

**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 March 31, 2022

OR

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

For the transition period from _____ to _____

Commission File Number: 001-40887

Life Time Group Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

47-3481985
(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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Non-accelerated filer	<input checked="" type="checkbox"/>
Smaller reporting company	<input type="checkbox"/>			Emerging growth company	<input type="checkbox"/>

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

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

As of May 9, 2022, the registrant had 193,733,608 shares of common stock outstanding, par value \$0.01 per share.

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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)

	March 31, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 41,096	\$ 31,637
Accounts receivable, net	9,716	6,464
Center operating supplies and inventories	41,966	41,007
Prepaid expenses and other current assets	47,818	48,883
Income tax receivable	2,465	3,533
Total current assets	143,061	131,524
Property and equipment, net	2,789,418	2,791,464
Goodwill	1,233,176	1,233,176
Operating lease right-of-use assets	1,935,352	1,864,528
Intangible assets, net	173,766	174,241
Other assets	58,667	61,742
Total assets	\$ 6,333,440	\$ 6,256,675
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 75,592	\$ 71,308
Construction accounts payable	86,038	83,311
Deferred revenue	40,565	33,871
Accrued expenses and other current liabilities	141,175	147,920
Current maturities of debt	23,793	23,527
Current maturities of operating lease liabilities	46,679	46,315
Total current liabilities	413,842	406,252
Long-term debt, net of current portion	1,804,082	1,775,719
Operating lease liabilities, net of current portion	1,971,743	1,909,883
Deferred income taxes	51,391	55,213
Other liabilities	15,382	18,216
Total liabilities	4,256,440	4,165,283
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Common stock, \$0.01 par value per share; 500,000 shares authorized; 193,060 shares issued and outstanding	1,931	1,931
Additional paid-in capital	2,765,503	2,743,560
Accumulated deficit	(689,049)	(651,083)
Accumulated other comprehensive loss	(1,385)	(3,016)
Total stockholders' equity	2,077,000	2,091,392
Total liabilities and stockholders' equity	\$ 6,333,440	\$ 6,256,675

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 March 31,	
	2022	2021
Revenue:		
Center revenue	\$ 381,621	\$ 245,094
Other revenue	10,633	4,204
Total revenue	392,254	249,298
Operating expenses:		
Center operations	239,573	174,615
Rent	55,964	50,517
General, administrative and marketing	66,561	38,270
Depreciation and amortization	58,107	61,206
Other operating (income) expense	(17,035)	6,934
Total operating expenses	403,170	331,542
Loss from operations	(10,916)	(82,244)
Other (expense) income:		
Interest expense, net of interest income	(29,943)	(96,217)
Equity in earnings (loss) of affiliate	26	(293)
Total other expense	(29,917)	(96,510)
Loss before income taxes	(40,833)	(178,754)
Benefit from income taxes	(2,867)	(25,953)
Net loss	\$ (37,966)	\$ (152,801)
Loss per common share – basic and diluted	\$ (0.20)	\$ (1.08)
Weighted-average common shares outstanding – basic and diluted	192,465	145,196

See notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended	
	March 31,	
	2022	2021
Net loss	\$ (37,966)	\$ (152,801)
Foreign currency translation adjustments, net of tax of \$0	1,631	1,162
Comprehensive loss	<u>\$ (36,335)</u>	<u>\$ (151,639)</u>

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 Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Equity
	Shares	Amount				
Balance at December 31, 2021	193,060	\$ 1,931	\$ 2,743,560	\$ (651,083)	\$ (3,016)	\$ 2,091,392
Net loss	—	—	—	(37,966)	—	(37,966)
Other comprehensive income	—	—	—	—	1,631	1,631
Share-based compensation	—	—	21,438	—	—	21,438
Settlement of accrued compensation liabilities through the issuance of share-based compensation awards	—	—	505	—	—	505
Balance at March 31, 2022	193,060	\$ 1,931	\$ 2,765,503	\$ (689,049)	\$ (1,385)	\$ 2,077,000

	Common Stock		Additional Paid-In Capital	Stockholder Note Receivable	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Equity
	Shares	Amount					
Balance at December 31, 2020	145,196	\$ 1,452	\$ 1,569,905	\$ (15,000)	\$ (71,714)	\$ (3,230)	\$ 1,481,413
Net loss	—	—	—	—	(152,801)	—	(152,801)
Other comprehensive income	—	—	—	—	—	1,162	1,162
Dividends on preferred stock	—	—	(4,282)	—	—	—	(4,282)
Balance at March 31, 2021	145,196	\$ 1,452	\$ 1,565,623	\$ (15,000)	\$ (224,515)	\$ (2,068)	\$ 1,325,492

See notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2022	2021
Cash flows from operating activities:		
Net loss	\$ (37,966)	\$ (152,801)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	58,107	61,206
Deferred income taxes	(3,885)	(28,632)
Share-based compensation	21,438	—
Non-cash rent expense	6,009	4,323
Impairment charges associated with long-lived assets	227	900
(Gain) loss on disposal of property and equipment, net	(28,597)	862
Loss on debt extinguishment	—	40,993
Write-off of discounts and debt issuance costs	—	18,325
Amortization of debt discounts and issuance costs	1,945	2,473
Changes in operating assets and liabilities	(5,638)	16,963
Other	(2,578)	(2,768)
Net cash provided by (used in) operating activities	9,062	(38,156)
Cash flows from investing activities:		
Capital expenditures	(110,754)	(43,329)
Proceeds from sale-leaseback transactions	79,666	33,423
Other	4,805	(1,167)
Net cash used in investing activities	(26,283)	(11,073)
Cash flows from financing activities:		
Proceeds from borrowings	3,198	1,907,577
Repayments of debt	(5,745)	(1,586,777)
Proceeds from senior secured credit facility	230,000	15,000
Repayments of senior secured credit facility	(200,000)	(109,000)
Repayments of finance lease liabilities	(358)	(372)
Increase in debt discounts and issuance costs	—	(42,246)
Other	(476)	—
Net cash provided by financing activities	26,619	184,182
Effect of exchange rates on cash and cash equivalents	61	18
Increase in cash and cash equivalents	9,459	134,971
Cash and cash equivalents – beginning of period	31,637	33,195
Cash and cash equivalents – end of period	\$ 41,096	\$ 168,166

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. Life Time Group Holdings, Inc. changed its name from LTF Holdings, Inc. effective on June 21, 2021. 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 March 31, 2022, we operated 153 centers in 29 states and one Canadian province.

COVID-19 Impact

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“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. We re-opened our first center on May 8, 2020 and continued to re-open our centers as state and local governmental authorities permitted, in many cases subject to various operating restrictions and requirements. All of our centers were open as of March 31, 2022.

Initial Public Offering

On October 12, 2021, Life Time Group Holdings, Inc. consummated its initial public offering (“IPO”) of 9.0 million shares of its common stock at a public offering price of \$18.00 per share, resulting in total gross proceeds of \$162.0 million, which was reduced by underwriting discounts and other offering and issuance expenses of \$27.7 million, for net proceeds of \$134.3 million. The shares of the Company’s common stock began trading on The New York Stock Exchange (the “NYSE”) under the symbol “LTH” on October 7, 2021. A registration statement on Form S-1 relating to the offering of these securities was declared effective by the Securities and Exchange Commission (the “SEC”) on October 6, 2021.

On November 1, 2021, Life Time Group Holdings, Inc. consummated the sale of nearly 1.6 million additional shares of its common stock at the IPO price of \$18.00 per share pursuant to the partial exercise by the underwriters of their over-allotment option, resulting in total gross proceeds of approximately \$28.4 million, which was reduced by underwriting discounts and other offering expenses of \$1.3 million, for net proceeds of \$27.1 million. We are using these net proceeds, as well as the remaining portion of the net proceeds we received in connection with the IPO after the partial pay down of \$575.7 million (including a \$5.7 million prepayment penalty) of our Term Loan Facility (as defined in Note 6, Debt), for general corporate purposes.

Basis of Presentation

The unaudited condensed consolidated financial statements include the accounts of Life Time Group Holdings, Inc. and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”), which require 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. Actual 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 our consolidated operating results. All adjustments (consisting of normal recurring adjustments) considered necessary to fairly present our consolidated financial position, results of operations and cash flows for the periods have been included.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted. A summary of our significant accounting policies is included in Note 2 to our annual 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)

2. Summary of Significant Accounting Policies

Recently Adopted Accounting Pronouncements

In November 2021, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update (“ASU”) 2021-10, “Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance,” to increase the transparency of government assistance, including with respect to the disclosure of the types of assistance an entity receives, an entity’s method of accounting for government assistance and the effect of the assistance on an entity’s financial statements. The amendments are to be applied either (1) prospectively to all applicable transactions that are reflected in financial statements at the date of initial application and new transactions that are entered into after the date of initial application or (2) retrospectively to those transactions. We adopted this ASU as of January 1, 2022 and applied it prospectively. The adoption of this ASU did not have any impact on our financial position, results of operations or cash flows.

New Accounting Pronouncements Not Yet Adopted

In March 2020, the FASB issued ASU 2020-04, “Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting.” ASU 2020-04 provides optional expedients and exceptions for applying GAAP to contract modifications, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. In response to the concerns about structural risks of interbank offered rates (“IBORs”) and, particularly, the risk of cessation of the London Interbank Offered Rate (“LIBOR”), regulators in several jurisdictions around the world have undertaken reference rate reform initiatives to identify alternative reference rates that are more observable or transaction-based and less susceptible to manipulation. The ASU provides companies with optional guidance to ease the potential accounting burden associated with transitioning away from reference rates that are expected to be discontinued. In January 2021, the FASB issued ASU 2021-01, “Reference Rate Reform (Topic 848): Scope,” which provides implementation guidance associated with ASU 2020-04 and clarifies certain optional expedients in Topic 848. This guidance in ASU 2020-04 is effective for all entities as of March 12, 2020 and may be applied through December 31, 2022. We are currently evaluating the effect the adoption of ASU 2020-04 may have on our consolidated financial statements.

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:

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, 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 the three months ended March 31, 2022 and 2021.

Financial Assets and Liabilities. At March 31, 2022, the fair value of our outstanding Term Loan Facility, Secured Notes and Unsecured Notes (each of which is defined in Note 6, Debt) was approximately \$272.3 million, \$920.4 million and \$472.0 million, respectively. At December 31, 2021, the fair value of our outstanding Term Loan Facility, Secured Notes and Unsecured Notes was approximately \$277.0 million, \$957.4 million and \$494.0 million, respectively. The carrying amount of our outstanding Mortgage Notes and Construction Loan (each of which is defined in Note 6, Debt) at March 31, 2022 and December 31, 2021 approximates fair value. 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 6, 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 long-lived assets, goodwill and intangible assets, which are remeasured when the derived fair

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

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.

During both the three months ended March 31, 2022 and 2021, we determined that certain projects were no longer deemed viable for construction and that the previously capitalized site development costs associated with these projects were impaired. Accordingly, as it relates to these long-lived assets, we recognized impairment charges of \$0.2 million and \$0.9 million for the three months ended March 31, 2022 and 2021, respectively.

3. Supplemental Balance Sheet and Cash Flow Information

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following:

	March 31, 2022	December 31, 2021
Construction contract receivables	\$ 7,407	\$ 14,949
Deferred membership origination costs	2,100	3,150
Prepaid expenses	38,311	30,784
Prepaid expenses and other current assets	<u>\$ 47,818</u>	<u>\$ 48,883</u>

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	March 31, 2022	December 31, 2021
Real estate taxes	\$ 29,723	\$ 32,955
Accrued interest	31,226	35,006
Payroll liabilities	27,607	23,243
Utilities	6,769	7,022
Self-insurance accruals	17,270	18,921
Corporate accruals	23,158	24,741
Current maturities of finance lease liabilities	1,223	1,374
Other	4,199	4,658
Accrued expenses and other current liabilities	<u>\$ 141,175</u>	<u>\$ 147,920</u>

Supplemental Cash Flow Information

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

	Three Months Ended March 31,	
	2022	2021
Accounts receivable	\$ (3,335)	\$ (892)
Center operating supplies and inventories	(947)	(553)
Prepaid expenses and other current assets	(6,460)	(4,238)
Income tax receivable	1,068	2,607
Other assets	271	1,515
Accounts payable	4,205	7,621
Accrued expenses and other current liabilities	(5,481)	17,409
Deferred revenue	6,735	(6,666)
Other liabilities	(1,694)	160
Changes in operating assets and liabilities	<u>\$ (5,638)</u>	<u>\$ 16,963</u>

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

Additional supplemental cash flow information is as follows:

	Three Months Ended	
	March 31,	
	2022	2021
Net cash (received from income tax refunds, net of taxes paid) paid for income taxes, net of refunds received	\$ (82)	\$ 67
Cash payments for interest, net of capitalized interest	31,948	27,915
Capitalized interest	1,862	692
Non-cash activity:		
Issuance of Series A Preferred Stock (as defined in Note 10, Loss Per Share) in connection with the extinguishment of a related party secured loan	—	108,591

See Note 7, Leases, for supplemental cash flow information associated with our lease arrangements for the three months ended March 31, 2022 and 2021.

4. Goodwill and Intangibles

The goodwill balance was \$1,233.2 million at both March 31, 2022 and December 31, 2021.

Intangible assets consisted of the following:

	March 31, 2022		
	Gross	Accumulated Amortization	Net
Trade name	\$ 163,000	\$ —	\$ 163,000
Other	16,327	(5,561)	10,766
Total intangible assets	\$ 179,327	\$ (5,561)	\$ 173,766

	December 31, 2021		
	Gross	Accumulated Amortization	Net
Trade name	\$ 163,000	\$ —	\$ 163,000
Other	16,327	(5,086)	11,241
Total intangible assets	\$ 179,327	\$ (5,086)	\$ 174,241

Other intangible assets at March 31, 2022 and December 31, 2021 include a facility license as well as trade names and customer relationships associated with our race registration and timing businesses.

Amortization expense associated with intangible assets for the three months ended March 31, 2022 and 2021 was \$0.5 million and \$0.2 million, respectively. Amortization expense associated with intangible assets is included in Depreciation and amortization in our condensed consolidated statements of operations.

There were no goodwill or intangible asset impairment charges recorded during the three months ended March 31, 2022 and 2021.

5. 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 months ended March 31, 2022 and 2021:

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

	Three Months Ended March 31,	
	2022	2021
Membership dues and enrollment fees	\$ 271,915	\$ 175,307
In-center revenue	109,706	69,787
Total center revenue	381,621	245,094
Other revenue	10,633	4,204
Total revenue	\$ 392,254	\$ 249,298

The timing associated with the revenue we recognized during the three months ended March 31, 2022 and 2021 is as follows:

	Three Months Ended March 31, 2022			Three Months Ended March 31, 2021		
	Center Revenue	Other Revenue	Total Revenue	Center Revenue	Other Revenue	Total Revenue
Goods and services transferred over time	\$ 332,987	\$ 10,633	\$ 343,620	\$ 216,103	\$ 4,204	\$ 220,307
Goods and services transferred at a point in time	48,634	—	48,634	28,991	—	28,991
Total revenue	\$ 381,621	\$ 10,633	\$ 392,254	\$ 245,094	\$ 4,204	\$ 249,298

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 membership dues, enrollment fees, personal training and other center services offerings, as well as our media and athletic events. Contract liabilities at March 31, 2022 and December 31, 2021 were \$42.6 million and \$35.9 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 March 31, 2022 and December 31, 2021 was \$40.6 million and \$33.9 million, respectively, and consists primarily of prepaid membership dues, personal training and other in-center services, and enrollment fees. The \$6.7 million increase was primarily driven by registrations received for future athletic events and kids summer camps.

