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, 2023

OR

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

For the transition period from to

Commission File Number: 001-40887

Life Time Group Holdings, Inc.

(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No

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

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

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

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

As of April 27, 2023, the registrant had 195,038,261 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, 2023	December 31, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 35,337	$ 25,509
Accounts receivable, net	16,777	13,381
Center operating supplies and inventories	46,233	45,655
Prepaid expenses and other current assets	58,526	45,743
Income tax receivable	—	748
Total current assets	156,873	131,036
Property and equipment, net	2,961,992	2,901,242
Goodwill	1,235,029	1,233,176
Operating lease right-of-use assets	2,135,203	2,116,761
Intangible assets, net	173,063	173,404
Other assets	73,142	69,744
Total assets	$ 6,735,302	$ 6,625,363
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 65,058	$ 73,973
Construction accounts payable	105,737	125,031
Deferred revenue	42,448	36,859
Accrued expenses and other current liabilities	144,788	154,427
Current maturities of debt	65,585	15,224
Current maturities of operating lease liabilities	52,786	51,892
Total current liabilities	476,402	457,406
Long-term debt, net of current portion	1,824,913	1,805,698
Operating lease liabilities, net of current portion	2,189,470	2,162,424
Deferred income taxes	47,731	41,393
Other liabilities	34,749	34,181
Total liabilities	4,573,265	4,501,102
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Common stock, $0.01 par value per share; 500,000 shares authorized; 194,998 and 194,271 shares issued and outstanding, respectively.	1,950	1,943
Additional paid-in capital	2,794,657	2,784,416
Accumulated deficit	(625,416)	(652,876)
Accumulated other comprehensive loss	(9,154)	(9,222)
Total stockholders' equity	2,162,037	2,124,261
Total liabilities and stockholders' equity	$ 6,735,302	$ 6,625,363

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,	
	2023	**2022**
Revenue:		
Center revenue	$ 497,752	$ 381,621
Other revenue	13,099	10,633
Total revenue	510,851	392,254
Operating expenses:		
Center operations	274,109	239,573
Rent	66,537	55,964
General, administrative and marketing	42,497	66,561
Depreciation and amortization	58,197	58,107
Other operating expense (income)	2,127	(17,035)
Total operating expenses	443,467	403,170
Income (loss) from operations	67,384	(10,916)
Other (expense) income:		
Interest expense, net of interest income	(31,195)	(29,943)
Equity in earnings of affiliate	143	26
Total other expense	(31,052)	(29,917)
Income (loss) before income taxes	36,332	(40,833)
Provision for (benefit from) income taxes	8,872	(2,867)
Net income (loss)	$ 27,460	$ (37,966)
Income (loss) per common share:		
Basic	$ 0.14	$ (0.20)
Diluted	$ 0.14	$ (0.20)
Weighted-average common shares outstanding:		
Basic	194,572	192,465
Diluted	202,855	192,465

See notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2023	**2022**
Net income (loss)	$ 27,460	$ (37,966)
Foreign currency translation adjustments, net of tax of $0	68	1,631
Comprehensive income (loss)	$ 27,528	$ (36,335)

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, 2022	194,271	$ 1,943	$ 2,784,416	$ (652,876)	$ (9,222)	$ 2,124,261
Net income	—	—	—	27,460	—	27,460
Other comprehensive loss	—	—	—	—	68	68
Share-based compensation	—	—	5,422	—	—	5,422
Stock option exercises	327	3	3,453	—	—	3,456
Issuances of common shares in connection with the vesting of restricted stock units	310	3	(105)	—	—	(102)
Issuances of common stock in connection with business acquisitions	90	1	1,471	—	—	1,472
Balance at March 31, 2023	194,998	$ 1,950	$ 2,794,657	$ (625,416)	$ (9,154)	$ 2,162,037

	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

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, 2023	Three Months Ended March 31, 2022
Cash flows from operating activities:		
Net income (loss)	$ 27,460	$ (37,966)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	58,197	58,107
Deferred income taxes	6,333	(3,885)
Share-based compensation	5,622	21,438
Non-cash rent expense	9,028	6,009
Impairment charges associated with long-lived assets	—	227
Gain on disposal of property and equipment, net	(6,693)	(28,597)
Amortization of debt discounts and issuance costs	1,966	1,945
Changes in operating assets and liabilities	(23,650)	(5,638)
Other	(3,915)	(2,578)
Net cash provided by operating activities	74,348	9,062
Cash flows from investing activities:		
Capital expenditures	(170,814)	(110,754)
Proceeds from sale-leaseback transactions	32,676	79,666
Other	1,287	4,805
Net cash used in investing activities	(136,851)	(26,283)
Cash flows from financing activities:		
Proceeds from borrowings	7,916	3,198
Repayments of debt	(3,701)	(5,745)
Proceeds from revolving credit facility	345,000	230,000
Repayments of revolving credit facility	(280,000)	(200,000)
Repayments of finance lease liabilities	(244)	(358)
Proceeds from stock option exercises	3,456	—
Other	(102)	(476)
Net cash provided by financing activities	72,325	26,619
Effect of exchange rates on cash and cash equivalents	6	61
Increase in cash and cash equivalents	9,828	9,459
Cash and cash equivalents – beginning of period	25,509	31,637
Cash and cash equivalents – end of period	$ 35,337	$ 41,096

See notes to unaudited condensed consolidated financial statements.

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, 2023, we operated 164 centers in 29 states and one Canadian province.

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.

2. Summary of Significant Accounting Policies

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. ASU 2020-04 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. In December 2022, the FASB issued ASU 2022-06, "Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848," which defers the sunset date of Topic 848 from December 31, 2022 to December 31, 2024, after which entities will no longer be permitted to apply the relief in Topic 848. We plan to replace LIBOR with Term Secured Overnight Financing Rate ("SOFR") no later than June 30, 2023. We do not expect that the adoption of this ASU will have a material impact 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:

(Table amounts in thousands except per share data)

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

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

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

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

Fair Value Measurements on a Recurring Basis. We had no material remeasurements of such assets or liabilities to fair value during thethree months ended March 31, 2023 and 2022.

Financial Assets and Liabilities. At March 31, 2023, the fair value of our outstanding Term Loan Facility, Secured Notes and Unsecured Notes (each of which isdefined in Note 6, Debt) was approximately $273.6 million, $894.9 million and $451.3 million, respectively. At December 31, 2022, the fair value of our outstanding Term Loan Facility, Secured Notes and Unsecured Notes was approximately $272.3 million, $860.3 million and $425.1 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, 2023 and December 31, 2022 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 goodwill, intangible assets and other long-lived assets, which are remeasured when the derived fair value is below carrying value on our condensed consolidated balance sheets. For these assets, we do not periodically adjust carrying value to fair value except in the event of impairment. If we determine that impairment has occurred, the carrying value of the asset would be reduced to fair value and the difference would be recorded as a loss within operating income in our condensed consolidated statements of operations.

During the three months ended March 31, 2022, 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 during the three months ended March 31, 2022. There were no impairment charges recognized during the three months ended March 31, 2023. Fair value remeasurements are based on significant unobservable inputs (Level 3). Fixed asset fair values are primarily derived using a discounted cash flow (“DCF”) model to estimate the present value of net cash flows that the asset or asset group was expected to generate. The key inputs to the DCF model generally include our forecasts of net cash generated from revenue, expenses and other significant cash outflows, such as capital expenditures, as well as an appropriate discount rate.

