided by financing activities	(142,748)	72,505
Effect of exchange rates on cash and cash equivalents and restricted cash and cash equivalents	(38)	30
Increase (decrease) in cash and cash equivalents and restricted cash and cash equivalents	$ 107,087	$ (68)

Operating Activities

The $81.0 million increase in net cash provided by operating activities for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023 was primarily the result of increased business performance and profitability.

Investing Activities

Investing activities consist primarily of the acquisition and development of new centers, expenditures necessary to maintain and update or enhance our centers and associated equipment and investments in our business and technology. We fund the purchase of our property, centers and equipment through operating cash flows, proceeds from sale-leaseback transactions, construction reimbursements and draws on our Revolving Credit Facility.

The $241.4 million decrease in net cash used in investing activities for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023 was primarily driven by a $141.8 million decrease in capital expenditures, a $85.9 million increase in proceeds that we received from sale-leaseback transactions and a $11.4 million increase in proceeds from the sale of land during the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023.

The following table reflects capital expenditures by type of expenditure (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Growth capital expenditures [1]	$ 46,416	$ 131,871	$ 259,885	$ 368,842
Maintenance capital expenditures [2]	21,566	29,676	70,002	81,785
Modernization and technology capital expenditures [3]	19,124	31,342	58,326	79,338
Total capital expenditures	$ 87,106	$ 192,889	$ 388,213	$ 529,965

(1) Consist of new center land and construction, initial major remodels of acquired centers, major remodels of existing centers that expand existing square footage, asset acquisitions including the purchase of previously leased centers and other growth initiatives.

(2) Consist of general maintenance of existing centers.

(3) Consist of modernization of existing centers and technology.

The decrease in total capital expenditures for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023 was primarily driven by the timing and type of new center construction activity and higher modernization expenditures during the nine months ended September 30, 2023 as we accelerated our pickleball expansion and studio and fitness floor conversions.

Financing Activities

The $215.3 million decrease in net cash provided by financing activities for the nine months ended September 30, 2024 as compared to the nine months ended September 30, 2023 was primarily driven by the payoff of our former Term Loan Facility and Construction Loan and payments of our mortgage notes, offset by proceeds from the equity offering that we completed and higher net borrowings under our Revolving Credit Facility during the nine months ended September 30, 2024.

We believe we have adequate amounts of cash to meet our requirements and plans for cash in the short-term and long-term and expect to satisfy our short-term and long-term obligations through a combination of cash on hand, funds generated from operations, sale-leaseback transactions, the borrowing capacity available under our Revolving Credit Facility and additional debt and equity financing as needed.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks in the ordinary course of our business that include changes in interest rates and changes in foreign currency exchange rates. Information relating to quantitative and qualitative disclosures about these market risks is set forth below.

Interest rate risk

Our cash consists primarily of an interest-bearing account at a large United States bank with limited interest rate risk. At September 30, 2024, we held no investments in marketable securities.

In connection with the refinancing of our former Term Loan Facility in May 2023, we converted the Term Loan Facility and the Revolving Credit Facility from LIBOR to SOFR. We incur interest at variable rates under our Revolving Credit Facility and we incurred interest at variable rates under our former Term Loan Facility until we paid it off in full on September 20, 2024. At September 30, 2024, there were $210.0 million of outstanding borrowings under the Revolving Credit Facility and $31.2 million of outstanding letters of credit, resulting in total revolver availability of $408.8 million, which was available following the amendment to our senior secured credit agreement in September 2024 at intervals ranging from 30 to 180 days at interest rates of SOFR plus 2.50% or base rate plus 1.50%. Before we paid in full the aggregate principal balance outstanding under our former Term Loan Facility, the variable rates thereunder were SOFR plus the applicable credit adjustment spread plus 4.00% or base rate plus 3.00%. During the nine months ended September 30, 2024, we also amended the credit agreement governing the Revolving Credit Facility to replace the Canadian Dollar Offered Rate (CDOR), which ceased at the end of June 2024, with the Canadian Overnight Repo Rate Average (CORRA). We do not have any outstanding borrowings in Canadian dollars under the Revolving Credit Facility.