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 both March 31, 2022 and December 31, 2021 were \$2.0 million and consist primarily of deferred enrollment fees.

6. Debt

Debt consisted of the following:

	March 31, 2022	December 31, 2021
Term Loan Facility, maturing December 2024	\$ 273,625	\$ 273,625
Revolving Credit Facility, maturing December 2026	30,000	—
Secured Notes, maturing January 2026	925,000	925,000
Unsecured Notes, maturing April 2026	475,000	475,000
Mortgage Notes, various maturities	139,827	145,572
Construction Loan, maturing February 2026	3,198	—
Other debt	4,122	4,122
Fair value adjustment	1,655	1,818
Total debt	1,852,427	1,825,137
Less unamortized debt discounts and issuance costs	(24,552)	(25,891)
Total debt less unamortized debt discount and issuance costs	1,827,875	1,799,246
Less current maturities	(23,793)	(23,527)
Long-term debt, less current maturities	\$ 1,804,082	\$ 1,775,719

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

Senior Secured Credit Facility

In June 2015, Life Time, Inc. and certain of our other wholly-owned subsidiaries entered into a senior secured credit facility with a group of lenders led by Deutsche Bank AG as the administrative agent. On January 22, 2021, Life Time, Inc. and certain of our other wholly-owned subsidiaries entered into an eighth amendment to the credit agreement governing our senior secured credit agreement (the “Credit Agreement”). Pursuant to such eighth amendment to the Credit Agreement, Life Time, Inc. and such other subsidiaries, among other things, (i) entered into a new term loan facility (the “Term Loan Facility”) and incurred new term loans in an aggregate principal amount of \$850.0 million and (ii) extended the maturity on the vast majority of commitments under the revolving portion of our senior secured credit facility (the “Revolving Credit Facility” and together with the Term Loan Facility, the “Credit Facilities”). On December 2, 2021, Life Time, Inc. and certain of our other wholly-owned subsidiaries entered into a ninth amendment to the Credit Agreement. Pursuant to such ninth amendment, Life Time, Inc. and such other subsidiaries increased the commitments under the Revolving Credit Facility to \$475.0 million and extended the maturity of the Revolving Credit Facility to December 2, 2026, except that the maturity will be: (a) September 22, 2024 if we have not refinanced or amended the Term Loan Facility in a manner set forth in such amendment by such date; (b) October 16, 2025 if we have at least \$100.0 million remaining outstanding on the senior secured notes (the “Secured Notes”) that mature in January 2024 on such date; and (c) January 14, 2026 if we have at least \$100.0 million remaining outstanding on the senior unsecured notes (the “Unsecured Notes”) that mature in April 2024 on such date.

Upon the exercise of an accordion feature and subject to certain conditions, borrowings under the Credit Facilities may be increased subject, in certain cases, to meeting a first lien net leverage ratio. The Credit Facilities are secured by a first priority lien (on a pari-passu basis with the Secured Notes described below) on substantially all of our assets.

Term Loan Facility

The \$850.0 million Term Loan Facility, which matures in December 2024, initially amortized at 0.25% quarterly, which required us to make three mandatory quarterly principal repayments of approximately \$2.1 million during the year ended December 31, 2021. On October 13, 2021, we used a portion of net proceeds we received in connection with the IPO to pay down \$575.7 million (including a \$5.7 million prepayment penalty) of our Term Loan Facility. As a result of the pay down, we are no longer required to make quarterly principal payments on the Term Loan Facility prior to its maturity. At March 31, 2022, the Term Loan Facility loan balance was \$273.6 million, with interest due at intervals ranging from 30 to 180 days at interest rates ranging from LIBOR plus 4.75% or base rate plus 3.75%, in either case subject to a 1.00% rate floor.

Revolving Credit Facility

Our Revolving Credit Facility provides for a \$475.0 million revolver and matures in December 2026, or earlier as detailed above under “—Senior Secured Credit Facility.” At March 31, 2022, there were \$30.0 million of outstanding borrowings on the Revolving Credit Facility and there were \$33.5 million of outstanding letters of credit, resulting in total revolver availability of \$411.5 million, which was available at intervals ranging from 30 to 180 days at interest rates ranging from LIBOR plus 4.25% or base rate plus 3.25%.

The weighted average interest rate and debt outstanding under the Revolving Credit Facility for the three months ended March 31, 2022 was 4.13% and \$50.1 million, respectively. The highest month-end balance during that same period was \$83.0 million.

Secured Notes

On January 22, 2021, Life Time, Inc. issued the Secured Notes in an aggregate principal amount of \$25.0 million. These notes mature in January 2026 and interest only payments are due semi-annually in arrears at 5.75%. Life Time, Inc. has the option to call the Secured Notes, in whole or in part, on one or more occasions, beginning on January 15, 2023, subject to the payment of a redemption price that includes a call premium that varies depending on the year of redemption. In addition, at any time prior to January 15, 2023, Life Time, Inc. may redeem up to 40.00% of the aggregate principal amount of the Secured Notes outstanding with the net proceeds of certain equity offerings by us at a redemption price equal to 105.75% of the principal amount of the Secured Notes, plus accrued and unpaid interest, if any, to, but not including, the redemption date. The Secured Notes and the related guarantees are our senior secured obligations and are secured on a first-priority basis by security interests in substantially all of our assets.

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Unsecured Notes

On February 5, 2021, Life Time, Inc. issued the Unsecured Notes in the original principal amount of \$475.0 million. The Unsecured Notes mature in April 2026 and interest only payments are due semi-annually in arrears at 8.00%. Life Time, Inc. has the option to redeem the Unsecured Notes, in whole or in part, on one or more occasions, beginning on February 1, 2023, subject to the payment of a redemption price that includes a call premium that varies depending on the year of redemption. In addition, at any time prior to February 1, 2023, Life Time, Inc. may redeem up to 40.00% of the aggregate principal amount of the Unsecured Notes outstanding with the net proceeds of certain equity offerings by us at a redemption price equal to 108.00% of the principal amount of the Unsecured Notes, plus accrued and unpaid interest, if any, to, but not including, the redemption date. The Unsecured Notes and the related guarantees are our general senior unsecured obligations and will rank equally in right of payment with all of our existing and future senior indebtedness without giving effect to collateral arrangements.

Mortgage Notes

Certain of our subsidiaries have entered into mortgage facilities with various financial institutions (collectively, the "Mortgage Notes"), which are collateralized by certain of our related real estate and buildings, including one of our corporate headquarters properties. The Mortgage Notes have varying maturity dates from March 2023 through August 2027 and carried a weighted average interest rate of 4.70% and 4.70% at March 31, 2022 and December 31, 2021, respectively. Payments of principal and interest on each of the Mortgage Notes are payable monthly on the first business day of each month. The Mortgage Notes contain customary affirmative covenants, including but not limited to, payment of property taxes, granting of lender access to inspect the properties, maintenance of the properties, providing financial statements, providing estoppel certificates and lender consent to leases. The Mortgage Notes also contain various customary negative covenants, including, but not limited to, restrictions on transferring the property, change in control of the borrower and changing the borrower's business or principal place of business. As of March 31, 2022, we were either in compliance in all material respects with the covenants associated with the Mortgage Notes or the covenants were not applicable.

Construction Loan

On January 22, 2021, we closed on a construction loan (the "Construction Loan") providing up to \$8.0 million to partially finance the construction of a Life Time Living location that remains under construction as of March 31, 2022. The Construction Loan has a maturity date of February 15, 2026 and is collateralized by the property. Borrowings under the Construction Loan bear interest at a variable annual rate of no less than 4.80%. Interest only payments will be due monthly beginning April 15, 2022 and continuing through February 15, 2024. Beginning March 15, 2024, based on the principal balance due as of February 15, 2024, monthly principal and interest installment payments will be due in an amount sufficient to fully amortize the principal balance at maturity. At March 31, 2022, there were \$3.2 million of outstanding borrowings on the Construction Loan. There were no outstanding borrowings as of December 31, 2021.

Debt Discounts and Issuance Costs

Unamortized debt discounts and issuance costs associated with the Term Loan Facility, Secured Notes, Unsecured Notes and Construction Loan of \$24.6 million and \$25.9 million are included in Long-term debt, net of current portion on our condensed consolidated balance sheets at March 31, 2022 and December 31, 2021, respectively.

Unamortized revolver-related debt issuance costs of \$3.7 million and \$4.0 million are included in Other assets on our condensed consolidated balance sheets at March 31, 2022 and December 31, 2021, respectively.

Debt Covenants

We are required to comply with certain affirmative and restrictive covenants under our Credit Facilities, Secured Notes and Unsecured 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 \$20.0 million). During the first three quarterly test periods of 2022, certain financial measures used in the calculation of the first lien net leverage ratio will be calculated on a pro forma basis by annualizing the respective financial measures recognized during those test periods.

As of March 31, 2022, we were either in compliance in all material respects with the covenants under the Credit Facilities, or the covenants were not applicable.

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Future Maturities of Long-Term Debt

Aggregate annual future maturities of long-term debt, excluding unamortized discounts, issuance costs and fair value adjustments, at March 31, 2022 were as follows:

April 2022 through March 2023	\$	23,793
April 2023 through March 2024		65,585
April 2024 through March 2025		285,869
April 2025 through March 2026		940,971
April 2026 through March 2027		515,823
Thereafter		18,731
Total future maturities of long-term debt	\$	<u>1,850,772</u>

7. Leases

Lease Cost

Lease cost included in our condensed consolidated statements of operations for the three months ended March 31, 2022 and 2021 consisted of the following:

	Three Months Ended March 31,			Classification in Condensed Consolidated Statements of Operations
	2022	2021		
Lease cost:				
Operating lease cost	\$ 54,753	\$ 49,303	Rent	
Short-term lease cost	356	227	Rent	
Variable lease cost	855	987	Rent	
Finance lease cost:				
Amortization of right-of-use assets	355	364	Depreciation and amortization	
Interest on lease liabilities	32	50	Interest expense, net of interest income	
Total lease cost	<u>\$ 56,351</u>	<u>\$ 50,931</u>		

Operating and Finance Lease Right-of-Use Assets and Lease Liabilities

Operating and finance lease right-of-use assets and lease liabilities were as follows:

	March 31, 2022		December 31, 2021		Classification on Condensed Consolidated Balance Sheet
	\$	\$	\$	\$	
Lease right-of-use assets:					
Operating leases	\$ 1,935,352	\$ 1,864,528			Operating lease right-of-use assets
Finance leases ⁽¹⁾	1,719	2,073			Other assets
Total lease right-of-use assets	<u>\$ 1,937,071</u>	<u>\$ 1,866,601</u>			
Lease liabilities:					
Current					
Operating leases	\$ 46,679	\$ 46,315			Current maturities of operating lease liabilities
Finance leases	1,223	1,374			Accrued expenses and other current liabilities
Non-Current					
Operating leases	1,971,743	1,909,883			Operating lease liabilities, net of current portion
Finance leases	550	757			Other liabilities
Total lease liabilities	<u>\$ 2,020,195</u>	<u>\$ 1,958,329</u>			

(1) Finance lease right-of-use assets were reported net of accumulated amortization of \$2.4 million and \$2.4 million at March 31, 2022 and December 31, 2021, respectively.

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Operating Lease Right-of-Use Assets and Liabilities

In connection with leases that commenced during the three months ended March 31, 2022, we recognized operating lease right-of-use assets and lease liabilities of \$4.0 million and \$67.9 million, respectively, on our condensed consolidated balance sheet. In connection with modified leases that were remeasured during the three months ended March 31, 2022, we recognized a net increase in both operating lease right-of-use assets and lease liabilities of \$2.9 million on our condensed consolidated balance sheet.

Remaining Lease Terms and Discount Rates

The weighted-average remaining lease terms and discount rates associated with our operating and finance lease liabilities at March 31, 2022 were as follows:

	March 31, 2022
Weighted-average remaining lease term ⁽¹⁾	
Operating leases	17.7 years
Finance leases	1.9 years
Weighted-average discount rate	
Operating leases	7.98%
Finance leases	6.24%

- (1) The weighted-average remaining lease term associated with our operating and finance lease liabilities does not include all of the optional renewal periods available to us under our current lease arrangements. Rather, the weighted-average remaining lease term only includes periods covered by an option to extend a lease if we are reasonably certain to exercise that option.

Sale-Leaseback Transactions

On March 8, 2022, the Company entered into two definitive agreements with an unrelated third party, each of which was for the sale-leaseback of two properties, for an aggregate sales price of approximately \$175 million. The closing on two of these properties was completed on March 25, 2022, and the closing on the remaining two properties is expected to be completed on or about May 13, 2022. Under the transaction that was completed, we sold two properties with a combined net book value of \$66.9 million for \$80.0 million, which was reduced by transaction costs of \$0.3 million, for net cash proceeds of \$79.7 million. The estimated fair value of the properties sold was \$95.6 million. Accordingly, the aggregate sales price associated with this arrangement was increased by \$15.6 million, which resulted in the recognition of a gain of \$28.4 million on this transaction. This gain is included in Other operating (income) expense in our condensed consolidated statement of operations for the three months ended March 31, 2022.

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Supplemental Cash Flow Information

Supplemental cash flow information associated with our operating and finance leases is as follows:

	Three Months Ended	
	March 31,	
	2022	2021
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 48,022	\$ 44,377
Operating cash flows from finance leases	32	50
Financing cash flows from finance leases	358	372
Non-cash information:		
Right-of-use assets obtained in exchange for initial lease liabilities:		
Operating leases	67,940	66,426
Finance leases	—	801
Right-of-use asset adjustments recognized as a result of the remeasurement of existing lease liabilities:		
Operating leases	2,882	(4,148)
Non-cash increase in operating lease right-of-use assets associated with below-market sale-leaseback transactions	15,600	9,500

Maturities of Operating and Finance Lease Liabilities

The maturities associated with our operating and finance lease liabilities at March 31, 2022 are as follows:

	Operating Leases	Finance Leases	Total
April 2022 through March 2023	\$ 193,172	\$ 1,294	\$ 194,466
April 2023 through March 2024	208,274	522	208,796
April 2024 through March 2025	211,911	42	211,953
April 2025 through March 2026	215,731	—	215,731
April 2026 through March 2027	216,458	—	216,458
Thereafter	2,856,818	—	2,856,818
Total lease payments	3,902,364	1,858	3,904,222
Less: Imputed interest	1,883,942	85	1,884,027
Present value of lease liabilities	\$ 2,018,422	\$ 1,773	\$ 2,020,195

8. Stockholders' Equity

2021 Equity Incentive Plan

In connection with the IPO and effective October 6, 2021, we adopted the 2021 Incentive Award Plan (the "2021 Equity Plan"), under which we may grant cash and equity-based incentive awards to our employees, consultants and directors. The maximum number of shares of our common stock available for issuance under the 2021 Equity Plan is equal to the sum of (i) approximately 14.5 million shares of our common stock, (ii) an annual increase on the first day of each year beginning in 2022 and ending in and including 2031, equal to the lesser of (A) 4% of the outstanding shares of our common stock on the last day of the immediately preceding fiscal year and (B) such lesser amount as determined by our board of directors, and (iii) the approximately 1.0 million shares of our common stock that were available for issuance under the 2015 Equity Plan as of October 6, 2021. Effective January 1, 2022, the number of shares of our common stock available for issuance under the 2021 Equity Plan increased by approximately 7.7 million shares pursuant to the evergreen feature described in part (ii) of the immediately preceding sentence. Additionally, the number of shares of our common stock available for issuance under the 2021 Equity Plan may increase with respect to awards under the 2015 Equity Plan and any other prior equity incentive plans of the Company or its predecessor which are forfeited or lapse unexercised and which following the effective date of the 2021 Equity Plan are not issued under such prior plan; provided, however, no more than 14.5 million shares may be issued upon the exercise of incentive stock options. The share reserve formula under the 2021 Equity Plan is

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intended to provide us with the continuing ability to grant equity awards to eligible employees, directors and consultants for the ten-year term of the 2021 Equity Plan.