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, 2023	December 31, 2022
Property held for sale	$ 8,687	$ 4,987
Construction contract receivables	10,412	8,867
Prepaid insurance	7,936	3,414
Prepaid software licenses and maintenance	12,250	10,009
Other	19,241	18,466
Prepaid expenses and other current assets	$ 58,526	$ 45,743

(Table amounts in thousands except per share data)

Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following:

	March 31, 2023	December 31, 2022
Real estate taxes	$ 27,964	$ 32,373
Accrued interest	30,052	36,518
Payroll liabilities	19,246	19,908
Utilities	7,654	7,285
Self-insurance accruals	21,989	21,369
Corporate accruals	30,096	29,731
Other	7,787	7,243
Accrued expenses and other current liabilities	$ 144,788	$ 154,427

Supplemental Cash Flow Information

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

	Three Months Ended March 31,	
	2023	2022
Accounts receivable	$ (4,428)	$ (3,335)
Center operating supplies and inventories	(577)	(947)
Prepaid expenses and other current assets	(8,268)	(6,460)
Income tax receivable	748	1,068
Other assets	82	271
Accounts payable	(8,921)	4,205
Accrued expenses and other current liabilities	(8,353)	(5,481)
Deferred revenue	5,920	6,735
Other liabilities	147	(1,694)
Changes in operating assets and liabilities	$ (23,650)	$ (5,638)

Additional supplemental cash flow information is as follows:

	Three Months Ended March 31,	
	2023	2022
Net cash paid for (received from) income taxes, net of refunds received (taxes paid)	$ 66	$ (82)
Cash payments for interest, net of capitalized interest	35,953	31,948
Capitalized interest	4,955	1,862
Non-cash activity:		
Issuance of common stock in connection with a business acquisition	1,472	—

See Note 7, Leases, for supplemental cash flow information associated with our lease arrangements for the three months ended March 31, 2023 and 2022.

(Table amounts in thousands except per share data)

4. Goodwill and Intangibles

The goodwill balance was $1,235.0 million and $1,233.2 million at March 31, 2023 and December 31, 2022, respectively. The $1.8 million change in goodwill for the three months ended March 31, 2023 was related to a business acquisition during the first quarter of 2023.

Intangible assets consisted of the following:

	March 31, 2023		
	Gross	Accumulated Amortization	Net
Trade name	$ 163,000	$ —	$ 163,000
Other	16,987	(6,924)	10,063
Total intangible assets	$ 179,987	$ (6,924)	$ 173,063

	December 31, 2022		
	Gross	Accumulated Amortization	Net
Trade name	$ 163,000	$ —	$ 163,000
Other	16,987	(6,583)	10,404
Total intangible assets	$ 179,987	$ (6,583)	$ 173,404

Other intangible assets at March 31, 2023 and December 31, 2022 include a facility license as well as trade names and customer relationships associated with our race registration and timing businesses. The facility license is associated with an outdoor enthusiast and bicycling event, which was acquired during the year ended December 31, 2021 for approximately $10.2 million, of which approximately $1.1 million was paid during the three months ended March 31, 2023. This license expires in April 2031. The transaction was accounted for as an asset acquisition, and the associated costs are being amortized on a straight-line basis over its estimated useful life of 9.8 years.

Amortization expense associated with intangible assets for the three months ended March 31, 2023 and 2022 was $0.3 million and $0.5 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, 2023 and 2022.

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, 2023 and 2022:

	Three Months Ended March 31,	
	2023	2022
Membership dues and enrollment fees	$ 357,488	$ 271,915
In-center revenue	140,264	109,706
Total center revenue	497,752	381,621
Other revenue	13,099	10,633
Total revenue	$ 510,851	$ 392,254

The timing associated with the revenue we recognized during the three months ended March 31, 2023 and 2022 is as follows:

(Table amounts in thousands except per share data)

	Three Months Ended March 31, 2023			Three Months Ended March 31, 2022		
	Center Revenue	Other Revenue	Total Revenue	Center Revenue	Other Revenue	Total Revenue
Goods and services transferred over time	$ 439,017	$ 13,099	$ 452,116	$ 332,987	$ 10,633	$ 343,620
Goods and services transferred at a point in time	58,735	—	58,735	48,634	—	48,634
Total revenue	$ 497,752	$ 13,099	$ 510,851	$ 381,621	$ 10,633	$ 392,254

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, Dynamic Personal Training and other center services offerings, as well as our media and athletic events. Contract liabilities at March 31, 2023 and December 31, 2022 were $44.8 million and $38.9 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, 2023 and December 31, 2022 was $42.4 million and $36.9 million, respectively, and consists primarily of prepaid membership dues, enrollment fees, Dynamic Personal Training and other in-center services, as well as media and athletic events. The $5.5 million increase was primarily driven by prepayment of athletic events and kids camps that have yet to be serviced.

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 March 31, 2023 and December 31, 2022 were $2.4 million and $2.0 million, respectively, and consist primarily of deferred enrollment fees.

6. Debt

Debt consisted of the following:

	March 31, 2023	December 31, 2022
Term Loan Facility, maturing December 2024	$ 273,625	$ 273,625
Revolving Credit Facility, maturing December 2026	85,000	20,000
Secured Notes, maturing January 2026	925,000	925,000
Unsecured Notes, maturing April 2026	475,000	475,000
Construction Loan, maturing February 2026	28,000	21,330
Mortgage Notes, various maturities	116,226	119,928
Other debt	4,122	4,122
Fair value adjustment	1,005	1,166
Total debt	1,907,978	1,840,171
Less unamortized debt discounts and issuance costs	(17,480)	(19,249)
Total debt less unamortized debt discount and issuance costs	1,890,498	1,820,922
Less current maturities	(65,585)	(15,224)
Long-term debt, less current maturities	$ 1,824,913	$ 1,805,698

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 unsecured notes (the "Unsecured Notes") that mature in April 2026 on such date; and (c) January 14, 2026 if we have at least $100.0 million remaining outstanding on the senior secured notes (the "Secured Notes") that mature in January 2026 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 matures in December 2024. On October 13, 2021, we used a portion of net proceeds we received in connection with the IPO to pay down $575.7 million 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, 2023, 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, 2023, there were $85.0 million of outstanding borrowings under the Revolving Credit Facility and there were $30.5 million of outstanding letters of credit, resulting in total revolver availability of $359.5 million, which was available at intervals ranging from 30 to 180 days at interest rates ranging from LIBOR plus 4.00% or base rate plus 3.00%.

The weighted average interest rate and debt outstanding under the Revolving Credit Facility for the three months ended March 31, 2023 was 8.69% and $76.3 million, respectively. The highest month-end balance during that same period was $115.0 million.

Secured Notes

On January 22, 2021, Life Time, Inc. issued the Secured Notes in an aggregate principal amount of $925.0 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, which began on January 15, 2023, to call the Secured Notes, in whole or in part, on one or more occasions, 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. could have redeemed 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. Life Time, Inc. did not exercise this redemption right. The Secured Notes and the related guarantees are our senior secured obligations and are secured on a first-priority basis by security interests on substantially all of our assets.

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, which began on February 1, 2023, to redeem the Unsecured Notes, in whole or in part, on one or more occasions, 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. could have redeemed 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. Life Time, Inc. did not exercise this redemption right. 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.

(Table amounts in thousands except per share data)

Construction Loan

On January 22, 2021, we closed on a construction loan (the “Construction Loan”) providing up to $28.0 million to partially finance the construction of a Life Time Living location. 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 are 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, 2023 and December 31, 2022, there were $28.0 million and $21.3 million of outstanding borrowings under the Construction Loan, respectively.

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 February 2024 through August 2027 and carried a weighted average interest rate of 5.13% and 5.12% at March 31, 2023 and December 31, 2022, 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, 2023, we were either in compliance in all material respects with the covenants associated with the Mortgage Notes or the covenants were not applicable.

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 $17.5 million and $19.2 million are included in Long-term debt, net of current portion on our condensed consolidated balance sheets at March 31, 2023 and December 31, 2022, respectively.