Assuming that the Revolving Credit Facility is fully drawn, each one percentage point change in interest rates would result in an approximately $6.5 million change in annual interest expense on the indebtedness under the Credit Facilities as of September 30, 2024.

Foreign currency exchange risk

We operate primarily in the United States with three centers operating in Canada. Given our limited operations outside of the United States, fluctuations due to changes in foreign currency exchange rates would not have a material impact on our business.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has carried out an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of such date, our disclosure controls and procedures were effective at a reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act during the quarter covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are engaged in litigation or other proceedings incidental to the normal course of business, including investigations and claims regarding employment law including wage and hour and unfair labor practices; supplier, customer and service provider contract terms; products liability; and real estate. Other than as set forth in Note 9, Commitments and Contingencies, in Part I, Item 1 of this Quarterly Report on Form 10-Q, which is incorporated herein, there are no pending material legal proceedings to which we are a party or to which our property is subject.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed under the caption “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC, which could materially affect our business, financial condition or future results. There have been no material changes from the risk factors previously disclosed in that Annual Report.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

On September 10, 2024, Ritadhwaja Jebens (RJ) Singh, the Company’s Executive Vice President and Chief Digital Officer, adopted a Rule 10b5-1 trading plan (the “Trading Plan”) that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c). The Trading Plan provides for the sale of (i) vested restricted stock units up to a maximum of 66,786 shares of our common stock and (ii) net shares (number not yet determinable) of the Company’s common stock received in connection with the vesting of restricted stock units covering 107,874 shares and performance stock units covering 5,229 shares that are scheduled to vest between October 12, 2024 to May 1, 2025, after shares are withheld to satisfy tax withholding obligations. The Trading Plan will terminate on December 31, 2025 unless sooner terminated pursuant to its terms.

ITEM 6. EXHIBITS

All exhibits as set forth on the Exhibit Index.

Exhibit Index

Exhibit Number	Description of Exhibit	Form	File No.	Exhibit	Filing Date
10.1	Thirteenth Amendment to the Credit Agreement, dated as of September 20, 2024, by and among LTF Intermediate Holdings, Inc., Life Time, Inc., the subsidiary guarantors party thereto, the lenders party thereto, and Deutsche Bank AG New York Branch, as administrative agent.	8-K	001-40887	10.1	9/23/2024
31.1	Certification of the Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				Filed herewith
31.2	Certification of the Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				Filed herewith
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act 2002.				Furnished herewith
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act 2002.				Furnished herewith
101.INS	Inline XBRL Instance Document — the Instance Document does not appear in the interactive data file because its XBRL tags are Embedded within the Inline XBRL Document.				Filed herewith
101.SCH	Inline XBRL Schema Document.				Filed herewith
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.				Filed herewith
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.				Filed herewith
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.				Filed herewith
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.				Filed herewith
104	Cover Page Interactive Data File — the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				Filed herewith

SIGNATURES

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

Life Time Group Holdings, Inc.

Date: October 28, 2024	By:	/s/ Erik Weaver
		Erik Weaver
		Executive Vice President & Chief Financial Officer

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Bahram Akradi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2024 of Life Time Group Holdings, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: October 28, 2024

By: /s/ Bahram Akradi

Bahram Akradi

Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Erik Weaver, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2024 of Life Time Group Holdings, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: October 28, 2024

By: /s/ Erik Weaver

Erik Weaver
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 filing of the Quarterly Report on Form 10-Q of Life Time Group Holdings, Inc. (the “Company”) for the quarterly period ended September 30, 2024 with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: October 28, 2024	By:	/s/ Bahram Akradi
		Bahram Akradi
		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 filing of the Quarterly Report on Form 10-Q of Life Time Group Holdings, Inc. (the “Company”) for the quarterly period ended September 30, 2024 with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: October 28, 2024

By: /s/ Erik Weaver

Erik Weaver
Chief Financial Officer
(Principal Financial Officer)