As of March 31, 2022, approximately 20.6 million shares were available for future awards to employees and other eligible participants under the 2021 Equity Plan.

2021 Employee Stock Purchase Plan

In connection with the IPO and effective October 6, 2021, we adopted the 2021 Employee Stock Purchase Plan (the “ESPP”). The ESPP is designed to allow our eligible employees to purchase shares of our common stock, at periodic intervals, with their accumulated payroll deductions. The ESPP consists of two components: an Internal Revenue Service (“IRS”) Code section 423 (“Section 423”) component, which is intended to qualify under Section 423 of the IRS Code and a non-Section 423 component, which need not qualify under Section 423 of the IRS Code. The aggregate number of shares of our common stock that has initially been reserved for issuance under the ESPP is equal to (i) approximately 2.9 million shares of our common stock, and (ii) an annual increase on the first day of each year beginning in 2022 and ending in and including 2031, equal to the lesser of (A) 1% of the aggregate number of shares of our common stock outstanding on the final day of the immediately preceding calendar year and (B) such smaller number of our shares of common stock as determined by our board of directors; provided that in no event will more than 29.0 million shares of our common stock be available for issuance under the Section 423 component of the ESPP. Our board of directors determined that no additional shares would become available under the ESPP as of January 1, 2022 pursuant to the evergreen feature described in part (ii) of the immediately preceding sentence. Our board of directors or the compensation committee will have authority to interpret the terms of the ESPP and determine eligibility of participants.

The ESPP will permit participants to purchase common stock through payroll deductions of up to a percentage of their eligible compensation, which includes a participant’s gross base compensation for services to us. On the first trading day of each offering period, each participant will automatically be granted an option to purchase shares of our common stock. The option will expire at the end of the applicable offering period and will be exercised on each purchase date during such offering period to the extent of the payroll deductions accumulated during the offering period. The purchase price will be at such discount as determined by our board of directors or compensation committee, but no greater than 85% of the fair market value of a share of our common stock on the date determined by our board of directors or compensation committee. Participants may voluntarily end their participation in the ESPP prior to the end of the applicable offering period and will be paid their accrued payroll deductions that have not yet been used to purchase shares of common stock. Upon exercise, the participant will purchase the number of whole shares that his or her accumulated payroll deductions will buy at the option purchase price, subject to the certain participation limitations. Participation will end automatically upon a participant’s termination of employment. No offering periods commenced under the ESPP during the three months ended March 31, 2022.

Stock Options

During the three months ended March 31, 2022, the Company granted approximately 0.9 million stock option awards under the 2021 Equity Plan. These options have a 10-year contractual term from the date of grant and vest in four ratable annual installments on each of the first four anniversaries of the grant date, subject to continuous employment or service from the grant date through the applicable vesting date. The exercise price associated with each of these awards is not less than the fair market value per share of our common stock at the time of grant. The fair value of the options granted during the three months ended March 31, 2022 was calculated using the Black-Scholes option pricing model. Options to purchase approximately 25.5 million shares of our common stock were outstanding as of March 31, 2022, of which approximately 9.4 million were exercisable as of March 31, 2022 and approximately 12.1 million of additional options became exercisable as of April 4, 2022, which is the first date following the expiration of the 180-day lock-up period related to the IPO.

Share-based compensation expense associated with stock options for the three months ended March 31, 2022 was \$11.4 million, of which \$1.0 million, \$10.1 million and \$0.3 million is included in Center operations, General, administrative and marketing and Other operating (income) expense, respectively, in our condensed consolidated statements of operations. No share-based compensation expense related to stock options was recognized during the three months ended March 31, 2021. As of March 31, 2022, unrecognized share-based compensation expense related to stock options was approximately \$26.1 million, which is expected to be recognized over a weighted average remaining period of 3.3 years.

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Restricted Stock Units

During the three months ended March 31, 2022, the Company granted approximately 0.1 million restricted stock unit awards under the 2021 Equity Plan, of which approximately half vest in four ratable annual installments on each of the first four anniversaries of the grant date and the other awards vest in two ratable annual installments on each of the first two anniversaries of the grant date. The awards that vest in two ratable annual installments were granted to executives as part of their incentive compensation for 2021, which had been recognized as an accrued compensation liability at December 31, 2021. The fair value of these restricted stock unit awards issued to executives was approximately \$0.5 million. Accordingly, effective with the grant date associated with these restricted stock units, we recognized a \$0.5 million decrease in Accrued expenses and other current liabilities and a \$0.5 million increase in Additional paid-in capital on our condensed consolidated balance sheet. At March 31, 2022, approximately 1.9 million restricted stock units were outstanding.

Share-based compensation expense associated with restricted stock units for the three months ended March 31, 2022 was \$5.2 million, of which \$0.2 million and \$5.0 million is included in Center operations and General, administrative and marketing, respectively, in our condensed consolidated statement of operations. No share-based compensation expense related to restricted stock units was recognized during the three months ended March 31, 2021. As of March 31, 2022, unrecognized share-based compensation expense related to restricted stock units was approximately \$19.4 million, which is expected to be recognized over a weighted average remaining period of 3.5 years.

Restricted Stock

At March 31, 2022, approximately 0.6 million shares associated with a restricted stock award were outstanding. Share-based compensation expense associated with this restricted stock award for the three months ended March 31, 2022 was \$4.8 million, all of which is included in General, administrative and marketing in our condensed consolidated statement of operations. No share-based compensation expense related to restricted stock awards was recognized during the three months ended March 31, 2021. As of March 31, 2022, unrecognized share-based compensation expense related to this restricted stock award was approximately \$0.2 million, all of which will be recognized during the second quarter of 2022.

9. Income Taxes

The benefit from income taxes was \$2.9 million for the three months ended March 31, 2022 compared to \$26.0 million for the three months ended March 31, 2021. The effective tax rate was 7.0% and 14.5% for those same periods, respectively. The effective tax rate applied to our pre-tax loss for the three months ended March 31, 2022 is lower than our federal statutory rate of 21% and reflects an increase in the valuation allowance associated with certain of our deferred tax assets as well as deductibility limitations associated with executive compensation.

Management regularly evaluates the future realization of deferred tax assets and provides a valuation allowance, if considered necessary, based on such evaluation. As part of the evaluation, management has evaluated taxable income in carryback years, future reversals of taxable temporary differences, feasible tax planning strategies and future expectations of income. Based upon this analysis, an increase to the valuation allowance of \$4.6 million was recorded during the three months of March 31, 2022 to reduce our net deferred tax assets to the amount that is more likely than not to be realized.

10. Loss Per Share

For the three months ended March 31, 2022, our potentially dilutive securities include stock options, restricted stock units and restricted stock. For the three months ended March 31, 2021, our potentially dilutive securities include stock options and Series A convertible participating preferred stock ("Series A Preferred Stock"). Due to the net loss that we recognized during each of the three months ended March 31, 2022 and 2021, the potentially dilutive shares of common stock associated with these equity-based securities were determined to be antidilutive and, therefore, are excluded from the computation of diluted loss per share for the three months ended March 31, 2022 and 2021.

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The following table sets forth the calculation of basic and diluted loss per share for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31,	
	2022	2021
Net loss	\$ (37,966)	\$ (152,801)
Dividends accrued on Series A Preferred Stock	—	(4,282)
Loss available to common stockholders	\$ (37,966)	\$ (157,083)
Weighted average common shares outstanding—basic and diluted	192,465	145,196
Loss per share—basic and diluted	\$ (0.20)	\$ (1.08)

The following is a summary of potential shares of common stock that were excluded from the computation of diluted loss per share for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31,	
	2022	2021
Stock options	25,465	21,049
Restricted stock units	1,925	—
Restricted stock	595	—
Series A Preferred Stock	—	5,430
Potential common shares excluded from diluted loss per share	27,985	26,479

11. 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 threatened 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 parties are currently in discovery. This 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.

12. Subsequent Events

In preparing the accompanying condensed consolidated financial statements, we have evaluated the period from March 31, 2022 through the date the condensed consolidated financial statements were issued for material subsequent events. There have been no other such 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, possible or assumed future actions, strategies and prospects, both business and financial, including our financial outlook, events and 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. Statements preceded by, followed by or that otherwise include the words "believe," "expects," "anticipates," "intends," "projects," "estimates," "plans," "may increase," "may result," "will result," "may fluctuate," and similar expressions or future or conditional verbs such as "will," "should," "would," "may," and "could" 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 expectations 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 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, risks relating to our human capital, risks relating to legal compliance and risk management, risks relating to our financial performance 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, 2021 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.

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 any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Overview

Initial Public Offering

On October 12, 2021, Life Time Group Holdings, Inc. consummated its initial public offering ("IPO") of 39.0 million shares of its common stock at a public offering price of \$18.00 per share, resulting in total gross proceeds of \$702.0 million before deducting the underwriting discounts and other offering expenses. The shares of its common stock began trading on The New York Stock Exchange under the symbol "LTH" on October 7, 2021. A registration statement on Form S-1 relating to the offering of these securities was declared effective by the SEC on October 6, 2021. Additionally, on November 1, 2021, Life Time Group Holdings, Inc. consummated the sale of nearly 1.6 million additional shares of its common stock at the IPO price of \$18.00 per share pursuant to the partial exercise by the underwriters of their over-allotment option, resulting in total gross proceeds of approximately \$28.4 million before deducting the underwriting discounts and commissions.

Business

Life Time, the "Healthy Way of Life Company," is a leading lifestyle brand offering premium health, fitness and wellness experiences to a community of nearly 1.3 million individual members, who together comprise more than 744,000 memberships, as of March 31, 2022. Since our founding nearly 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. We deliver high-quality experiences through our omni-channel physical and digital ecosystem that includes more than 150 centers—distinctive, resort-like athletic country club destinations—across 29 states in the United States and one province in Canada. Our track record of providing differentiated experiences to our members has fueled our strong, long-term financial performance.

Our luxurious athletic centers, which are located in both affluent suburban and urban locations, total more than 15 million square feet in the aggregate. As of March 31, 2022, we had 14 new centers under construction and we believe we have significant opportunities to continue expanding our portfolio of premium centers with 11 or more planned new centers for 2022 and similar growth annually for the foreseeable future in increasingly affluent markets. We offer expansive fitness floors with top-of-the-line equipment, spacious locker rooms, group fitness studios, indoor and outdoor pools and bistros, indoor and outdoor tennis courts, pickleball courts, basketball courts, LifeSpa, LifeCafe and our childcare and Kids Academy learning spaces. Our premium service offerings are delivered by over 31,000 Life Time team members, including over 7,700 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. Our center memberships increased from 649,373 at December 31, 2021 to 673,983 at March 31, 2022, with month over month growth of 3,330, 4,376 and 16,904 for January, February and March 2022, respectively, as the impact from the Omicron variant subsided. As we grow our business with more team members and more centers, we may be impacted by broader market conditions such as inflation and labor.

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 enabled us to consistently grow our recurring membership dues and in-center revenue for 20 consecutive years, prior to the impact of the COVID-19 pandemic. We are focused on returning to consistent growth in our recurring membership dues and in-center revenue. For the three months ended March 31, 2022 and 2021, our recurring membership dues represented 71.3% and 71.5%, respectively, of our total Center revenue, while our in-center revenue, consisting of Life Time Training, LifeCafe, LifeSpa, Life Time Swim and Life Time Kids, among other services, represented 28.7% and 28.5%, respectively, of our total Center revenue. Our average revenue per center membership increased to \$580 for the three months ended March 31, 2022 compared to \$459 for the three months ended March 31, 2021 and \$532 for the three months ended March 31, 2019 prior to the COVID-19 pandemic, a testament to the significant value that our members place on engaging with Life Time. As we delivered and continued to enhance and broaden the premium experiences for our members, we strategically increased our membership dues across most of our new and existing centers in 2021. We believe we can continually refine our pricing as we deliver exceptional experiences and find the optimal balance among the number of memberships per center, the member experience and maximizing our return for each center. We expect average revenue per center membership to continue to increase compared to the same period in prior year as we acquire new members and open new centers in increasingly affluent markets.

We offer a variety of convenient month-to-month memberships with no long-term contracts. We define memberships for our centers in two ways: Center memberships and Digital On-hold memberships. A Center membership is defined as one or more adults 14 years of age or older, plus any juniors under the age of 14. Our base memberships provide individuals general access (with some amenities excluded) to a selected home center and all centers with the same or a lower base monthly dues rate. Our optimized pricing for a Center membership is determined center-by-center based on a variety of factors, including geography, market presence, demographic nature, population density, initial investment in the center and available services and amenities. Digital On-hold memberships do not provide access to our centers and are for those members who want to maintain certain member benefits including our Life Time Digital membership and the right to convert to a Center membership without paying enrollment fees.

We continue to evolve our premium lifestyle brand in ways that elevate and broaden our member experiences and allow our members to more easily and regularly integrate health, fitness and wellness into their lives. We are now offering new types of Center memberships and communities, including our signature membership that includes unlimited small group training and priority registrations, and our new ARORA community focused on members aged 55 years and older. We are also enhancing our digital platform to deliver a true omni-channel experience for our members. Our Life Time Digital offering delivers live streaming fitness classes, remote goal-based personal training, nutrition and weight loss support and curated award-winning health, fitness and wellness content. Through an agreement with Apple®, we also provide Apple Fitness+ to our members, which gives our members expanded content and wellness data monitoring on the go. In addition, our members are able to purchase a wide variety of equipment, wearables, apparel, beauty products and nutritional supplements via our digital health store. We are continuing to invest in our digital capabilities in order to strengthen our relationships with our members and more comprehensively address their health, fitness and wellness needs so that they can remain engaged and connected with Life Time at any time or place. Elevating our member experiences and delivering a connected and digital environment requires investment in our team members, programs, products, services and centers. These investments may impact our short-term results of operations and cash flows as our investments in our business may be made more quickly than we see the returns on our investments.

We are also expanding our “Healthy Way of Life” ecosystem in response to our members’ desire to more 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 receive access to all of our resort-like athletic destinations across the United States and Canada. Additionally, we opened our first Life Time Living location in 2021, another asset-light extension of our “Healthy Way of Life” ecosystem, which offers luxury wellness-oriented

residences. As we expand our footprint with new centers and nearby work and living spaces, as well as strengthen our digital capabilities, we expect to continue to grow our omni-channel platform to support the “Healthy Way of Life” journey of our members.

Non-GAAP Financial Measures

This discussion and analysis includes certain financial measures that are not presented in accordance with the generally accepted accounting principles in the United States (“GAAP”), including Adjusted EBITDA and free cash flow before growth capital expenditures 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. We use Adjusted EBITDA as an important performance metric for the Company. In addition, free cash flow before growth capital expenditures is an important liquidity metric we use to evaluate our ability to make principal payments on our indebtedness and to fund our capital expenditures and working capital requirements.