Unamortized revolver-related debt issuance costs of $2.9 million and $3.1 million are included in Other assets on our condensed consolidated balance sheets at March 31, 2023 and December 31, 2022, 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).

As of March 31, 2023, we were either in compliance in all material respects with the covenants under the Credit Facilities, or the covenants were not applicable.

Future Maturities of Long-Term Debt

Aggregate annual future maturities of long-term debt, excluding unamortized discounts, issuance costs and fair value adjustments, at March 31, 2023 were as follows:

April 2023 through March 2024	$ 65,585
April 2024 through March 2025	285,869
April 2025 through March 2026	965,925
April 2026 through March 2027	570,747
April 2027 through March 2028	15,799
Thereafter	3,048
Total future maturities of long-term debt	$ 1,906,973

(Table amounts in thousands except per share data)

7. Leases

Lease Cost

Lease cost included in our condensed consolidated statements of operations for the three months ended March 31, 2023 and 2022 consisted of the following:

	Three Months Ended March 31, 2023	Three Months Ended March 31, 2022	Classification in Condensed Consolidated Statements of Operations
Lease cost:			
Operating lease cost	$ 63,785	$ 54,753	Rent
Short-term lease cost	386	356	Rent
Variable lease cost	2,366	855	Rent
Finance lease cost:			
Amortization of right-of-use assets	251	355	Depreciation and amortization
Interest on lease liabilities	19	32	Interest expense, net of interest income
Interest on financing obligations	579	—	Interest expense, net of interest income
Total lease cost	$ 67,386	$ 56,351	

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

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

	March 31, 2023	December 31, 2022	Classification on Condensed Consolidated Balance Sheets
Lease right-of-use assets:			
Operating leases	$ 2,135,203	$ 2,116,761	Operating lease right-of-use assets
Finance leases (1)	996	1,083	Other assets
Total lease right-of-use assets	$ 2,136,199	$ 2,117,844	
Lease liabilities:			
Current			
Operating leases	$ 52,786	$ 51,892	Current maturities of operating lease liabilities
Finance leases	682	796	Accrued expenses and other current liabilities
Non-Current			
Operating leases	2,189,470	2,162,424	Operating lease liabilities, net of current portion
Finance leases	336	312	Other liabilities
Financing obligations	21,580	21,557	Other liabilities
Total lease-related liabilities	$ 2,264,854	$ 2,236,981	

(1) Finance lease right-of-use assets were reported net of accumulated amortization of $2.0 million and $1.8 million at March 31, 2023 and December 31, 2022, respectively.

(Table amounts in thousands except per share data)

Remaining Lease Terms and Discount Rates

The weighted-average remaining lease terms and discount rates associated with our lease-related liabilities at March 31, 2023 were as follows:

	March 31, 2023
Weighted-average remaining lease term (1)	
Operating leases	17.6 years
Finance leases	2.4 years
Financing obligations	24.4 years
Weighted-average discount rate	
Operating leases	8.32%
Finance leases	6.46%
Financing obligations	10.84%

(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 Transaction

During the three months ended March 31, 2023, we entered into and consummated a sale-leaseback transaction with an unrelated third party. Under this transaction, we sold one property with a combined net book value of $26.0 million for $33.0 million, which was reduced by transaction costs of $0.3 million, for net cash proceeds of $32.7 million. The estimated fair value of the property sold was $33.0 million, which resulted in the recognition of a gain of $6.7 million on this transaction. This gain is included in Other operating expense (income) in our condensed consolidated statement of operations.

Supplemental Cash Flow Information

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

	Three Months Ended March 31,	
	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 53,662	$ 48,022
Operating cash flows from finance leases	19	32
Operating cash flows from financing obligations	556	—
Financing cash flows from finance leases	244	358
Non-cash information:		
Right-of-use assets obtained in exchange for initial lease liabilities:		
Operating leases	17,615	67,940
Finance leases	163	—
Right-of-use asset adjustments recognized as a result of the remeasurement of existing lease liabilities:		
Operating leases	18,869	2,882
Non-cash increase in operating lease right-of-use assets associated with below-market sale-leaseback transactions	—	15,600
Non-cash increase in financing obligations as a result of interest accretion	23	—

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

Maturities of Operating and Finance Lease Liabilities

The maturities associated with our operating and finance lease liabilities at March 31, 2023 are as follows:

	Operating Leases	Finance Leases	Financing Obligations	Total
April 2023 through March 2024	$ 229,155	$ 756	$ 2,243	$ 232,154
April 2024 through March 2025	237,017	245	2,277	239,539
April 2025 through March 2026	240,974	109	2,311	243,394
April 2026 through March 2027	242,177	2	2,346	244,525
April 2027 through March 2028	244,282	—	2,381	246,663
Thereafter	3,240,075	—	54,266	3,294,341
Total lease payments	4,433,680	1,112	65,824	4,500,616
Less: Imputed interest	2,191,424	94	44,244	2,235,762
Present value of lease liabilities	$ 2,242,256	$ 1,018	$ 21,580	$ 2,264,854

Leases Not Yet Commenced

As of March 31, 2023, we had several leases associated with future centers and Life Time Work locations that were executed, but we did not yet have control of the underlying assets. Accordingly, as of March 31, 2023, we did not recognize any right-of-use assets or lease liabilities associated with these arrangements on our condensed consolidated balance sheet. These arrangements contain undiscounted lease payments that are payable during the initial lease terms, which range from 15 to 25 years, totaling approximately $380.0 million.

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 LTF Holdings, Inc. 2015 Equity Incentive Plan (the "2015 Equity Plan") as of October 6, 2021, provided, however, no more than 14.5 million shares may be issued upon the exercise of incentive stock options. 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. Our board of directors determined that no additional shares would become available under such evergreen feature effective as of January 1, 2023. 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 which are forfeited or lapse unexercised and which following the effective date of the 2021 Equity Plan are not issued under such prior plan. The share reserve formula under the 2021 Equity Plan is intended to provide us with the continuing ability to grant equity awards to eligible employees, directors and consultants for the 10-year term of the 2021 Equity Plan.

As of March 31, 2023, approximately 18.4 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 or January 1, 2023 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.

We launched the first offering period under the ESPP on December 1, 2022. The ESPP permits participants to purchase common stock through payroll deductions of up to 15% 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 is automatically granted an option to purchase shares of our common stock. The purchase option expires 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. We have consecutive offering periods of approximately six months in length commencing on each June 1 and December 1 during the term of the ESPP. The purchase price for a share of our common stock is 90% of the fair market value of a share on the enrollment date for such offering period or on the purchase date, whichever is lower, and subject to adjustment 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 are paid their accrued payroll deductions that have not yet been used to purchase shares of common stock. Upon exercise, the participant purchases the number of whole shares that his or her accumulated payroll deductions will buy at the purchase option price, subject to the certain participation limitations. Participation ends automatically upon a participant's termination of employment. No shares were issued under the ESPP as of March 31, 2023. We recognized $0.2 million of share-based compensation expense for the discount received by participants for the three months ended March 31, 2023, all of which is included in General, administrative and marketing in our condensed consolidated statement of operations. As of March 31, 2023, unrecognized share-based compensation expense related to the first offering period under the ESPP was approximately $0.1 million, which is expected to be recognized over a weighted average remaining period of 0.2 years.

Stock Options

During the three months ended March 31, 2023, the Company granted approximately 0.7 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, 2023 was calculated using the Black-Scholes option pricing model. Approximately 0.3 million stock options were exercised during the three months ended March 31, 2023. As of March 31, 2023, options to purchase approximately 25.2 million shares of our common stock were outstanding, of which approximately 21.6 million were exercisable.