Adjusted EBITDA

We define Adjusted EBITDA as net income (loss) before interest expense, net, provision for (benefit from) income taxes and depreciation and amortization, excluding the impact of share-based compensation expense, (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, including incremental costs related to COVID-19.

Management uses Adjusted EBITDA to evaluate the Company’s performance. We believe that Adjusted EBITDA is an important metric for management, investors and analysts as it removes 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 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 Before Growth Capital Expenditures

We define free cash flow before growth capital expenditures as net cash provided by (used in) operating activities less center maintenance capital expenditures and corporate capital expenditures. We believe free cash flow before growth capital expenditures 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 before growth capital expenditures to be a key indicator of our liquidity and we present this metric to our board of directors. Additionally, we believe free cash flow before growth capital expenditures 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 before growth capital expenditures 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 EBITDA and free cash flow before growth capital expenditures 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 loss or any other performance measures derived in accordance with GAAP or as an alternative to net cash provided by (used in) operating activities as a measure of our liquidity and may not be comparable to other similarly titled measures of other businesses. Adjusted EBITDA and free cash flow before growth capital expenditures 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 EBITDA and free cash flow before growth capital expenditures 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 months ended March 31, 2022 and 2021. The following information has been presented consistently for all periods presented.

	Three Months Ended	
	March 31,	
	2022	2021
	(\$ in thousands, except for Average Center revenue per center membership data)	
Membership Data		
Center memberships	673,983	544,216
Digital On-hold memberships	70,289	196,746
Total memberships	<u>744,272</u>	<u>740,962</u>
Revenue Data		
Membership dues and enrollment fees	71.3%	71.5%
In-center revenue	28.7%	28.5%
Total Center revenue	<u>100.0%</u>	<u>100.0%</u>
Membership dues and enrollment fees	\$ 271,915	\$ 175,307
In-center revenue	109,706	69,787
Total Center revenue	<u>\$ 381,621</u>	<u>\$ 245,094</u>
Average Center revenue per center membership ⁽¹⁾	\$ 580	\$ 459
Comparable center sales ⁽²⁾	50.3%	(39.4)%
Center Data		
Net new center openings ⁽³⁾	2	1
Total centers (end of period) ⁽³⁾	153	150
Total center square footage (end of period) ⁽⁴⁾	15,300,000	14,900,000
GAAP and Non-GAAP Financial Measures		
Net loss	\$ (37,966)	\$ (152,801)
Net loss margin ⁽⁵⁾	(9.7)%	(61.3)%
Adjusted EBITDA ⁽⁶⁾	\$ 40,626	\$ (18,947)
Adjusted EBITDA margin ⁽⁶⁾	10.4 %	(7.6)%
Center operations expense	\$ 239,573	\$ 174,615
Pre-opening expenses ⁽⁷⁾	\$ 1,387	\$ 2,560
Rent	\$ 55,964	\$ 50,517
Non-cash rent expense (open properties) ⁽⁸⁾	\$ 1,068	\$ 237
Non-cash rent expense (properties under development) ⁽⁸⁾	\$ 4,941	\$ 4,086
Net cash provided by (used in) operating activities	\$ 9,062	\$ (38,156)
Free cash flow before growth capital expenditures ⁽⁹⁾	\$ (35,256)	\$ (53,915)

- (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 sales 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 are 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. As of March 31, 2022, all of our 153 centers were open.
- (4) Total center square footage (end of period) reflects the aggregate fitness square footage, which we use as a metric for evaluating the efficiencies of a center as of the end of the period. The square footage figures exclude areas used for tennis courts, outdoor swimming pools, outdoor play areas and stand-alone Work, Sport and Swim locations. These figures are approximations.
- (5) Net loss margin is calculated as net loss divided by total revenue.
- (6) We present Adjusted EBITDA as a supplemental measure of our performance. We define Adjusted EBITDA as net income (loss) before interest expense, net, provision for (benefit from) income taxes and depreciation and amortization, excluding the impact of share-based compensation expense, (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, including incremental costs related to COVID-19.

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

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

(\$ in thousands)	Three Months Ended	
	March 31,	
	2022	2021
Net loss	\$ (37,966)	\$ (152,801)
Interest expense, net of interest income ^(a)	29,943	96,217
Benefit from income taxes	(2,867)	(25,953)
Depreciation and amortization	58,107	61,206
Share-based compensation expense ^(b)	21,438	—
COVID-19 related expenses ^(c)	212	298
(Gain) loss on sale-leaseback transactions ^(d)	(28,372)	798
Other ^(e)	131	1,288
Adjusted EBITDA	\$ 40,626	\$ (18,947)

- (a) For the three months ended March 31, 2021, we incurred a non-cash expense of \$41.0 million related to the extinguishment of a related party secured loan and \$18.3 million related to the write-off of debt discounts and issuances costs in connection with the extinguishment of senior secured notes and the related party secured loan.
- (b) Share-based compensation expense recognized during the three months ended March 31, 2022 is associated with stock options, restricted stock and restricted stock units. The majority of this expense was associated with awards that were fully vested and became exercisable on April 4, 2022. No share-based compensation expense was recognized during the three months ended March 31, 2021, because the vesting and exercisability of stock options granted by the Company up through March 31, 2021 was contingent upon the occurrence of a change of control or an initial public offering.
- (c) Represents the incremental net expenses we recognized related to the COVID-19 pandemic. We adjust for these costs as they do not represent costs associated with our normal ongoing operations. We believe that adjusting for these costs provides a more accurate and consistent representation of our actual operating performance from period to period. For the three months ended March 31, 2022 and 2021, COVID-19 related expenses primarily consisted of legal related costs.
- (d) We adjust for the impact of gains or losses on the sale-leaseback of our properties as they do not reflect costs associated with our ongoing operations. For detail on the gain on sale-leaseback transactions in the three months ended March 31, 2022, see "Sale-Leaseback Transactions" within Note 7, Leases, to our condensed consolidated financial statements in this report.

- (e) Includes costs associated with incremental expenses related to a winter storm that resulted in historical freezing temperatures affecting our Texas region and other transactions which are unusual and non-recurring in nature.
- (7) Represents non-capital expenditures associated with opening new centers which 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.
- (8) 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.
- (9) Free cash flow before growth capital expenditures, a non-GAAP financial measure, is calculated as net cash provided by (used in) operating activities less center maintenance capital expenditures and corporate capital expenditures.

The following table provides a reconciliation from net cash provided by (used in) operating activities to free cash flow before growth capital expenditures:

(\$ in thousands)	Three Months Ended	
	March 31,	
	2022	2021
Net cash provided by (used in) operating activities	\$ 9,062	\$ (38,156)
Center maintenance capital expenditures	(16,396)	(7,692)
Corporate capital expenditures	(27,922)	(8,067)
Free cash flow before growth capital expenditures	\$ (35,256)	\$ (53,915)

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,” 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. The performance of our centers after we were able to re-open them has varied depending on various factors, including how early we were able to re-open them in 2020, whether we were required to close them again, their geographic location and applicable governmental restrictions. The performance of our centers was also impacted in 2021 as a result of the Delta variant and then again later in 2021 and into 2022 with the Omicron variant.

We have experienced a slightly faster recovery in our membership dues revenue compared to our in-center revenue as our centers have re-opened. We expect membership dues revenue to remain a higher percentage of our total revenue in the near term and return to more historical levels over time. While we are encouraged by the trends of increased vaccination rates, reduced COVID-19 infections and hospitalizations and reduced operating restrictions, the full extent of the impact of COVID-19, including any new variants, remains uncertain and is dependent on future developments that cannot be accurately predicted at this time. There may also be developments outside of our control requiring us to adjust our operating plan, including additional required center closures or operating restrictions. Considering this uncertainty, the extent of the impact of COVID-19 on our financial position, results of operations, liquidity and cash flows is uncertain at this time.

Operations

As of March 31, 2022, all of our 153 centers were open and our total memberships were 744,272, an increase of 0.4% compared to 740,962 at March 31, 2021. Center memberships were 673,983, an increase of 23.8% compared to 544,216 at March 31, 2021. Digital On-hold memberships were 70,289, a decrease of 64.3% compared to 196,746 at March 31, 2021. Prior to the COVID-19 pandemic, Center memberships and Digital On-hold memberships were 853,748 and 90,299, respectively, at December 31, 2019.

As the first three months of 2022 have progressed, we have experienced a significant decrease in the COVID-19 related restrictions on our operations. While we are still utilizing certain of the processes we implemented to provide a healthy and clean environment for our members and team members, we are no longer subject to the stricter requirements such as face coverings, vaccine mandates or negative test results. We will continue to monitor governmental orders regarding the operations of our centers, as well as our center operating processes and protocols.

Our centers and in-center businesses have been impacted differently based upon considerations such as their geographic location, vaccination rates, impacts of variants, applicable government restrictions and guidance, and team member and member sentiment with respect to our center operating processes and protocols and working in and/or using our centers. While this uneven performance may continue, we are hopeful that as we continue to emerge from the COVID-19 pandemic and more time passes since the restrictive operating requirements have been lifted, our performance will begin to improve across the country and we will continue to see an increase in Center memberships and center utilization.

Given the increased demand for online engagement with consumers, we have increased our focus on delivering a digitized in-center experience through our omni-channel ecosystem. We continue to expand our Digital membership offering, bringing our “Healthy Way of Life” programs, services and content to consumers virtually. This omni-channel experience is designed to deliver health, fitness and wellness where, when and how members want it by offering online reservations registrations, virtual training, live streaming and on-demand classes, virtual events and more.

Cash Flows and Liquidity

In response to the impact of COVID-19 on our business, we took swift cash management actions to reduce our operating costs and preserve liquidity, including with respect to our employees, corporate and capital structures, capital expenditures, rent obligations, tax benefits and sale-leaseback transactions.

Although there is uncertainty related to the full impact of COVID-19 on our financial position, results of operations, liquidity and cash flows, we believe that the combination of our current cash position, our availability under the Revolving Credit Facility, the recent actions we have taken with respect to our debt and equity and strengthening our balance sheet, as well as the actions we have taken to reduce our cash outflows, leave us well-positioned to manage our business. If our available liquidity were not sufficient to meet our operating and debt service obligations as they come due, we would need to pursue alternative arrangements through additional debt or equity financing to meet our cash requirements. There can be no assurance that any such financing would be available on commercially acceptable terms, or at all.

We also intend to continue to explore sale-leaseback transactions. During the three months ended March 31, 2022, we completed sale-leaseback transactions associated with two properties and we have an agreement for the sale-leaseback of two additional properties that is expected to close on or about May 13, 2022. In addition, we are exploring the potential sale-leaseback of a number of our properties with targeted gross proceeds of approximately \$500 million by the end of the third quarter of 2022. For more information regarding the sale-leaseback transactions that were consummated during the three months ended March 31, 2022, see Note 7, Leases, to our condensed consolidated financial statements included elsewhere in this report.

Investment in Business

As we recover from the impacts of the COVID-19 pandemic, we are investing in our business to elevate and broaden our member experiences and drive additional revenue per center membership, including introducing new types of memberships, providing concierge-type member services, expanding our omni-channel offerings and improving our in-center services and products. Elevating our member experiences requires investment in our team members, programs, products, services and centers. These investments may impact our short-term results of operations and cash flows as our investments in our business may be made more quickly than we achieve additional revenue per center membership.

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. Approximately 59% of our centers are now leased, including approximately 92% of our new centers opened within the last five years, 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 and terms of the leases for the new centers or sale-leaseback transactions.

Share-Based Compensation

During the three months ended March 31, 2022, we recognized share-based compensation expense associated with stock options, restricted stock and restricted stock units totaling approximately \$21.4 million. The majority of this expense was associated with awards that were fully vested and became exercisable on April 4, 2022. No share-based compensation expense was recognized during the three months ended March 31, 2021, because the vesting and exercisability of stock options granted by the Company up through March 31, 2021 was contingent upon the occurrence of a change of control or an initial public offering.

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. Given the additional effects from the COVID-19 pandemic, these estimates can be more challenging, and actual results could differ materially from our estimates.

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, 2021 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 March 31, 2022 Compared to Three Months Ended March 31, 2021

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 March 31, 2022 and 2021:

	Three Months Ended March 31,			
			As a Percentage of Total Revenue	
	2022	2021	2022	2021
Revenue:				
Center revenue	\$ 381,621	\$ 245,094	97.3 %	98.3 %
Other revenue	10,633	4,204	2.7 %	1.7 %
Total revenue	392,254	249,298	100.0 %	100.0 %
Operating expenses:				
Center operations	239,573	174,615	61.1 %	70.0 %
Rent	55,964	50,517	14.2 %	20.3 %
General, administrative and marketing	66,561	38,270	17.0 %	15.4 %
Depreciation and amortization	58,107	61,206	14.8 %	24.6 %
Other operating (income) expense	(17,035)	6,934	(4.3)%	2.8 %
Total operating expenses	403,170	331,542	102.8 %	133.1 %
Loss from operations	(10,916)	(82,244)	(2.8)%	(33.1)%
Other (expense) income:				
Interest expense, net of interest income	(29,943)	(96,217)	(7.6)%	(38.6)%
Equity in earnings (loss) of affiliate	26	(293)	—%	(0.1)%
Total other expense	(29,917)	(96,510)	(7.6)%	(38.7)%
Loss before income taxes	(40,833)	(178,754)	(10.4)%	(71.8)%
Benefit from income taxes	(2,867)	(25,953)	(0.7)%	(10.4)%
Net loss	\$ (37,966)	\$ (152,801)	(9.7)%	(61.4)%

Total revenue. The \$142.9 million increase in Total revenue for the three months ended March 31, 2022 compared to the three months ended March 31, 2021 reflects the continued improvement of our operations as we emerge from the adverse impacts of COVID-19, as well as pricing initiatives we implemented at the majority of our centers during the second half of 2021, which have resulted in higher average Center membership dues being charged during the three months ended March 31, 2022 as compared to the three months ended March 31, 2021.

With respect to the \$136.5 million increase in Center revenue for the three months ended March 31, 2022 compared to the three months ended March 31, 2021:

- 70.8% was from membership dues and enrollment fees, which increased \$96.6 million for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021. This increase reflects the improvement in our Center memberships, which increased from 544,216 as of March 31, 2021 to 673,983 as of March 31, 2022, as we emerge from the adverse impacts of COVID-19, as well as pricing initiatives we implemented at the majority of our centers during the second half of 2021, which have resulted in higher average Center membership dues being charged during the three months ended March 31, 2022 as compared to the three months ended March 31, 2021; and
- 29.2% was from in-center revenue, which increased \$39.9 million for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021. This increase was recognized across all of our primary in-center businesses and reflects the higher utilization of our services by our members as we emerge from the adverse impacts of COVID-19.

The \$6.4 million increase in Other revenue for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021 was primarily driven by our athletic events business, as we were able to produce more of our iconic events during the three months ended March 31, 2022 compared to the three months ended March 31, 2021 when COVID-19 restrictions forced the cancellation of some of our event.

Center operations expenses. The \$65.0 million increase in Center operations expenses for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021 was driven by increased staffing requirements resulting from our investment in our programs, services and centers and from the increased usage of our centers and services by our members during the three months ended March 31, 2022 as compared to the three months ended March 31, 2021, as well as the addition of two new centers during the three months ended March 31, 2022.