Share-based compensation expense associated with stock options for the three months ended March 31, 2023 was $2.2 million, of which $0.2 million and $2.0 million is included in Center operations and General, administrative and marketing, respectively, in our condensed consolidated statements of operations. 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 expense (income), respectively, in our condensed consolidated statements of operations. As of March 31, 2023, unrecognized share-based compensation expense related to stock options was approximately $20.4 million, which is expected to be recognized over a weighted average remaining period of 2.8 years.

Restricted Stock Units

During the three months ended March 31, 2023, the Company granted approximately 0.7 million restricted stock unit awards to our executives under the 2021 Equity Plan, of which approximately 0.3 million were performance-based and approximately 0.4 million were subject to time-based vesting over four years with a performance qualifier, in each case subject to continuous employment or service from the grant date through the applicable vesting date. At March 31, 2023, approximately 2.5 million restricted stock units were outstanding.

In the event actual performance exceeds the target amount for the performance-based restricted stock units, the above-target amount is to be paid through the issuance of fully-vested shares of the Company's common stock at such time of determination in 2024. Accordingly, we account for the projected above-target amount as liability-classified share-based payment awards. For information regarding our liability-classified share-based payment awards, see "—Liability-Classified Share-Based Payment Awards" below.

(Table amounts in thousands except per share data)

Share-based compensation expense associated with restricted stock units for the three months ended March 31, 2023 was $3.0 million, of which $0.5 million, $2.3 million and $0.2 million is included in Center operations, General, administrative and marketing and Other operating expense (income), respectively, in our condensed consolidated statements of operations. 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 statements of operations. As of March 31, 2023, unrecognized share-based compensation expense related to restricted stock units was approximately $36.3 million, which is expected to be recognized over a weighted average remaining period of 2.4 years.

Liability-Classified Share-Based Payment Awards

Because the projected above-target amount for the performance-based restricted stock units (which is described in "—Restricted Stock Units" above) represents a fixed dollar amount that, if payable, would be settled in a variable number of shares of the Company's common stock, we account for such share-based payment awards as a liability-classified award. Based on our current assessment, we have deemed it probable that the target performance amount will be exceeded. Accordingly, we recognized $0.2 million of share-based compensation expense associated with these liability-classified share-based payment awards during the three months ended March 31, 2023, all of which is included in General, administrative and marketing in our condensed consolidated statements of operations. The offset to this share-based compensation expense was recognized as an increase in Accrued expenses and other current liabilities on our condensed consolidated balance sheet.

Restricted Stock

Share-based compensation expense associated with restricted common stock 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 statements of operations. These restricted shares were fully vested as of April 4, 2022, and there is no unrecognized share-based compensation expense related to these shares.

9. Income (Loss) Per Share

For the three months ended March 31, 2023, our potentially dilutive securities include stock options, restricted stock units and shares to be issued under our ESPP. For the three months ended March 31, 2022, our potentially dilutive securities include stock options, restricted stock units and restricted stock. Due to the net loss that we recognized during the three months ended March 31, 2022, 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.

The following table sets forth the calculation of basic and diluted income (loss) per share for the three months ended March 31, 2023 and 2022:

	Three Months Ended March 31,	
	2023	**2022**
Net income (loss)	$ 27,460	$ (37,966)
Weighted-average common shares outstanding – basic	194,572	192,465
Dilutive effect of stock-based compensation awards	8,283	—
Weighted-average common shares outstanding – diluted	202,855	192,465
Income (loss) per common share – basic	$ 0.14	$ (0.20)
Income (loss) per common share – diluted	$ 0.14	$ (0.20)

(Table amounts in thousands except per share data)

The following is a summary of potential shares of common stock that were antidilutive and excluded from the weighted average share computations for the three months ended March 31, 2023 and 2022:

	Three Months Ended March 31,	
	2023	2022
Stock options	6,044	25,465
Restricted stock units	693	1,925
Restricted stock	—	595
Potential common shares excluded from the weighted average share calculations	6,737	27,985

10. Commitments and Contingencies

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

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

Other

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

11. Subsequent Events

On March 16, 2023, the Company entered into an agreement for the sale-leaseback of one property for gross proceeds of $45.5 million. The closing on this property was completed on April 20, 2023. On March 29, 2023, the Company entered into an agreement for the sale-leaseback of one property for gross proceeds of $45.5 million. The closing on this property is expected to be completed on or before September 30, 2023.

In preparing the accompanying condensed consolidated financial statements, we have evaluated the period from March 31, 2023 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, strategies and prospects, both business and financial, including our financial outlook, possible or assumed future actions, opportunities for growth and margin expansion, improvements to our balance sheet and leverage, capital expenditures, consumer demand, industry and economic trends, business strategies, events or results of operations. Generally, forward-looking statements are not based on historical facts but instead represent only our current beliefs and assumptions regarding future events. All forward-looking statements are, by nature, subject to risks, uncertainties and other factors. This discussion and analysis does not purport to identify factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements. You should understand that forward-looking statements are not guarantees of performance or results and are preliminary in nature. Statements preceded by, followed by or that otherwise include the words "believe," "assumes," "expects," "anticipates," "intends," "continues," "projects," "predicts," "estimates," "plans," "potential," "may increase," "may result," "will result," "may fluctuate," and similar expressions or future or conditional verbs such as "will," "should," "would," "foreseeable," "may," and "could" as well as the negative version of these words or similar terms and phrases are generally forward-looking in nature and not historical facts. In addition, any statements or information that refer to expectations, beliefs, plans, projections, objectives, performance or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking.

The forward-looking statements contained in this discussion and analysis are based on management's current beliefs and assumptions and are not guarantees of future performance. The forward-looking statements are subject to various risks, uncertainties, assumptions or changes in circumstances that are difficult to predict or quantify. Actual results may differ materially from these expectations due to numerous factors, many of which are beyond our control, including risks relating to our business operations and competitive and economic environment, risks relating to our brand, risks relating to the growth of our business, risks relating to our technological operations, risks relating to our capital structure and lease obligations, risks relating to our human capital, risks relating to legal compliance and risk management and risks relating to ownership of our common stock and the other important factors discussed under the caption "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 filed with the Securities and Exchange Commission (the "SEC") and as such risk factors may be updated from time to time in our periodic filings with the SEC that are accessible on the SEC's website at www.sec.gov. Since it is not possible to foresee all such factors, these factors should not be considered as complete or exhaustive. Consequently, we caution investors not to place undue reliance on any forward-looking statements, as no forward-looking statement can be guaranteed, and actual results may vary materially. Additionally, our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, investments or other strategic transactions we may make.

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

Overview

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 for total gross proceeds of $702.0 million before deducting the underwriting discounts and other offering expenses. Additionally, on November 1, 2021, Life Time Group Holdings, Inc. consummated the sale of nearly 1.6 million additional shares of its common stock 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 and Strategy

Life Time, the "Healthy Way of Life Company," is a leading lifestyle brand offering premium health, fitness and wellness experiences to a community of more than 1.4 million individual members, who together comprise more than 813,000 memberships, as of March 31, 2023. Since our founding over 30 years ago, we have sought to continuously innovate ways for our members to lead healthy and happy lives by offering them the best places, programs and performers. We deliver high-quality experiences through our omni-channel physical and digital ecosystem that includes more than 160 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 country clubs, which are located in both affluent suburban and urban locations, total approximately 16 million square feet in the aggregate. 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 35,000 Life Time team members, including over 9,200 certified fitness professionals, ranging from personal trainers to studio performers.

Our members are highly engaged and draw inspiration from the experiences and community we have created. The value our members place on our community is reflected in the continued strength and growth of our average revenue per center membership and the visits to our athletic country clubs. Our average revenue per center membership and the visits to our clubs for the three months ended March 31, 2023 were $667 and 26 million, respectively, as compared to $580 and 20 million, respectively, for the three months ended March 31, 2022. 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 annual membership dues and in-center revenue for 20 consecutive years, prior to the impact of the COVID-19 pandemic, and now again as we have emerged from the pandemic.