Rent expense. The \$5.4 million increase in Rent expense for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021 was primarily driven by our taking possession of seven properties since March 31, 2021 for future centers where we started incurring GAAP rent expense, most of which is non-cash, the timing of the sale-leaseback of two centers that occurred during 2021 and the sale-leaseback of two centers occurring during the three months ended March 31, 2022.

General, administrative and marketing expenses. The \$28.3 million increase in General, administrative and marketing expenses for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021 was primarily driven by a \$19.9 million increase in share-based compensation expense, a \$4.6 million increase in overhead costs that were primarily labor-related to enhance and broaden our member services in support of the recovery of our business, a \$1.8 million increase in public company-related expenses, a \$1.1 million increase in information technology costs and a \$0.9 million increase in marketing expenses. No share-based compensation expense was recognized during the three months ended March 31, 2021, because the vesting and exercisability of stock options granted by the Company up through March 31, 2021 was contingent upon the occurrence of a change of control or an initial public offering.

Depreciation and amortization. The \$3.1 million decrease in Depreciation and amortization for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021 consists of \$3.4 million lower depreciation, driven by the timing of sale-leaseback transactions, partially offset by \$0.3 million higher amortization, driven by a facility license associated with an outdoor enthusiast and bicycling event that we acquired during the third quarter of 2021.

Other operating (income) expenses. Other operating income for the three months ended March 31, 2022 was \$17.0 million, compared to Other operating expenses of \$6.9 million for the three months ended March 31, 2021. The \$24.0 million change was primarily attributable to the recognition of a gain of \$28.4 million on a sale-leaseback transaction associated with two properties that was completed during the three months ended March 31, 2022, partially offset by higher costs associated with our athletic events business as we were able to produce more of our iconic events during the three months ended March 31, 2022 as compared to the three months ended March 31, 2021.

Interest expense, net of interest income. The \$66.3 million decrease in Interest expense, net of interest income for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021 was driven by \$41.0 million of non-cash expense that was recognized during the three months ended March 31, 2021 in connection with the conversion of a related party secured loan into Series A Preferred Stock, write-offs of debt issuance costs and original issuance discount costs totaling \$18.3 million that were recognized during the three months ended March 31, 2021 in connection with extinguished debt instruments, as well as a lower average level of outstanding borrowings during the three months ended March 31, 2022 as compared to the three months ended March 31, 2021.

Benefit from income taxes. The benefit from income taxes was \$2.9 million for the three months ended March 31, 2022 compared to \$26.0 million for the three months ended March 31, 2021. The effective tax rate was 7.0% and 14.5% for those same periods, respectively. The change in benefit from income taxes was primarily attributable to the decrease in our loss before income taxes and the decrease in the effective tax rate for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021. The effective tax rate applied to our pre-tax loss for the three months ended March 31, 2022 is lower than our statutory rate of 21% and reflects a \$4.6 million increase in the valuation allowance associated with certain of our deferred tax assets as well as deductibility limitations associated with executive compensation.

Net loss. As a result of the factors described above, net loss decreased by \$114.8 million for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021.

Liquidity and Capital Resources

Liquidity

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

We have taken significant actions to improve our liquidity. During 2021, we refinanced a significant portion of our outstanding debt and completed the IPO. Additionally, we completed the sale-leaseback of two properties. For information regarding the refinancing actions we took during 2021, see Note 6, Debt, to our condensed consolidated financial statements in this report. During the three months ended March 31, 2022, we completed a sale-leaseback transaction associated with two properties and we have an agreement for the sale-leaseback of two additional properties that is expected to close on or about May 13, 2022. In addition, we are exploring the potential sale-leaseback of a number of our properties with targeted gross proceeds of approximately \$500 million by the end of the third quarter of 2022. For more information regarding the sale-leaseback transactions that were consummated during the three months ended March 31, 2022, see Note 7, Leases, to our condensed consolidated financial statements included in this report. We believe the steps we have taken to strengthen our balance sheet and to reduce our cash outflows leave us well-positioned to manage our business including as we emerge from the pandemic.

As the opportunity arises or as our business needs require, we may seek to raise capital through additional debt financing or through equity financing. There can be no assurance that any such financing would be available on commercially acceptable terms, or at all. To date, we have not experienced difficulty accessing the credit and capital markets; however, volatility in these markets, particularly in light of the impacts of COVID-19 and the potential for rising interest rates, 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 March 31, 2022, there were \$30.0 million of outstanding borrowings under our Revolving Credit Facility and there were \$33.5 million of outstanding letters of credit. As of March 31, 2022, total cash and revolver availability was \$452.6 million, consisting of total cash and cash equivalents of \$41.1 million and total revolver availability of \$411.5 million.

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

	Three Months Ended	
	March 31,	
	2022	2021
Net cash provided by (used in) operating activities	\$ 9,062	\$ (38,156)
Net cash used in investing activities	(26,283)	(11,073)
Net cash provided by financing activities	26,619	184,182
Effect of exchange rates on cash and cash equivalents	61	18
Increase in cash and cash equivalents	\$ 9,459	\$ 134,971

Operating Activities

The \$47.2 million increase in cash provided by operating activities for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021 was primarily the result of higher profitability due to the recovery from the impact of COVID-19 on our business.

Investing Activities

Investing activities consist primarily of purchasing real property, constructing new centers, acquisitions and purchasing new fitness equipment. In addition, we invest in capital expenditures to maintain and update our existing centers. We finance the purchase of our property and equipment through operating cash flows, proceeds from sale-leaseback transactions, construction reimbursements and draws on our Revolving Credit Facility.

The \$15.2 million increase in cash used in investing activities for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021 was primarily driven by a relatively higher level of new center construction activity during the three months ended March 31, 2022, partially offset by a higher amount of proceeds that we received from a sale-leaseback transaction during the three months ended March 31, 2022.

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

	Three Months Ended	
	March 31,	
	2022	2021
Growth capital expenditures (new center land and construction, growth initiatives, major remodels of acquired centers and the purchase of previously leased centers), net of construction reimbursements	\$ 66,436	\$ 27,570
Center maintenance capital expenditures	16,396	7,692
Corporate capital expenditures	27,922	8,067
Total capital expenditures	\$ 110,754	\$ 43,329

The \$67.4 million increase in total capital expenditures for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021 was primarily driven by higher growth capital expenditures for new centers and corporate capital expenditures related to Life Time Work and continued investments in technology.

Financing Activities

The \$157.6 million decrease in cash provided by financing activities for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021 was primarily driven by net proceeds we received from borrowings under our Term Loan Facility, Secured Notes and Unsecured Notes during the three months ended March 31, 2021.

We expect to satisfy our short-term and long-term obligations through a combination of cash on hand, funds generated from operations, sale-leaseback transactions and the borrowing capacity available under our Revolving Credit Facility.

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 March 31, 2022, we held no investments in marketable securities.

We incur interest at variable rates under our Revolving Credit Facility. At March 31, 2022, there were \$30.0 million of outstanding borrowings on the Revolving Credit Facility and there were \$33.5 million of outstanding letters of credit, resulting in total revolver availability of \$411.5 million, which was available at intervals ranging from 30 to 180 days at interest rates ranging from LIBOR plus 4.25% or base rate plus 3.25%. Our Term Loan Facility is also subject to variable rates of LIBOR plus 4.75% or base rate plus 3.75% and had an outstanding balance of \$273.6 million at March 31, 2022.

Assuming no prepayments of the Term Loan Facility and that the Revolving Credit Facility is fully drawn (and that LIBOR is in excess of the floor rate applicable to the Term Loan Facility), each one percentage point change in interest rates would result in an approximately \$7.5 million change in annual interest expense on the indebtedness under our senior secured credit facility.

Foreign currency exchange risk

We operate primarily in the United States with three centers operating in Canada. Given our limited amount of 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

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has carried out an evaluation of the effectiveness of the Company's 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, the Chief Executive Officer and Chief

Financial Officer have concluded that, as of such date, the Company's disclosure controls and procedures were effective at a reasonable assurance level.

Internal Control over Financial Reporting

There were no changes in the Company's 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, the Company's 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 11, 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, 2021 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 May 10, 2022, the Company appointed Erik Weaver as its principal accounting officer. Mr. Weaver replaces Mr. Thomas Bergmann, the Company's President and Chief Financial Officer, in that role. Mr. Bergmann continues to serve as the Company's principal financial officer. Mr. Weaver, age 44, joined the Company in 2004 and serves as the Company's Senior Vice President and Controller. Mr. Weaver served as the Company's Vice President and Controller from 2018 until April 2022 and as the Company's Assistant Controller from 2016 to 2018. As Senior Vice President and Controller, he is responsible for the Company's accounting, financial reporting and tax functions. Mr. Weaver holds a Master of Business Administration from Hamline University and is a Certified Public Accountant.

Mr. Weaver has no family relationships with any member of the Company's Board of Directors or any other executive officer of the Company, and is not a party to any transaction with the Company or any subsidiary of the Company. Mr. Weaver and the Company have not entered into any employment agreement in connection with his appointment as the Company's principal accounting officer.

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 #	Employment Agreement by and between Parham Javaheri and Life Time Group Holdings, Inc., effective as of October 12, 2021.				Filed herewith
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

Management contract, plan or arrangement.

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: May 11, 2022

By: /s/ Thomas E. Bergmann
Thomas E. Bergmann
President & Chief Financial Officer

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “*Agreement*”), entered into as of September 13, 2021, is made by and between Life Time Group Holdings, Inc. (“*Life Time*”, and together with any of its subsidiaries and affiliates as may employ Executive from time to time, and any successor(s) thereto, the “*Company*” (except as set forth in Section 9(a)) and Parham Javaheri (the “*Executive*”) (collectively referred to herein as the “*Parties*”). This Agreement shall be effective as of the date of closing of the initial public offering of the Company (or such other date mutually agreed in writing between the parties) (such date, the “*Effective Date*”). If the initial public offering of the Company does not occur on or prior to January 1, 2022, this Agreement will be void *ab initio*.

WHEREAS, the Executive is currently employed by the Company as its Executive Vice President & Chief Property Development Officer;

WHEREAS, it is the desire of the Company to continue to assure itself of the services of Executive following the Effective Date upon the terms and conditions of this Agreement; and

WHEREAS, the Executive desires to provide services to the Company on the terms herein provided.

NOW, THEREFORE, in consideration of the promises and the mutual agreements and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Company and Executive, the parties agree as follows:

1. Employment Period. Subject to the provisions for earlier termination hereinafter provided, the initial term of the Executive’s employment hereunder shall be for a term (the “*Initial Employment Period*”) commencing on the Effective Date and ending on the third anniversary of the Effective Date. The Initial Employment Period shall automatically be extended for successive one-year periods (each, an “*Extension Employment Period*” and, together with the Initial Employment Period, the “*Employment Period*”), unless either Party gives written notice of non-extension to the other no later than ninety (90) days prior to the expiration of the then-applicable Employment Period, in which case Executive’s employment will terminate at the end of the then-applicable Employment Period, subject to earlier termination as provided in Section 3 below.

2. Terms of Employment

(a) Position and Duties.

(i) Role and Responsibilities. During the Employment Period, the Executive shall serve as Executive Vice President & Chief Property Development Officer of Life Time, and shall perform such employment duties as are usual and customary for such positions (subject to Section 3(d)(i)). The Executive shall report directly to the Chief Executive Officer of Life Time (or his or her designee). Executive will use Executive’s best efforts to promote the interests, prospects and condition (financial and otherwise) and welfare of the Company and shall perform Executive’s fiduciary duties and responsibilities to the Company to the best of Executive’s ability in a diligent, trustworthy, businesslike and efficient manner. Executive agrees that Executive will observe and comply with the Company’s rules and policies as adopted by the Company and in effect from time to time. At the Company’s request, the Executive shall serve the Company and/or its subsidiaries and affiliates in other capacities in addition to the foregoing, consistent with the Executive’s position as Executive Vice President & Chief Property Development Officer of Life Time. In the event that the Executive, during the Employment Period, serves in any one or more of such additional capacities, the Executive’s compensation shall not be increased beyond that specified in Section 2(b) hereof. In addition, in the event the Executive’s service in one or more of such additional capacities is terminated, the Executive’s compensation, as specified in Section 2(b) hereof, shall not be diminished or reduced in any manner as a result of such termination provided that the Executive otherwise remains employed under the terms of this Agreement.

(ii) Exclusivity. During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive may be entitled, the Executive agrees to devote his or her full business time and attention to the business and affairs of the Company. Executive shall not engage in outside business activities (including serving on outside boards or committees) without the prior written consent of the Board of Directors of Life Time (the "**Board**") (which shall not be unreasonably withheld); *provided* that Executive shall be permitted to (i) manage Executive's personal, financial and legal affairs, (ii) participate in trade associations and charitable and community affairs and (iii) serve on one outside board of directors or advisory board, subject to the prior written consent of the Company's Chief Executive Officer, in each case, to the extent such actions do not result in any violation of Sections 7 through 9.

(iii) Principal Location. During the Employment Period, the Executive shall perform the services required by this Agreement at the Company's principal offices located in Chanhassen, Minnesota or such other location mutually agreed upon by the Company and the Executive (the "**Principal Location**"), except for travel to other locations as may be necessary or appropriate to fulfill the Executive's duties and responsibilities hereunder.

(b) Compensation, Benefits, Etc. Subject to Section 3(d)(i):

(i) Base Salary. During the Employment Period, the Executive shall receive a base salary (the "**Base Salary**") of \$675,000 per annum. The Base Salary shall be subject to review from time to time by the Board or its delegate in its discretion. The Base Salary shall be paid in accordance with the Company's normal payroll practices.

(ii) Annual Cash Bonus. In addition to the Base Salary, the Executive shall be eligible to earn, for each fiscal year of the Company ending during the Employment Period commencing in fiscal year 2022, a discretionary cash performance bonus (an "**Annual Bonus**") under the Company's bonus plan or program applicable to senior executives. The Executive's target Annual Bonus shall be set at 67% of the Base Salary actually paid for such year (the "**Target Bonus**"). The actual amount of any Annual Bonus shall be determined by reference to the attainment of Company performance metrics and/or individual performance objectives, in each case, as determined by the Board or the Compensation Committee or similar committee in its discretion, and may be greater or less than the Target Bonus. Subject to Section 4(a) hereof, payment of any Annual Bonus(es), to the extent any Annual Bonus(es) become payable, will be made at the same time bonuses are paid to other similarly-situated executives of the Company generally, contingent upon the Executive's continued employment through the applicable payment date.

(iii) Benefits. During the Employment Period, the Executive (and the Executive's spouse and/or eligible dependents to the extent provided in the applicable plans and programs) shall be eligible to participate in and be covered under the health and welfare benefit plans and programs maintained by the Company for the benefit of its employees from time to time, subject to the terms of such plans and programs including any medical and dental insurance plans and programs. In addition, during the Employment Period, Executive shall be eligible to participate in any retirement, savings and other employee benefit plans and programs maintained from time to time by the Company for the benefit of its senior executive officers generally. Notwithstanding the foregoing, nothing contained in this Section 2(b)(iii) shall create or be deemed to create any obligation on the part of the Company to adopt or maintain any health, welfare, retirement or other benefit plan or program at any time or to create any limitation on the Company's ability to modify or terminate any such plan or program.

(iv) Expenses. During the Employment Period, the Executive shall be entitled to receive reimbursement for all reasonable business expenses incurred by the Executive in accordance with the policies, practices and procedures of the Company.

(v) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the plans, policies, programs and practices of the Company applicable to its senior executives in effect from time to time.

(vi) Equity Awards. During the Employment Period, Executive will be eligible to participate in the Company's equity incentive plan then in effect and receive equity awards thereunder, as determined by the Board or the Compensation Committee (or similar committee) of the Board in its sole discretion and subject to the terms of the Company's equity incentive plan then in effect and an applicable award agreement.

3. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. Either the Company or the Executive may terminate the Executive's employment in the event of the Executive's Disability during the Employment Period. For purposes of this Agreement, "**Disability**" shall mean: Executive's inability to perform on a full-time basis the duties and responsibilities of Executive's employment with the Company by reason of Executive's illness or other physical or mental impairment or condition, as determined by a physician mutually acceptable to Executive and the Company, if such inability continues for an uninterrupted period of 90 days or more during any 365-day period. A period of inability shall be "uninterrupted" unless and until Executive returns to full-time work from the above-referenced leave for a continuous period of at least 180 days, excluding vacation days or sick days taken for reasons unrelated to the illness or other physical or mental impairment or condition necessitating the above-referenced leave.

(b) Termination by the Company. The Company may terminate the Executive's employment during the Employment Period for Cause or without Cause. For purposes of this Agreement, "**Cause**" shall mean the occurrence of any one or more of the following events unless, to the extent capable of correction, the Executive fully corrects the circumstances constituting Cause within thirty (30) days after receipt of the Notice of Termination (as defined below):

(i) repeated and willful or grossly negligent failure to perform the Executive's material duties on behalf of the Company;

(ii) the Executive's willful or grossly negligent violation of any material Company rule, procedure or policy, or breach of any non-disclosure, non-competition, non-solicitation or other similar agreement between the Company (or any subsidiaries thereof) and the Executive;

(iii) the Executive's plea of *nolo contendere* to, or conviction of a felony, a crime of moral turpitude or a misdemeanor involving fraud or dishonesty (other than minor traffic violations or similar offenses) or that could reasonably be expected to result in material harm, whether business, financial, reputational or otherwise, to the Company or its subsidiaries;

(iv) the perpetration of any act of fraud, embezzlement or material dishonesty against or affecting the Company, any of its subsidiaries, or any customer, agent or employee thereof;

(v) material breach of fiduciary duty or material breach of this Agreement (or any other written agreement by and between the Executive and the Company) by Executive;

(vi) repeated insolent or abusive conduct in the workplace, including but not limited to, harassment of others of a racial or sexual nature; or

(vii) engaging in any act of material self-dealing without prior notice to and consent by the Board.

(c) Termination by the Executive. The Executive's employment may be terminated by the Executive for any reason, including with Good Reason or by the Executive without Good Reason. For purposes of this Agreement, "**Good Reason**" shall mean the occurrence of any one or more of the following events without the Executive's prior written consent, unless the Company fully corrects the circumstances constituting Good Reason (provided such circumstances are capable of correction) as provided below:

(i) The Company has breached any material term(s) or material condition(s) of this Agreement;

(ii) A requirement imposed by the Company on the Executive that Executive's principal place of employment be anywhere other than within a 75 mile radius of the Executive's Principal Location, and the relocation results in a material change to the geographic location at which the Executive performs services;

(iii) A material reduction in the Executive's Base Salary or Target Bonus as then in effect, other than in connection with an across-the-board reduction affecting other similarly situated executives of the Company or as otherwise contemplated by Section 3(d)(i); or

(iv) The Company has assigned duties and responsibilities to Executive that are materially inconsistent with Executive's position, duties or responsibilities as set forth in this Agreement, such that there occurs a material reduction in Executive's duties, responsibilities or authority as set forth in this Agreement, other than as contemplated by Section 3(d)(i).

Notwithstanding the foregoing, the Executive will not be deemed to have resigned for Good Reason unless (1) the Executive provides the Company with written notice setting forth in reasonable detail the facts and circumstances claimed by the Executive to constitute Good Reason within ninety (90) days after the date of the occurrence of any event that the Executive knows or should reasonably have known to constitute Good Reason, (2) the Company fails to cure such acts or omissions within thirty (30) days following its receipt of such notice, and (3) the effective date of the Executive's termination for Good Reason occurs no later than thirty (30) days after the expiration of the Company's cure period.

(d) Notice of Suspension or Termination.

(i) Notwithstanding anything to the contrary herein, in the event of the Executive's arrest or indictment for a felony, crime or misdemeanor described in Section 3(b)(iii), the Company shall have the right (but not obligation) to suspend the Executive without compensation of any kind until such time as either (A) a court of competent jurisdiction makes a final determination as to the Executive's guilt or innocence or (B) the Executive pleads *nolo contendere* to such alleged such felony or crime; provided that, if the court makes a final determination that the Executive should be acquitted of such felony or crime, the Company shall either (x) reinstate the Executive and pay to the Executive the amount of Base Salary that was withheld pursuant to this Section 3(d)(i) within 30 days following such reinstatement, or (y) terminate the Executive's employment pursuant to Section 3(b) and pay any severance required in accordance with Section 4. For the avoidance of doubt, the Company retains the right to terminate the Executive's employment with the Company at any time during or following such period of suspension pursuant to Section 3(b).

(ii) Any termination by the Company for Cause, or by the Executive for Good Reason, shall be communicated by a Notice of Termination to the other parties hereto given in accordance with Section 13(d) hereof. For purposes of this Agreement, a "**Notice of Termination**" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than thirty (30) days after the giving of such notice). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) Termination of Offices and Directorships; Return of Property. Upon termination of the Executive's employment for any reason, unless otherwise specified in a written agreement between the Executive and the Company, the Executive shall be deemed to have resigned from all offices,

directorships, and other employment positions if any, then held with the Company, and shall take all actions reasonably requested by the Company to effectuate the foregoing. In addition, upon the termination of the Executive's employment for any reason, the Executive agrees to return to the Company all documents of the Company and its affiliates (and all copies thereof) and all other Company or Company affiliate property that the Executive has in his or her possession, custody or control. Such property includes, without limitation: (i) any materials of any kind that the Executive knows contain or embody any proprietary or confidential information of the Company or an affiliate of the Company (and all reproductions thereof), (ii) computers (including, but not limited to, laptop computers, desktop computers and similar devices) and other portable electronic devices (including, but not limited to, tablet computers), cellular phones/smartphones, credit cards, phone cards, entry cards, identification badges and keys, and (iii) any correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents concerning the customers, business plans, marketing strategies, products and/or processes of the Company or any of its affiliates and any information received from the Company or any of its affiliates regarding third parties.

4. Obligations of the Company upon Termination. Upon a termination of the Executive's employment for any reason, the Executive shall be entitled to receive, in a single lump-sum payment, (i) the aggregate amount of the Executive's earned but unpaid Base Salary, (ii) any unpaid Annual Bonus earned by Executive for the year prior to the year in which the Date of Termination occurs, (iii) reimbursement of expenses to which Executive is entitled and (iv) any other benefits to which Executive is legally entitled (collectively, the "**Accrued Obligations**").

(a) Without Cause, For Good Reason or Due to Company Non-Extension. If the Executive's employment with the Company is terminated (1) during the Employment Period (x) by the Company without Cause (other than by reason of the Executive's death or Disability) or due to the Company's non-extension of the Employment Period or (y) by the Executive for Good Reason or (2) at the end of the Employment Period due to the Company's non-extension of the Employment Period (in either case, a "**Qualifying Termination**"), then following the date of such termination of employment (such date, the "**Date of Termination**"), in addition to the Accrued Obligations:

(i) Target Compensation Continuation. The Company shall continue to pay to the Executive an amount equal to 50% of the sum of the Executive's (1) Base Salary and (2) Target Bonus in effect as of the Date of Termination (the amount of such sum, the "**Total Target Compensation**"), but not to exceed a maximum amount of two times the lesser of: (x) the Code § 401(a)(17) compensation limit for the year in which the Date of Termination occurs; or (y) the sum of Executive's annualized compensation based upon the annual rate of pay for services provided to the Company for the calendar year prior to the calendar year in which the Date of Termination occurs (adjusted for any increase during that year that was expected to continue indefinitely) (the "**Target Compensation Continuation Amount**"). Such Target Compensation Continuation Amount shall be paid during the period beginning on the Date of Termination and ending on the six (6) month anniversary of the Date of Termination in installments in accordance with the Company's regular payroll practices as of the Date of Termination, provided that to the extent any portion of such payment is delayed pursuant to Section 4(a)(v), such portion shall be paid in a lump sum on the first payroll date following the 60th day following the Date of Termination. The Company and the Executive intend the payments under this Section 4(a)(i) to constitute a "separation pay plan due to involuntary separation from service" pursuant to Treas. Reg. § 1.409A-1(b)(9)(iii).

(ii) Potential Make-Up Payment. In the event that the Target Compensation Continuation Amount is reduced under Section 4(a)(i) from 50% of Executive's Total Target Compensation as of the Date of Termination by application of clause (x) or (y) thereof, then the Company shall make an additional lump sum payment to the Executive equal to the difference between (x) 50% of Executive's Total Target Compensation as of the Date of Termination, and (y) the amount to be paid to the Executive under Section 4(a)(i) as a result of the application of clause (x) or (y) thereof. Such payment will be paid to the Executive on the Company's first regular payroll after the Executive executes and delivers to the Company the Release (as defined below) and after the expiration of an applicable revocation period, if any, but in no event later than 75 days after the Date of Termination. The Company and Executive intend the payments under this Section 4(a)(ii) to be a "short-term deferral" under Treas. Reg. § 1.409A-1(b)(4).

(iii) *Supplemental Target Compensation Continuation.* The Company will pay to Executive an additional amount equal to 100% of Executive's Total Target Compensation as of the Date of Termination (the "**Supplemental Target Compensation Continuation Amount**"). Such Supplemental Target Compensation Continuation Amount shall be paid to Executive in equal installments in accordance with the Company's regular payroll schedule, commencing on the first regular payroll date of the Company that occurs following completion of all payments under Section 4(a)(i) (and in any event commencing no earlier than the first day of the seventh month after the Date of Termination) and continuing for twelve (12) months. The Company and Executive intend the payments under this Section 4(a)(iii) to be deferred compensation payable either in accordance with the "short-term deferral" exception under Treas. Reg. § 1.409A-1(b)(4) or in compliance with the requirements of Section 409A of the Code.

(iv) *COBRA.* During the period beginning on the Date of Termination and ending on the eighteen (18) month anniversary of the Date of Termination (or, if shorter, during the period commencing on the date of Executive's Qualifying Termination and ending on the date on which Executive becomes eligible for coverage under any group health plan of a subsequent employer or otherwise) (in any case, the "**Benefits Continuation Period**"), subject to the Executive's valid election to continue healthcare coverage under Section 4980B of the Internal Revenue Code and the regulations thereunder (together, the "**Code**"), the Company shall continue to provide the Executive and the Executive's eligible dependents with coverage under its group health plans at the same levels and the same cost to the Executive as would have applied if the Executive's employment had not been terminated based on the Executive's elections in effect on the Date of Termination (the "**COBRA Payments**"), provided, however, that (A) if any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the period of continuation coverage to be, exempt from the application of Section 409A (as defined below) under Treasury Regulation Section 1.409A-1(a)(5), or (B) the Company is otherwise unable to continue to cover the Executive under its group health plans without incurring penalties (including without limitation, pursuant to Section 2716 of the Public Health Service Act or the Patient Protection and Affordable Care Act), then, in either case, an amount equal to each remaining Company subsidy shall thereafter be paid to the Executive in substantially equal monthly installments over the Benefits Continuation Period (or the remaining portion thereof).

(v) *Release.* Notwithstanding the foregoing, it shall be a condition to the Executive's right to receive the amounts provided for in Sections 4(a) hereof, as applicable, that the Executive continue to comply with Executive's obligations under Sections 7 through 9 hereof and execute and deliver to the Company an effective release of claims in substantially the form attached hereto as Exhibit A (the "**Release**") within twenty-one (21) days (or, to the extent required by law, forty-five (45) days) following the Date of Termination and that the Executive not revoke such Release during any applicable revocation period.

(b) *For Cause, Without Good Reason or Other Terminations.* If the Company terminates the Executive's employment for Cause, the Executive terminates the Executive's employment without Good Reason, or the Executive's employment terminates for any other reason not enumerated in Sections 4(a) or 4(b) hereof, in any case, during the Employment Period, or if the Executive's employment with the Company is terminated due to the Executive's non-extension of the Employment Period, then, in any case, the Company shall pay to the Executive the Accrued Obligations in cash within thirty (30) days after the Date of Termination (or by such earlier date as may be required by applicable law), and the Executive shall have no further rights hereunder. Notwithstanding the foregoing, in the event the Executive's termination is by reason of the Executive's death or Disability, Executive will be entitled, subject to the timely execution and non-revocation of a Release (as described above), Executive will be entitled to receive a pro-rated portion (based on the number of days Executive was employed by the Company during the calendar year in which the date of Executive's termination occurs) of the Annual Bonus that Executive would have earned had Executive remained employed through the end of the calendar year in which Executive's Date of Termination occurs, as determined by the Board in good faith. If and to the extent earned, such pro-rated Annual Bonus shall be paid out at the same time annual bonuses are paid generally to other executives of the Company for the relevant year, less applicable withholdings and deductions (but in no event later than the end of the calendar year following the calendar year to which such Annual Bonus relates).

(c) Exclusive Benefits. Except as expressly provided in this Section 4 and subject to Section 5 hereof, the Executive shall not be entitled to any additional payments or benefits upon or in connection with the Executive's termination of employment.

5. Non-Exclusivity of Rights. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

6. Excess Parachute Payments, Limitation on Payments.

(a) Best Pay Cap. Notwithstanding any other provision of this Agreement, in the event that any payment or benefit received or to be received by the Executive (including any payment or benefit received in connection with a termination of the Executive's employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, including the payments and benefits under Section 4 hereof, being hereinafter referred to as the "**Total Payments**") constitute parachute payments within the meaning of Section 280G of the Code and would be subject (in whole or part), to the excise tax imposed under Section 4999 of the Code (the "**Excise Tax**"), then, after taking into account any reduction in the Total Payments provided by reason of Section 280G of the Code in such other plan, arrangement or agreement, the cash payments under this Agreement shall first be reduced, and the noncash payments hereunder shall thereafter be reduced, to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (i) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which the Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

(b) Certain Exclusions. For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of Section 280G(b) of the Code shall be taken into account; (ii) no portion of the Total Payments shall be taken into account which, in the written opinion of an independent, nationally recognized accounting or consulting firm (the "**Independent Advisors**") selected by the Company, does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of the Independent Advisors, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the "base amount" (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation; and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Independent Advisors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

7. Restrictive Covenants and Confidentiality. The parties acknowledge and agree that (a) the provisions and covenants contained in Sections 7 through 9 hereof (i) are material to this Agreement, (ii) are provided for, among other things, the protection of the Company's trade secrets, confidential and commercially-sensitive information, client and customer relationships, goodwill and reputation (which is an honest and just purpose), (iii) are reasonable in geographic and temporal scope and (iv) do not impose a greater restriction or restraint than is necessary to protect the Company's trade secrets, confidential and commercially-sensitive information, client and customer relationships and contacts, goodwill, reputation and other legitimate business interests, (b) the Executive (i) is employed by the Company, (ii) has been and/or will be provided with confidential and commercially-sensitive information regarding the Company and its business during his or her employment and/or service with the Company, and (iii) provides special, unique and extraordinary services to the Company, (c) the provisions

of Sections 7 through 9 hereof do not adversely affect the Executive's ability to earn a living in any capacity, stifle the Executive's ability to use his or her inherent skills and experience, or otherwise impose undue hardship or oppression on the Executive, and (d) the Executive's continuation of employment under this Agreement, and the compensation and benefits described in this Agreement, constitute sufficient consideration for all of the Executive's covenants contained in Sections 7 through 9 hereof.