We have been focused on returning to consistent annual growth in our membership dues and in-center revenue. Our total Center revenue has grown significantly since the adverse impacts of the pandemic. Our total Center revenue increased to $497.8 million for the three months ended March 31, 2023 as compared to $381.6 million for the three months ended March 31, 2022. We expect it to continue to grow as our existing centers re-ramp in their performance, our new centers ramp to expected performance, we open new centers in desirable locations across the country and we continue to execute on our strategic initiatives discussed below. As of March 31, 2023, we had 20 new centers open for less than three years and 10 new centers under construction, with $401 million of growth capital expenditures already invested into these yet-to-open new centers. We believe the combined dynamic of our ramping new centers, which on average have taken three to four years to ramp to expected performance, plus the future growth that we have not yet realized from the capital expenditures already invested in our centers under construction creates a strong tailwind for the continued growth of our total Center revenue. We also have significant opportunities to continue expanding our portfolio of premium centers with 18 to 20 new centers planned over 2023 and 2024 in increasingly affluent markets.

During the pandemic, we determined that we had been under-valuing the experiences delivered to our engaged members and that certain members would likely not return following the pandemic. We thus began to implement a new pricing strategy coming out of the pandemic. As we continued to enhance and broaden the premium experiences for our members, we strategically increased our membership pricing across most of our new and existing centers, particularly for our new member join rates. New members are thus joining at higher membership dues rates and we expect these members to be incrementally more profitable than the members we lose over the long-term. As expected, our total center memberships have not fully recovered to their 2019 pre-pandemic levels, but for the first time in the three months ended March 31, 2023, our membership dues revenue exceeded our pre-pandemic membership dues revenue for centers opened at the end of 2019. We believe we can continually refine our pricing, and transition existing memberships to higher membership prices or tiers, as we deliver exceptional experiences and find the optimal balance among memberships per center, the member experience and financial returns for each center.

With the strong recovery of our membership dues revenue, we have also been able to focus on margin expansion. We experienced significant margin expansion in the three months ended March 31, 2023, and we believe we have opportunities to continue to expand margins as we benefit from higher dues revenue and as we continue to optimize the roll-out of our strategic initiatives and improve the efficiency of our club operations and corporate office.

We have implemented several strategic initiatives as we continue to evolve our premium lifestyle brand in ways that elevate and broaden our member experiences and allow our members to integrate health, fitness and wellness into their lives with greater ease and frequency. We believe these initiatives are driving significant increases in center usage and higher memberships. These strategic initiatives include pickleball, Dynamic Personal Training, small group training such as Alpha, GTX and Ultra Fit, and our ARORA community focused on members aged 55 years and older, where we have experienced a significant increase in our unique participants or total sessions. We also continue to enhance 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. 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.

We also continue to expand our “Healthy Way of Life” ecosystem in response to the desire of our members to holistically integrate health and wellness into every aspect of their daily lives. In 2018, we launched Life Time Work, an asset-light branded co-working model that offers premium work spaces in close proximity to our centers and integrates ergonomic furnishings and promotes a healthy working environment. Life Time Work members also generally receive access to all of our resort-like athletic destinations across the United States and Canada. Life Time Living offers luxury wellness-oriented residences also in close proximity to one of our athletic country clubs. At March 31, 2023, we had 11 Life Time Work and two Life Time Living locations open and operating. Our Life Time Living offering is generating interest from new property developers and presenting opportunities for new center development that we had not previously had. 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.

We have continued to actively monitor the macroeconomic environment and its impact on our business, including with respect to inflation, interest rates, labor and supply chain issues, as well as a potential economic recession. The inflation rate has been elevated for several quarters and continued to be elevated in the first quarter of 2023, which has had an impact on our expenses in several areas, including wages, construction costs and other operating expenses. These inflationary impacts have resulted in pressure on our margin performance and an increase in our capital expenditures. The rising interest rate environment has also increased the cost of our Term Loan Facility and Revolving Credit Facility and may result in increased cap rates on future sale-leaseback transactions. We anticipate the remainder of fiscal year 2023 will continue to be a dynamic macroeconomic environment.

Non-GAAP Financial Measures

This discussion and analysis includes certain financial measures that are not presented in accordance with generally accepted accounting principles in the United States (“GAAP”), including Adjusted 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 income (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, 2023 and 2022. The following information has been presented consistently for all periods presented.

	Three Months Ended March 31,	
	2023	2022
	($ in thousands, except for Average Center revenue per center membership data)	
Membership Data		
Center memberships	764,173	673,983
Digital On-hold memberships	49,333	70,289
Total memberships	813,506	744,272
Revenue Data		
Membership dues and enrollment fees	71.8%	71.3%
In-center revenue	28.2%	28.7%
Total Center revenue	100.0%	100.0%
Membership dues and enrollment fees	$ 357,488	$ 271,915
In-center revenue	140,264	109,706
Total Center revenue	$ 497,752	$ 381,621
Average Center revenue per center membership [1]	$ 667	$ 580
Comparable center revenue [2]	24.6%	50.3%
Center Data		
Net new center openings [3]	3	2
Total centers (end of period) [3]	164	153
Total center square footage (end of period) [4]	16,100,000	15,300,000
GAAP and Non-GAAP Financial Measures		
Net income (loss)	$ 27,460	$ (37,966)
Net income (loss) margin [5]	5.4 %	(9.7)%
Adjusted EBITDA [6]	$ 120,102	$ 40,626
Adjusted EBITDA margin [6]	23.5 %	10.4 %
Center operations expense	$ 274,109	$ 239,573
Pre-opening expenses [7]	$ 1,685	$ 1,387
Rent	$ 66,537	$ 55,964
Non-cash rent expense (open properties) [8]	$ 6,378	$ 1,068
Non-cash rent expense (properties under development) [8]	$ 2,650	$ 4,941
Net cash provided by operating activities	$ 74,348	$ 9,062
Free cash flow before growth capital expenditures [9]	$ 26,583	$ (35,256)

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

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

(3) Net new center openings is calculated as the number of centers that opened for the first time to members during the period, less any centers that closed during the period. Total centers (end of period) is the number of centers operational as of the last day of the period.

(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 income (loss) margin is calculated as net income (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 income (loss), the most directly comparable GAAP measure, to Adjusted EBITDA:

	Three Months Ended March 31,	
($ in thousands)	**2023**	**2022**
Net income (loss)	$ 27,460	$ (37,966)
Interest expense, net of interest income	31,195	29,943
Provision for (benefit from) income taxes	8,872	(2,867)
Depreciation and amortization	58,197	58,107
Share-based compensation expense [a]	5,622	21,438
COVID-19 related expenses [b]	322	212
Gain on sale-leaseback transactions [c]	(6,732)	(28,372)
Capital transaction costs [d]	—	255
Other [e]	(4,834)	(124)
Adjusted EBITDA	$ 120,102	$ 40,626

(a) Share-based compensation expense recognized during the three months ended March 31, 2023 was associated with stock options, restricted stock units, our employee stock purchase plan ("ESPP") that launched on December 1, 2022, and liability classified awards related to our short-term incentive plan for our executive officers in 2023. Share-based compensation expense recognized during the three months ended March 31, 2022 was 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 in connection with the expiration of the lock-up period following our IPO.

(b) Represents the incremental expenses we recognized related to the COVID-19 pandemic. We adjust for these expenses as they do not represent expenses associated with our normal ongoing operations. We believe that adjusting for these expenses provides a more accurate and consistent representation of our actual operating performance from period to period. For the three months ended March 31, 2023 and 2022, COVID-19 related expenses primarily consisted of legal-related costs in pursuit of our claim against Zurich. For more information regarding this claim, see Note 10, Commitments and Contingencies, to our condensed consolidated financial statements in this report.