(a) Except as permitted by the Board, during the term of the Executive's employment and/or service with the Company and at all times thereafter, the Executive shall not divulge, furnish or make accessible to anyone or use in any way other than in the ordinary course of the business of the Company, any confidential, proprietary or secret knowledge or information of the Company or any of its affiliates, whether developed by the Executive or others, including but not limited to (i) trade secrets, (ii) confidential and proprietary plans, developments, research, processes, designs, methods or material (whether or not patented or patentable), (iii) customer and supplier lists, (iv) strategic or other business, marketing or sales plans, (v) financial data and plans and (vi) Proprietary Information. "**Proprietary Information**" is defined as (i) the name, address and/or contact information of any customer, supplier or affiliate of the Company or any information concerning the transactions or relations of any customer, supplier or affiliate of the Company or any of its shareholders; (ii) any information concerning any product, service, technology or procedure offered or used by the Company or any of its affiliates, or under development by or being considered for use by the Company or any of its affiliates; (iii) any information relating to marketing or pricing plans or methods, capital structure, or any business or strategic plans of the Company or any of its affiliates; (iv) any inventions, innovations, trade secrets or other items covered by Section 8 below; and (v) any other information which the Company or any of its affiliates has determined and communicated to the Executive in writing to be proprietary information for purposes hereof; *provided, however*, that "Proprietary Information" shall not include any information that is or becomes generally known to the public other than through actions of the Executive in violation of the restrictive covenants set forth in Sections 7 through 9 hereof. The Executive acknowledges that the above-described knowledge and information constitute unique and valuable assets of the Company and represent a substantial investment of time and expense by the Company, and that any disclosure or other use of such knowledge or information other than for the sole benefit of the Company would be wrongful and would cause irreparable harm to the Company. During the term of the Executive's employment and/or service with the Company, the Executive shall refrain from any acts or omissions that would reduce the value of such knowledge or information to the Company. The foregoing obligations of confidentiality shall not apply to any knowledge or information that (x) is now or subsequently becomes generally publicly known for reasons other than the Executive's violation of this Agreement, (y) is independently made available to the Executive in good faith by a third party who has not violated a confidential relationship with the Company, or (z) is required to be disclosed by legal process, other than as a direct or indirect result of the breach of this Agreement by the Executive.

(b) If, during the Executive's employment and/or service with the Company, the Executive is engaged in or associated with the planning or implementing of any project, program or venture involving the Company, all rights in such project, program or venture shall belong to the Company, as applicable. Except as approved in writing by the Board, the Executive shall not be entitled to any interest in any such project, program or venture or to any commission, finder's fee or other compensation in connection therewith. The Executive shall have no interest, direct or indirect, in any customer or supplier that conducts business with the Company, provided that a passive investment of less than 2.5% of the outstanding shares of capital stock of any customer or supplier listed on a national securities exchange or publicly traded in the over-the-counter market shall not constitute a breach of this sentence.

8. Inventions and Proprietary Rights.

(a) All right, title and interest in all discoveries, inventions, improvements, innovations and other material that the Executive shall conceive or originate individually or jointly or commonly with others during the term of the Executive's employment and/or service with the Company (i) that are directly related to the business of the Company or to the Company's actual or demonstrably anticipated research or development, or that results from any work performed by the Executive for the Company, (ii) for which any equipment, supplies, facility or trade secret information of the Company was used and/or (iii) which was not developed entirely on the Executive's own time, whether or not

patentable, copyrightable, or registrable as a trademark (“*Protectable Material*”), shall be the property of the Company and are hereby assigned by the Executive to the Company (and the Executive agrees to assign all Protectable Material to the Company in the future), along with ownership of any and all patents, copyrights, trademarks and other intellectual property rights in the Protectable Material. Upon request and without further compensation therefor, but at no expense to the Executive, the Executive shall execute any and all papers and perform all other acts necessary to assist the Company to obtain and register patents, copyrights, trademarks and other intellectual property rights on the Protectable Materials in any and all countries. Where applicable, works of authorship created by the Executive for the Company in performing the Executive’s duties and responsibilities hereunder shall be considered “works made for hire,” as defined in the U.S. Copyright Act.

(b) All trade secret information conceived or originated by the Executive that arises during the term of the Executive’s employment and/or service with the Company and out of the performance of the Executive’s duties and responsibilities to the Company or any related material or information shall be the property of the Company, and all rights therein are hereby assigned by the Executive to the Company.

(c) Notwithstanding the foregoing, the Executive understands that this Agreement does not require assignment of any invention to the extent such invention qualifies for protection under Section 181.78 of the 2015 Minnesota Statutes, as may be amended from time to time, and the current text of which is attached hereto as Annex 1 to Exhibit B. The Executive hereby acknowledges that the Company has provided him or her with the notification set forth on Exhibit B (and the annex attached thereto) on the date hereof and the Executive shall sign such notification as soon as reasonably practicable after the date hereof.

(d) Notwithstanding the foregoing, the Executive understands that pursuant to the Defend Trade Secrets Act of 2016, the Executive shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

9. Non-Compete; Non-Solicitation; Non-Disparagement.

(a) During the term of the Executive’s employment and/or service with the Company and during the 24-month period following the date of termination thereof (the “*Restricted Period*”), regardless of the reason for such termination and regardless of whether the termination is initiated by the Company or Executive, the Executive shall not, directly or indirectly, engage in any manner or capacity (including without limitation as a proprietor, owner, principal, agent, partner, officer, director, employee, member of any association, consultant or otherwise) in any Company Business (as defined below) in the Territory (as defined below). For purposes of Sections 7 through 9 hereof, (i) “Company” means Life Time Group Holdings, Inc. and any parent, affiliated, related and/or direct or indirect subsidiary entity thereof, (ii) “Company Business” means (1) the design, development, operation, management, advertisement, promotion, solicitation, marketing or sale of health and fitness clubs or health and fitness club memberships, (2) any services, products or programs offered by health and fitness clubs, including but not limited to personal training, nutritional supplements; health testing or health assessments; wellness services or programs (whether direct to consumer or business to business); weight loss services or programs; kids activities; salons, spas, and medical spas; restaurants or cafes; athletic events and related services (including race timing and registration), and (3) any other product or service that grows into a material business for the Company (or is under development and is projected to grow into a material business for the Company) as of the Executive’s Date of Termination; provided that nothing in this Section 9(a) shall limit Executive’s ability to engage in the development of mixed-use residential or commercial real estate for a person or entity that is not directly or indirectly engaged in or soliciting tenants engaged in (or intending to engage in or solicit tenants engaged in) a Company Business in any material respect, and (iii) “Territory” means the United States, Canada and any other country in which the Company is then doing Company Business as of the Executive’s Date of Termination, and (iii) “Territory” means the United States, Canada and any other country in which the Company is then doing Company Business as of the Executive’s Termination of Services Date. Ownership by the Executive, as a

passive investment, of less than 2.5% of the outstanding shares of capital stock of any corporation listed on a national securities exchange or publicly traded in the over-the-counter market shall not constitute a breach of this Section 9(a).

(b) During the term of the Executive's employment and/or service with the Company and during the Restricted Period, regardless of the reason for such termination and regardless of whether the termination is initiated by the Company or Executive, the Executive shall not, in any manner or capacity (including without limitation as a proprietor, owner, principal, agent, partner, officer, director, stockholder, employee, member of any association, consultant or otherwise), directly or indirectly, hire, engage or solicit for the purpose of employing or otherwise engaging any person who is then an employee of the Company or who was an employee of the Company as of the Executive's date of termination or at any time in the six-month period prior to such hiring, engagement or solicitation.

(c) During the term of the Executive's employment and/or service with the Company and during the Restricted Period, regardless of the reason for such termination and regardless of whether the termination is initiated by the Company or Executive, the Executive shall not, in any manner or capacity (including without limitation as a proprietor, owner, principal, agent, partner, officer, director, stockholder, employee, member of any association, consultant or otherwise), directly or indirectly, solicit, request, advise or induce any current or potential customer, member, supplier or other business contact of the Company to cancel, curtail or otherwise change its relationship with the Company.

(d) The Executive will not malign, defame or disparage the reputation, character, image, products or services of the Company or any of its affiliates, or the reputation or character of the Company's or any of its affiliates' directors, officers, employees, shareholders or agents, provided that nothing in this Section 9(d) shall be construed to limit or restrict Executive from taking any action that Executive in good faith reasonably believes is necessary to fulfill Executive's fiduciary obligations to the Company, or from providing truthful information in connection with any legal proceeding, government investigation or other legal matter. The Company shall instruct its then-current executive officers and directors as of the Executive's date of termination not to malign, defame or disparage the reputation or image of Executive, provided that nothing in this Section 9(d) shall be construed to limit or restrict such officers and directors from taking any action that they in good faith reasonably believes is necessary to fulfill their fiduciary obligations to the Company, or from providing truthful information in connection with any legal proceeding, government investigation or other legal matter.

(e) The Executive shall inform any prospective or future employer of any and all restrictions contained in this Agreement and provide such employer with a copy of such restrictions (but no other terms of this Agreement) prior to the commencement of that employment.

10. Enforcement. If the duration of, the scope of or any business activity covered by any provision of Sections 7 through 9 hereof is found by a court of competent jurisdiction to be in excess of what is valid and enforceable under applicable law, such provision shall be construed to cover only that duration, scope or activity that is valid and enforceable, and all other provisions of Sections 7 through 9 shall remain in full force and effect. The Executive hereby acknowledges that Sections 7 through 9 hereof shall be given the construction that renders the provisions valid and enforceable to the maximum extent, not exceeding their express terms, possible under applicable law. Notwithstanding anything to the contrary, the foregoing sentences of this Section 10 shall in no event apply to the extent their application would render Sections 7 through 9 hereof (or any portion thereof) unenforceable under applicable law. The Executive acknowledges that the provisions of Sections 7 through 9 hereof are reasonable and necessary to protect the legitimate interests of the Company, and that any violation of those provisions by the Executive would cause real, immediate, substantial and irreparable harm to the Company to such an extent that monetary damages alone would be an inadequate remedy therefor. Therefore, in the event of any actual or threatened breach of any provision of Sections 7 through 9 hereof, the Company shall, in addition to any other remedies it may have, be entitled to injunctive and other equitable relief to enforce such provisions and to restrain the Executive from violating or continuing to violate such provisions, and such relief may be granted without the necessity of proving actual monetary damages or posting bond. The Executive agrees that the Restricted Period shall be tolled, and shall not run, during any period of time in which he or she is in violation of the terms of Section 9(a), 9(b) or 9(c), in order that the Company and its affiliates shall have all of the agreed-upon temporal protection recited herein. No breach of any

provision of this Agreement by the Company, or any other claimed breach of contract or violation of law, or change in the nature or scope of the Executive's employment and/or service relationship with the Company, shall operate to extinguish the Executive's obligation to comply with Sections 7 through 9 hereof. The Company (including, without limitation, its affiliates) are third party beneficiaries under this Agreement and shall have the right to enforce all of the Executive's obligations to the Company under this Agreement, including without limitation pursuant to Sections 7 through 9 hereof, and the Company shall be entitled to assign its rights under Sections 7 through 9 hereof without the Executive's consent and any such assignees shall have the right to enforce all of the Executive's obligations to comply with Sections 7 through 9 hereof. The Executive covenants and agrees that he or she has received adequate consideration for his or her obligations contained in Sections 7 through 9 hereof, and will not take the position that the covenants contained in Sections 7 through 9 hereof are void for lack of consideration. The Executive will be responsible for any and all attorneys' fees and costs the Company incurs in enforcing the Executive's obligations contained in Sections 7 through 9 hereof.

11. Representations. The Executive hereby represents and warrants to the Company that (a) the Executive is entering into this Agreement voluntarily and that the performance of the Executive's obligations hereunder will not violate any agreement between the Executive and any other person, firm, organization or other entity, and (b) the Executive is not bound by the terms of any agreement with any previous employer or other party to refrain from competing, directly or indirectly, with the business of such previous employer or other party that would be violated by the Executive's entering into this Agreement and/or providing services to the Company pursuant to the terms of this Agreement.

12. Successors. This Agreement is personal to the Executive and, without the prior written consent of the Company, shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

13. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(b) Compensation Recovery Policy. Executive acknowledges and agrees that, to the extent the Company adopts any claw-back or similar policy pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act or otherwise, and any rules and regulations promulgated thereunder, he or she shall take all action necessary or appropriate to comply with such policy (including, without limitation, entering into any further agreements, amendments or policies necessary or appropriate to implement and/or enforce such policy with respect to past, present and future compensation, as appropriate).

(c) Whistleblower Protections and Trade Secrets. Notwithstanding anything to the contrary contained herein, nothing in this Agreement prohibits Executive from reporting possible violations of federal law or regulation to any United States governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or any other whistleblower protection provisions of state or federal law or regulation (including the right to receive an award for information provided to any such government agencies). Furthermore, in accordance with 18 U.S.C. § 1833, notwithstanding anything to the contrary in this Agreement: (i) Executive shall not be in breach of this Agreement, and shall not be held criminally or civilly liable under any federal or state trade secret law (A) for the disclosure of a trade secret that is made in confidence to a federal, state, or local government official or to an attorney solely for the purpose of reporting or investigating a suspected violation of law, or (B) for the disclosure of a trade secret that is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal; and (ii) if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the trade secret to Executive's attorney, and may use the trade secret information in the court proceeding, if Executive files

any document containing the trade secret under seal, and does not disclose the trade secret, except pursuant to court order.

(d) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: at the Executive's most recent address on the records of the Company.

If to the Company:

Life Time Fitness, Inc.
2902 Corporate Place
Chanhassen, MN 55317
Attention: Executive Vice President & Chief Administrative Officer
with a copy to:

Latham & Watkins LLP
1271 Avenue of the Americas
New York, NY 10020
Attn: Austin Ozawa

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(e) Sarbanes-Oxley Act of 2002. Notwithstanding anything herein to the contrary, if the Company determines, in its good faith judgment, that any transfer or deemed transfer of funds hereunder is likely to be construed as a personal loan prohibited by Section 13(k) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "Exchange Act"), then such transfer or deemed transfer shall not be made to the extent necessary or appropriate so as not to violate the Exchange Act and the rules and regulations promulgated thereunder.

(f) Section 409A of the Code.

(i) To the extent applicable, this Agreement shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder (together, "Section 409A"). Notwithstanding any provision of this Agreement to the contrary, if the Company determines that any compensation or benefits payable under this Agreement may be subject to Section 409A, the Company shall work in good faith with the Executive to adopt such amendments to this Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Company determines are necessary or appropriate to avoid the imposition of taxes under Section 409A, including without limitation, actions intended to (i) exempt the compensation and benefits payable under this Agreement from Section 409A, and/or (ii) comply with the requirements of Section 409A; provided, however, that this Section 13(f) shall not create an obligation on the part of the Company to adopt any such amendment, policy or procedure or take any such other action, nor shall the Company have any liability for failing to do so.

(ii) Any right to a series of installment payments pursuant to this Agreement is to be treated as a right to a series of separate payments. To the extent permitted under Section 409A, any separate payment or benefit under this Agreement or otherwise shall not be deemed "nonqualified deferred compensation" subject to Section 409A to the extent provided in the exceptions in Treasury Regulation Section 1.409A-1(b)(4), Section 1.409A-1(b)(9) or any other applicable exception or provision of Section 409A. Any payments subject to Section 409A that are subject to execution of a waiver and release which may be executed and/or revoked in a calendar year following the calendar year in which the payment event (such as termination of employment) occurs shall commence payment only in

the calendar year in which the consideration period or, if applicable, release revocation period ends, as necessary to comply with Section 409A. All payments of nonqualified deferred compensation subject to Section 409A to be made upon a termination of employment under this Agreement may only be made upon Employee's Separation from Service (as defined below) from the Company.

(iii) Notwithstanding anything to the contrary in this Agreement, no compensation or benefits, including without limitation any severance payments or benefits payable under Section 4 hereof, shall be paid to the Executive during the six (6)-month period following the Executive's "separation from service" from the Company (within the meaning of Section 409A, a "***Separation from Service***") if the Company determines that at the time of Executive's Separation from Service that Executive is a "specified employee" for purposes of Section 409A and paying such amounts at the time or times indicated in this Agreement would be a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code. If the payment of any such amounts is delayed as a result of the previous sentence, then on the first day of the seventh month following the date of Separation from Service (or such earlier date upon which such amount can be paid under Section 409A without resulting in a prohibited distribution, including as a result of the Executive's death), the Company shall pay the Executive a lump-sum amount equal to the cumulative amount that would have otherwise been payable to the Executive during such period.

(iv) To the extent that any payments or reimbursements provided to the Executive under this Agreement are deemed to constitute compensation to the Executive to which Treasury Regulation Section 1.409A-3(i)(1)(iv) would apply, such amounts shall be paid or reimbursed reasonably promptly, but not later than December 31 of the year following the year in which the expense was incurred. The amount of any such payments eligible for reimbursement in one year shall not affect the payments or expenses that are eligible for payment or reimbursement in any other taxable year, and the Executive's right to such payments or reimbursement of any such expenses shall not be subject to liquidation or exchange for any other benefit.

(g) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(h) Withholding. The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(i) No Waiver. The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(j) Entire Agreement. As of the Effective Date, this Agreement constitutes the final, complete and exclusive agreement between the Executive and the Company with respect to the subject matter hereof and replaces and supersedes any and all other agreements, offers or promises, whether oral or written, by any member of the Company and its subsidiaries or affiliates, or representative thereof; provided that nothing herein replaces or supersedes any non-disclosure, non-competition, non-solicitation or other similar agreement between the Company (or any subsidiaries thereof) and the Executive in effect on the Effective Date, each of which shall remain in full force and effect.

(k) Amendment. No amendment or other modification of this Agreement shall be effective unless made in writing and signed by the parties hereto.

(l) Counterparts. This Agreement and any agreement referenced herein may be executed simultaneously in two or more counterparts, each of which shall be deemed an original but which together shall constitute one and the same instrument. A facsimile, PDF (or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g. www.docusign.com) or any other type of copy of an executed version of this Agreement signed by a party is binding upon the signing party to the same extent as the original of the signed agreement.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from the Board, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

LIFE TIME GROUP HOLDINGS, INC.

By: /s/ Bahram Akradi
Name: Bahram Akradi
Title: Chief Executive Officer

EXECUTIVE

/s/ Pahram Javaheri
Pahram Javaheri

Signature Page to Executive Employment Agreement

EXHIBIT A

Form of Release Agreement

This General Release of Claims (this “**Release**”) is made by Parham Javaheri (“**Executive**”) in favor of Life Time Group Holdings, Inc., a Delaware corporation (the “**Company**”) and the “**Releasees**” (as defined below), as of the date of Executive’s execution of this Release.

1. **Release by Executive.** In exchange for the benefits set forth in the certain Employment Agreement entered into by and between the Company and Executive, dated as of September 13, 2021, (the “**Agreement**”) to which this Release is an exhibit, which are conditioned on Executive signing this Release, and to which Executive is not otherwise entitled, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Executive, his heirs, executors, administrators, beneficiaries, representatives, assigns and successors, and all others connected with or claiming through Executive, fully and forever agree to release and discharge the Company and the Company’s parent and subsidiary corporations, and all of their respective past, present and future employee benefit plans, joint venturers, predecessors, successors, assigns, employees, officers, directors, shareholders, administrators, trustees, agents, representatives, and consultants, and all those connected with any of them, in their official and personal capacities (hereinafter the “**Releasees**”) from any and all manner of claims, liabilities and actions, causes of action, in law or in equity, demands, suits, rights, or damages of any kind or nature, whether known or unknown, fixed or contingent (hereinafter called “**Claims**”), that Executive now has or may hereafter have against the Releasees arising out of, connected with or relating to Executive’s employment by the Company and/or other relationship with the Company, or the termination of Executive’s employment and/or other relationship, by reason of any and all acts, omissions, events or facts occurring or existing prior to Executive’s execution of this Release. The Claims released hereunder, including without limitation, any claim of wrongful discharge, breach of contract, breach of the covenant of good faith and fair dealing, violation of public policy, defamation, discrimination, personal injury, physical injury, emotional distress, claims under the Age Discrimination in Employment Act, as amended, 29 U.S.C. § 621 et seq. (“**ADEA**”); the Older Workers’ Protection Benefit Act of 1990; Title VII of the Civil Rights Act of 1964, as amended, by the Civil Rights Act of 1991, 42 U.S.C. § 2000 et seq.; Equal Pay Act, as amended, 29 U.S.C. § 206(d); the Civil Rights Act of 1866, 42 U.S.C. § 1981; the Family and Medical Leave Act of 1993, 29 U.S.C. § 2601 et seq.; the Americans with Disabilities Act of 1990, 42 U.S.C. § 12101 et seq.; the False Claims Act, 31 U.S.C. § 3729 et seq.; the Employee Retirement Income Security Act, as amended, 29 U.S.C. § 1001 et seq.; the Worker Adjustment and Retraining Notification Act (“**WARN**”), as amended, 29 U.S.C. § 2101 et seq.; the Fair Labor Standards Act, 29 U.S.C. § 215 et seq.; and any federal, state or local laws of similar effect.

2. **Claims Not Released.** This Release shall not apply to: the Company’s obligations to provide the separation benefits under Section 4 of the Agreement; Executive’s right to bring any action to enforce the terms of same or of this Release; Executive’s right to indemnification under any applicable indemnification policy of the Company, including without limitation, any general liability or “directors and officers” insurance policy, any shareholders or other agreement with the Company (including pursuant to any individual indemnification agreement), the Company’s governing documents or applicable law; Executive’s right to assert claims for workers’ compensation or unemployment benefits; Executive’s right to bring to the attention of the Equal Employment Opportunity Commission (“**EEOC**”) or any analogous state agency claims of discrimination, harassment or retaliation (provided, however, that Executive hereby agrees to waive Executive’s right to recover monetary damages or other individual relief in any such charge, investigation or proceeding or any related complaint or lawsuit filed by Executive or anyone else on Executive’s behalf), to the extent required by law; any right to communicate directly with, cooperate with, or provide information to, any federal, state or local government regulator; any right to file an unfair labor practice charge under the National Labor Relations Act (“**NLRA**”); Executive’s vested rights under any retirement or welfare benefit plan of the Company; any rights Executive may have to benefits under the Company’s standard benefit programs; Executive’s rights in his or her capacity as an equity holder of the Company; Executive’s right to receive payment for accrued salary and any earned but unpaid Annual Bonus with respect to the year prior to the year in which Executive’s date of termination of employment occurs for services rendered through Executive’s last day of employment, and reimbursement for travel and business expenses properly

incurred prior to the separation date, but unreimbursed; or any other rights that may not be waived by an employee under applicable law.

3. Older Worker's Benefit Protection Act. In accordance with the Older Worker's Benefit Protection Act, Executive is hereby advised as follows:

(a) Executive has read this Release and understands its terms and effect, including the fact that Executive is agreeing to release and forever discharge the Company and each of the Releasees from any Claims released in this Release.

(b) Executive understands that, by entering into this Release, Executive does not waive any Claims that may arise after the date of Executive's execution of this Release, including without limitation any rights or claims that Executive may have to secure enforcement of the terms and conditions of this Release.

(c) Executive has signed this Release voluntarily and knowingly in exchange for the consideration described in this Release, which Executive acknowledges is adequate and satisfactory to Executive and in addition to any other benefits to which Executive is otherwise entitled.

(d) The Company advises Executive to consult with an attorney prior to executing this Release.

(e) Executive has twenty-one (21) days [forty-five (45) days]¹ to review and decide whether or not to sign this Release. If Executive signs this Release prior to the expiration of such period, Executive acknowledges that Executive has done so voluntarily, had sufficient time to consider the Release, to consult with counsel and that Executive does not desire additional time and hereby waives the remainder of the twenty-one (21) day period. In the event of any changes to this Release, whether or not material, Executive waives the restarting of the twenty-one (21) day period.

(f) Executive has seven (7) days after signing this Release to revoke this Release and this Release will become effective upon the expiration of that revocation period. If Executive revokes this Release during such seven (7)-day period, this Release will be null and void and of no force or effect on either the Company or Executive and Executive will not be entitled to any of the payments or benefits which are expressly conditioned upon the execution and non-revocation of this Release.

If Executive wishes to revoke this Release, Executive shall deliver written notice stating his or her intent to revoke this Release to [NAME, OFFICER TITLE, DEPARTMENT, ADDRESS], on or before 5:00 p.m. on the seventh (7th) day after the date on which Executive signs this Release.

4. Representations.

(a) Executive represents and warrants that there has been no assignment or other transfer of any interest in any Claim which he or she may have against Releasees, or any of them, based on actions occurring prior to the date of this Agreement.

(b) Executive represents that, as of the date of execution of this Release, he has not filed any lawsuits, charges, complaints, petitions, administrative claims or other accusatory pleadings in any court or with any governmental agency against any of the Releasees.

5. Exceptions. Notwithstanding anything in this Release to the contrary, nothing contained in this Release shall prohibit Executive (or Executive's attorney) from (i) filing a charge with, reporting possible violations of federal law or regulation to, participating in any investigation by, or cooperating with the U.S. Securities and Exchange Commission ("*SEC*"), the Financial Industry Regulatory Authority, the EEOC, the NLRB, the Occupational Safety and Health Administration, the U.S. Commodity Futures Trading Commission, the U.S. Department of Justice or any other securities regulatory agency, self-regulatory authority or federal, state or local regulatory authority (collectively,

¹ Note to Draft: Include instead of twenty-one days in this paragraph (e) if termination is part of a group termination/layoff.

“**Government Agencies**”), or making other disclosures that are protected under the whistleblower provisions of applicable law or regulation, (ii) communicating directly with, cooperating with, or providing information (including trade secrets) in confidence to any Government Agencies for the purpose of reporting or investigating a suspected violation of law, or from providing such information to Executive’s attorney or in a sealed complaint or other document filed in a lawsuit or other governmental proceeding, and/or (iii) receiving an award for information provided to any Government Agency. Pursuant to 18 USC Section 1833(b), Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (y) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Further, nothing in this Release is intended to or shall preclude Executive from providing truthful testimony in response to a valid subpoena, court order, regulatory request or other judicial, administrative or legal process or otherwise as required by law.

6. Miscellaneous.

(a) *Severability.* If any sentence, phrase, section, subsection or portion of this Release is found to be illegal or unenforceable, such action shall not affect the validity or enforceability of the remaining sentences, phrases, sections, subsections or portions of this Release, which shall remain fully valid and enforceable.

(b) *Headings.* The headings in this Release are provided solely for convenience, and are not intended to be part of, nor to affect or alter the interpretation or meaning of, this Release.

(c) *Construction of Agreement.* Executive has been represented by, or had the opportunity to be represented by, counsel in connection with the negotiation and execution of this Release. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in the construction or interpretation of this Release.

(d) *Entire Agreement/Integration.* This Release, together with the Agreement, constitutes the entire agreement between Executive and the Company concerning the subject matter hereof. No covenants, agreements, representations, or warranties of any kind, other than those set forth herein, have been made to any party hereto with respect to this Release. All prior discussions and negotiations have been and are merged and integrated into, and are superseded by, this Release. No amendments to this Release will be valid unless written and signed by Executive and an authorized representative of the Company.

Sign only on or within [twenty-one (21)][forty-five (45) days after [DATE]

[EXECUTIVE]

Date: _____
[NAME]

EXHIBIT B

LIMITED EXCLUSION NOTIFICATION

THIS IS TO NOTIFY YOU that, notwithstanding anything to the contrary in that certain Employment Agreement entered into by and between Life Time Group Holdings, Inc. and you, dated as of September 13, 2021, (the "*Agreement*") to which this is an exhibit, the Agreement does not require assignment of any invention to the extent such invention qualifies for protection under Section 181.78 of the 2015 Minnesota Statutes, as may be amended from time to time. The current text of the aforementioned statute is attached hereto as Annex 1.

I, Pahram Javaheri, acknowledge receipt of a copy of this notification (and the annex thereto).

/s/ Pahram Javaheri

9/10/2021
Date

| _____

Annex 1

Section 181.78 of the 2015 Minnesota Statutes

As of the date of this Agreement, Section 181.78 of the 2015 Minnesota Statutes is as follows:

181.78 AGREEMENTS; TERMS RELATING TO INVENTIONS.

Subdivision 1. **Inventions not related to employment.** Any provision in an employment agreement which provides that an employee shall assign or offer to assign any of the employee's rights in an invention to the employer shall not apply to an invention for which no equipment, supplies, facility or trade secret information of the employer was used and which was developed entirely on the employee's own time, and (1) which does not relate (a) directly to the business of the employer or (b) to the employer's actual or demonstrably anticipated research or development, or (2) which does not result from any work performed by the employee for the employer. Any provision which purports to apply to such an invention is to that extent against the public policy of this state and is to that extent void and unenforceable.

Subd. 2. **Effect of subdivision 1.** No employer shall require a provision made void and unenforceable by subdivision 1 as a condition of employment or continuing employment.

Subd. 3. **Notice to employee.** If an employment agreement entered into after August 1, 1977 contains a provision requiring the employee to assign or offer to assign any of the employee's rights in any invention to an employer, the employer must also, at the time the agreement is made, provide a written notification to the employee that the agreement does not apply to an invention for which no equipment, supplies, facility or trade secret information of the employer was used and which was developed entirely on the employee's own time, and (1) which does not relate (a) directly to the business of the employer or (b) to the employer's actual or demonstrably anticipated research or development, or (2) which does not result from any work performed by the employee for the employer.

**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 March 31, 2022 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) [omitted];
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 11, 2022

By:

/s/ Bahram Akradi

Bahram Akradi
Chief Executive Officer
(Principal Executive Officer)

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

I, Thomas E. Bergmann, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2022 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) [omitted];
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 11, 2022

By:

/s/ Thomas E. Bergmann

Thomas E. Bergmann
Chief Financial Officer
(Principal Financial Officer)

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

In connection with the filing of the Quarterly Report on Form 10-Q of Life Time Group Holdings, Inc. (the "Company") for the quarterly period ended March 31, 2022 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: May 11, 2022

By:

/s/ Thomas E. Bergmann

Thomas E. Bergmann
Chief Financial Officer
(Principal Financial Officer)