(c) We adjust for the impact of gains on the sale-leaseback of our properties as they do not reflect costs associated with our ongoing operations. For details on the gain on sale-leaseback transactions that we recognized during the three months ended March 31, 2023, see "Sale-Leaseback Transactions" within Note 7, Leases, to our condensed consolidated financial statements in this report.

(d) Represents one-time costs related to capital transactions, including debt and equity offerings that are non-recurring in nature, but excluding direct costs related to the IPO, which were netted against the proceeds of the IPO.

(e) Includes costs associated with transactions that 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 operating activities less center maintenance capital expenditures and corporate capital expenditures.

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

	Three Months Ended March 31,	
($ in thousands)	**2023**	**2022**
Net cash provided by operating activities	$ 74,348	$ 9,062
Center maintenance capital expenditures	(32,899)	(16,396)
Corporate capital expenditures	(14,866)	(27,922)
Free cash flow before growth capital expenditures	$ 26,583	$ (35,256)

Factors Affecting the Comparability of our Results of Operations

Impact of COVID-19 on our Business

Overview

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

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

We have experienced a slightly faster recovery in our membership dues revenue compared to our in-center revenue. 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. We continue to be encouraged by our improved business performance, the traction of our strategic initiatives and the diminishing negative impacts from COVID-19.

Operations

As of March 31, 2023, total memberships were 813,506, an increase of 9.3% compared to 744,272 at March 31, 2022. Center memberships were 764,173, an increase of 13.4% compared to 673,983 at March 31, 2022. Digital On-hold memberships were 49,333, a decrease of 29.8% compared to 70,289 at March 31, 2022.

We have experienced a significant decrease in 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.

Leverage

We are focused on improving the ratio of our net debt to Adjusted EBITDA, or our leverage ratio. We define net debt as the current and long-term portion of our debt, excluding unamortized debt discounts and issuance costs and fair value adjustments, less cash and cash equivalents. Our leverage ratio has been elevated due in part to the adverse impacts of COVID-19, which required us to incur additional debt and significantly reduced our Adjusted EBITDA. We believe that we can significantly improve our leverage ratio in 2023 as our profitability improves and we continue to strengthen our balance sheet, including through sale-leaseback transactions.

During the three months ended March 31, 2023, we completed a sale-leaseback transaction of one property for aggregate gross proceeds of $33.0 million. For more information regarding the sale-leaseback transaction that was consummated during the three months ended March 31, 2023, see Note 7, Leases, to our condensed consolidated financial statements included elsewhere in this report.

Investment in Business

We have continued to invest in our business to elevate and broaden our member experiences and drive additional revenue per center membership, including improving our in-center services and products, such as pickleball, Dynamic Personal Training, small group training and our ARORA community, introducing new types of memberships, providing concierge-type member services and expanding our omni-channel offerings. 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. While we remain focused on providing exceptional experiences to our members and growing our revenue, we are also focused on center efficiencies and expense control given our recovery of membership dues and a significant portion of our center memberships.

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 66% of our centers are now leased, including approximately 93% 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.

Macroeconomic Trends

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

Share-Based Compensation

During the three months ended March 31, 2023, we recognized share-based compensation expense associated with stock options, restricted stock units, our ESPP that launched on December 1, 2022 and liability classified awards related to our short-term incentive plan for our executive officers in 2023, totaling approximately $5.6 million. 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 in connection with the expiration of the lock-up period following our IPO.

Critical Accounting Policies and Estimates

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

Management has evaluated the development and selection of our critical accounting policies and estimates used in the preparation of the Company's unaudited condensed consolidated financial statements and related notes and believes these policies to be reasonable and appropriate. Certain of these policies involve a higher degree of judgment or complexity and are most significant to reporting our results of operations and financial position, and are, therefore, discussed as critical.

Our most significant estimates and assumptions that materially affect the Company's unaudited condensed consolidated financial statements involve difficult, subjective or complex judgments, which management used while performing goodwill, indefinite-lived intangible and long-lived asset impairment analyses and sale-leaseback arrangements. Given the additional effects from the COVID-19 pandemic, these estimates can be more challenging, and actual results could differ materially from our estimates. As it relates to the long-lived asset impairment analyses that we have performed during the three months ended March 31, 2023 and 2022, we determined during the three months ended March 31, 2022 that certain projects were no longer deemed viable for construction, and that the previously capitalized site development costs associated with these projects were impaired during the three months ended March 31, 2022. Accordingly, as it relates to these long-lived assets, we recognized impairment charges of $0.2 million during the three months ended March 31, 2022. There were no impairment charges recognized during the three months ended March 31, 2023.

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, 2022 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, 2023 Compared to Three Months Ended March 31, 2022

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, 2023 and 2022:

	Three Months Ended March 31,			
			As a Percentage of Total Revenue	
	2023	2022	2023	2022
Revenue:				
Center revenue	$ 497,752	$ 381,621	97.4 %	97.3 %
Other revenue	13,099	10,633	2.6 %	2.7 %
Total revenue	510,851	392,254	100.0 %	100.0 %
Operating expenses:				
Center operations	274,109	239,573	53.7 %	61.1 %
Rent	66,537	55,964	13.0 %	14.2 %
General, administrative and marketing	42,497	66,561	8.3 %	17.0 %
Depreciation and amortization	58,197	58,107	11.4 %	14.8 %
Other operating expense (income)	2,127	(17,035)	0.4 %	(4.3)%
Total operating expenses	443,467	403,170	86.8 %	102.8 %
Income (loss) from operations	67,384	(10,916)	13.2 %	(2.8)%
Other (expense) income:				
Interest expense, net of interest income	(31,195)	(29,943)	(6.1)%	(7.6)%
Equity in earnings of affiliate	143	26	— %	— %
Total other expense	(31,052)	(29,917)	(6.1)%	(7.6)%
Income (loss) before income taxes	36,332	(40,833)	7.1 %	(10.4)%
Provision for (benefit from) income taxes	8,872	(2,867)	1.7 %	(0.7)%
Net income (loss)	$ 27,460	$ (37,966)	5.4 %	(9.7)%

Total revenue. The $118.6 million increase in Total revenue for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 primarily reflects strong growth in membership dues and in-center revenues, which included the continued ramp of our centers and higher utilization of our in-center offerings by our members.

With respect to the $116.1 million increase in Center revenue for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022:

- 73.7% was from membership dues and enrollment fees, which increased $85.6 million for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022. This increase reflects the improvement in our Center memberships, which increased to 764,173 as of March 31, 2023 from 673,983 as of March 31, 2022, as well as higher average monthly dues per Center membership during the three months ended March 31, 2023 as compared to the three months ended March 31, 2022; and

- 26.3% was from in-center revenue, which increased $30.6 million for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022. This increase was recognized across all of our primary in-center businesses and reflects the higher utilization of our offerings by our members during the three months ended March 31, 2023 as compared to the three months ended March 31, 2022.

The $2.5 million increase in Other revenue for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 was primarily driven by the improved performance of our Life Time Work and Life Time Living locations, as well as our race registration and timing businesses.

Center operations expenses. The $34.5 million increase in Center operations expenses for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 was primarily driven by additional staffing requirements to support increased usage in existing and new centers, expanded programming, increased labor costs and utility cost inflation during the three months ended March 31, 2023 as compared to the three months ended March 31, 2022.

Rent expense. The $10.6 million increase in Rent expense for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 was primarily driven by the timing of sale-leaseback transactions during both the current and prior year as well as our taking possession of two properties since March 31, 2022 for future centers where we started incurring GAAP rent expense, most of which is non-cash.

General, administrative and marketing expenses. The $24.1 million decrease in General, administrative and marketing expenses for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 was primarily driven by a $15.2 million decrease in share-based compensation expense as well as the benefits that we experienced during the three months ended March 31, 2023 from operational efficiency efforts.

Depreciation and amortization. Depreciation and amortization was $58.2 million for the three months ended March 31, 2023, a $0.1 million increase compared to $58.1 million for the three months ended March 31, 2022.

Other operating expense (income). Other operating expense for the three months ended March 31, 2023 was $2.1 million, as compared to Other operating income of $17.0 million for the three months ended March 31, 2022. The $19.1 million change was primarily attributable to the recognition of a $28.4 million gain on sale-leaseback transactions during the three months ended March 31, 2022, partially offset by the recognition of a $6.7 million gain on a sale-leaseback transaction and increased costs to support the revenue growth we experienced in our Life Time Work, Life Time Living and race registration and timing businesses during the three months ended March 31, 2023.

Interest expense, net of interest income. The $1.3 million increase in Interest expense, net of interest income for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 was driven by a higher average level of outstanding borrowings and higher interest rates during the three months ended March 31, 2023 as compared to the three months ended March 31, 2022.

Provision for (benefit from) income taxes. The provision for income taxes was $8.9 million for the three months ended March 31, 2023 as compared to a $2.9 million benefit from income taxes for the three months ended March 31, 2022. The effective tax rate was 24.4% and 7.0% for those same periods, respectively. The increase in provision for income taxes for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 was primarily driven by the increase in earnings before tax, offset by the decrease in valuation allowance associated with certain of our deferred tax assets. The effective tax rate applied to our pre-tax income for the three months ended March 31, 2023 is higher than our statutory rate of 21.0% and reflects an increase due to the deductibility limitations associated with executive compensation and state income tax provisions, partially offset by a decrease in the valuation allowance associated with certain of our deferred tax assets.

Net income (loss). As a result of the factors described above, net income was $27.5 million for the three months ended March 31, 2023 as compared to a net loss of $38.0 million for the three months ended March 31, 2022.

Liquidity and Capital Resources

Liquidity

Our principal liquidity needs include the development of new centers, lease requirements and debt service, investments in our business and technology and expenditures necessary to maintain and update or enhance our centers and associated 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.

One of our top priorities remains improving our balance sheet and reducing leverage. We have taken significant actions to improve our liquidity During the three months ended March 31, 2023, we completed a sale-leaseback transaction associated with one property. During 2022, we completed sale-leaseback transactions associated with nine properties and also rewired our Company to improve the efficiency of our club operations and corporate office. We continue to explore potential sale-leaseback opportunities for a number of our properties. For more information regarding the sale-leaseback transaction that was consummated during the three months ended March 31, 2023, 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.

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 rising interest rate environment and any continued impacts of COVID-19, 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, 2023, there were $85.0 million of outstanding borrowings under our Revolving Credit Facility and there were $30.5 million of outstanding letters of credit, resulting in total availability under our Revolving Credit Facility of $359.5 million. Total cash and cash equivalents, exclusive of restricted cash, at March 31, 2023 was $23.2 million, resulting in total cash and availability under our Revolving Credit Facility of $382.7 million.

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

	Three Months Ended March 31,	
	2023	**2022**
Net cash provided by operating activities	$ 74,348	$ 9,062
Net cash used in investing activities	(136,851)	(26,283)
Net cash provided by financing activities	72,325	26,619
Effect of exchange rates on cash and cash equivalents	6	61
Increase in cash and cash equivalents	$ 9,828	$ 9,459

Operating Activities

The $65.3 million increase in cash provided by operating activities for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 was primarily the result of higher profitability.

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 $110.6 million increase in net cash used in investing activities for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 was primarily driven by a higher level of new center construction activity, partially offset by a lower amount of proceeds that we received from sale-leaseback transactions during the three months ended March 31, 2023 as compared to the three months ended March 31, 2022.

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

	Three Months Ended March 31,	
	2023	**2022**
Growth capital expenditures, net of construction reimbursements [(1)]	$ 123,049	$ 66,436
Center maintenance capital expenditures	32,899	16,396
Corporate capital expenditures	14,866	27,922
Total capital expenditures	$ 170,814	$ 110,754

(1) Growth capital expenditures include new center land and construction, growth initiatives, major remodels of acquired centers and the purchase of previously leased centers.

The $60.1 million increase in total capital expenditures for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 was primarily driven by higher growth capital expenditures for new centers.

Financing Activities

The $45.7 million increase in cash provided by financing activities for the three months ended March 31, 2023 as compared to the three months ended March 31, 2022 was primarily driven by net proceeds we received from borrowings under our Revolving Credit Facility and Construction Loan and proceeds from stock option exercises during the three months ended March 31, 2023.

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, 2023, we held no investments in marketable securities.

We incur interest at variable rates under our Revolving Credit Facility. At March 31, 2023, there were $85.0 million of outstanding borrowings under the Revolving Credit Facility and $30.5 million of outstanding letters of credit, resulting in total revolver availability of $359.5 million, which was available at intervals ranging from 30 to 180 days at interest rates ranging from LIBOR plus 4.00% or base rate plus 3.00%. 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, 2023.

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 the Credit Facilities. We plan to replace LIBOR with Term Secured Overnight Financing Rate (“SOFR”) no later than June 30, 2023, and our Credit Facilities have a built-in mechanism to transition automatically from LIBOR to SOFR.

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

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

Changes in Internal Control over Financial Reporting

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

Part II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are engaged in litigation or other proceedings incidental to the normal course of business, including investigations and claims regarding employment law including wage and hour and unfair labor practices; supplier, customer and service provider contract terms; products liability; and real estate. Other than as set forth in Note 10, 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, 2022 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

On March 15, 2023, the Company acquired a business by way of merger for cash and shares of its common stock. In connection with the acquisition, the Company issued 90,000 shares of its common stock to stockholders of the business. No underwriters or placement agents were involved with this acquisition and there was no general solicitation or general advertising. The Company relied on an exemption from the registration requirements of the Securities Act of 1933, as amended (the “Act”), pursuant to Section 4(2) of the Act.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

ITEM 5. OTHER INFORMATION

None.

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 #	Form of Restricted Stock Unit Award Agreement under the Life Time Group Holdings, Inc. 2021 Incentive Award Plan				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 1, 2023

By: /s/ Robert Houghton
Robert Houghton
Executive Vice President & Chief Financial Officer

Exhibit 10.1

LIFE TIME GROUP HOLDINGS, INC.

2021 INCENTIVE AWARD PLAN

RESTRICTED STOCK UNIT GRANT NOTICE

Capitalized terms not specifically defined in this Restricted Stock Unit Grant Notice (the "Grant Notice") have the meanings given to them in the 2021 Incentive Award Plan (as amended from time to time, the "Plan") of Life Time Group Holdings, Inc. (the "Company").

The Company hereby grants to the participant listed below ("Participant") the Restricted Stock Units described in this Grant Notice (the "RSUs"), subject to the terms and conditions of the Plan and the Restricted Stock Unit Agreement attached hereto as Exhibit A (the "Agreement"), both of which are incorporated into this Grant Notice by reference. [Each RSU is hereby granted in tandem with a corresponding dividend equivalent to the extent a portion of such RSU is vested, as further described in Article II of the Agreement (the "Dividend Equivalents").][1]

Participant:	*[Insert Participant Name]*
Grant Date:	*[Insert Grant Date]*
Number of RSUs:	*[Insert Number of RSUs]*
Vesting Commencement Date:	*[Insert Vesting Commencement Date]*
Vesting Schedule:	*[To be specified in individual agreements]*

[**Withholding Taxes – Sell to Cover:** Upon the issuance of the resulting Shares following the vesting of the restricted stock units, the Company, on your behalf, will instruct the Agent (as defined in the Agreement) to (1) sell that number of Shares determined in accordance with Section 2.5 of the Agreement as may be necessary to satisfy all applicable withholding obligations with respect to any taxable event arising in connection with the RSUs, and (2) to allow the Agent (as defined in the Agreement) to remit the cash proceeds of such sale(s) to the Company. The Company shall then make a cash payment equal to the required tax withholding from the cash proceeds of such sale(s) directly to the appropriate taxing authorities (such actions, the "Sell to Cover Process").**]**[2]

By accepting this Award electronically through the Plan service provider's online grant acceptance policy, Participant agrees to be bound by the terms and conditions of the Plan, the Agreement and the Grant Notice (including the Sell to Cover Process). Participant has reviewed the Agreement, the Plan and the Grant Notice in their entirety, has had an opportunity to obtain the advice of counsel prior to executing the Grant Notice and fully understands all provisions of the Grant Notice, the Agreement and the Plan. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, the Grant Notice and the Agreement.

[1] Note to Draft: To include if dividend equivalents will be granted in tandem.

[2] Note to Draft: Insert for mandatory sell to cover.

LIFE TIME GROUP HOLDINGS, INC.		PARTICIPANT	
By:	______________________	By:	______________________
Print Name:	______________________	Print Name:	______________________
Title:	______________________		

EXHIBIT A
TO RESTRICTED STOCK UNIT GRANT NOTICE

RESTRICTED STOCK UNIT AWARD AGREEMENT

Pursuant to the Grant Notice to which this Agreement is attached, the Company has granted to Participant the number of RSUs set forth in the Grant Notice.

ARTICLE I.

GENERAL

Section 1.1 Defined Terms. Capitalized terms not specifically defined herein shall have the meanings specified in the Plan or the Grant Notice. For purposes of this Agreement,

(a) "Cessation Date" shall mean the date of Participant's Termination of Service (regardless of the reason for such termination).

(b) "Participating Company" shall mean the Company or any of its parents or Subsidiaries.

(c) "Proprietary Information" shall mean (a) 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; (b) 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; (c) 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; (d) any inventions, innovations, trade secrets or other items covered by Section 3.2 and Section 3.9; and (e) any other information which the Company or any of its affiliates has determined and communicated to the Participant 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 Participant in violation of the restrictive covenants set forth in ARTICLE III.

Section 1.2 Incorporation of Terms of Plan. The RSUs and the shares of Common Stock issued to Participant hereunder ("Shares") are subject to the terms and conditions set forth in this Agreement and the Plan (including, without limitation, Section 10.6 thereof), which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan shall control.

ARTICLE II.

AWARD OF RESTRICTED STOCK UNITS

Section 2.1 Award of RSUs [and Dividend Equivalents]

(a) In consideration of Participant's past and/or continued employment with or service to a Participating Company and for other good and valuable consideration, effective as of the grant date set forth in the Grant Notice (the "Grant Date"), the Company has granted to Participant the number of RSUs set forth in the Grant Notice, upon the terms and conditions set forth in the Grant Notice, the Plan and this Agreement, subject to adjustment as provided in Article VIII of the Plan. Each RSU represents the right to

receive one Share at the times and subject to the conditions set forth herein. However, unless and until the RSUs have vested, Participant will have no right to the payment of any Shares subject thereto. Prior to the actual delivery of any Shares, the RSUs will represent an unsecured obligation of the Company, payable only from the general assets of the Company.

(b) [The Company hereby grants to Participant an Award of Dividend Equivalents with respect to each RSU granted pursuant to the Grant Notice for all ordinary cash dividends that are paid to all or substantially all holders of the outstanding Shares between the Grant Date and the date when the applicable RSU is distributed or paid to Participant or is forfeited or expires. The Dividend Equivalents for each RSU shall be equal to the amount of cash that is paid as a dividend on one Share. All such Dividend Equivalents shall be credited to Participant and be deemed to be reinvested in additional RSUs as of the date of payment of any such dividend based on the Fair Market Value of a Share on such date. Each additional RSU that results from such deemed reinvestment of Dividend Equivalents granted hereunder shall be subject to the same vesting, distribution or payment, adjustment and other provisions that apply to the underlying RSU to which such additional RSU relates.][3]

Section 2.2 Vesting of RSUs [and Dividend Equivalents].

(a) Subject to Participant's continued employment with or service to a Participating Company on each applicable vesting date and subject to the terms of this Agreement, the RSUs shall vest in such amounts and at such times as are set forth in the Grant Notice. [Each additional RSU that results from deemed reinvestments of Dividend Equivalents pursuant to Section 2.1(b) shall vest whenever the underlying RSU to which such additional RSU relates vests.]

(b) In the event Participant incurs a Termination of Service, except as may be otherwise provided by the Administrator or as set forth in a written agreement between Participant and the Company, Participant shall immediately forfeit any and all RSUs [and Dividend Equivalents] granted under this Agreement that have not vested or do not vest on or prior to the date on which such Termination of Service occurs, and Participant's rights in any such RSUs [and Dividend Equivalents] that are not so vested shall lapse and expire.

Section 2.3

(a) Distribution or Payment of RSUs. Participant's RSUs shall be distributed in Shares (either in book-entry form or otherwise) within 60 days following the vesting date of the applicable RSU pursuant to Section 2.2. Notwithstanding the foregoing, the Company may delay a distribution or payment in settlement of RSUs if it reasonably determines that such payment or distribution will violate federal securities laws or any other Applicable Law, *provided* that such distribution or payment shall be made at the earliest date at which the Company reasonably determines that the making of such distribution or payment will not cause such violation, as required by Treasury Regulation Section 1.409A-2(b)(7)(ii), and *provided further* that no payment or distribution shall be delayed under this Section 2.3(a) if such delay will result in a violation of Section 409A.

(b) All distributions shall be made by the Company in the form of whole Shares, and any fractional share shall be distributed in cash in an amount equal to the value of such fractional share determined based on the Fair Market Value as of the date immediately preceding the date of such distribution.

[5] NTD: Insert for dividend equivalents.

Section 2.4 Conditions to Issuance of Certificates. The Company shall not be required to issue or deliver any certificate or certificates for any Shares or to cause any Shares to be held in book-entry form prior to the fulfillment of all of the following conditions: (a) the admission of the Shares to listing on all stock exchanges on which such Shares are then listed, (b) the completion of any registration or other qualification of the Shares under any state or federal law or under rulings or regulations of the Securities and Exchange Commission or other governmental regulatory body, which the Administrator shall, in its absolute discretion, deem necessary or advisable, (c) the obtaining of any approval or other clearance from any state or federal governmental agency that the Administrator shall, in its absolute discretion, determine to be necessary or advisable, and (d) the receipt of full payment of any applicable withholding tax in accordance with Section 2.5 by the Participating Company with respect to which the applicable withholding obligation arises.

Section 2.5 Tax Withholding. Notwithstanding any other provision of this Agreement:

(a) [As set forth in Section 9.5 of the Plan, the Company shall have the authority and the right to deduct or withhold, or to require the Participant to remit to the Company, an amount sufficient to satisfy all applicable federal, state and local taxes required by law to be withheld with respect to any taxable event arising in connection with the RSUs. Such applicable taxes shall be satisfied using the Sell to Cover Process pursuant to the Grant Notice. Notwithstanding any other provision of this Agreement, the Company shall not be obligated to deliver any new certificate representing Shares to the Participant or the Participant's legal representative or enter such Shares in book entry form unless and until the Participant or the Participant's legal representative shall have paid or otherwise satisfied in full the amount of all federal, state and local taxes applicable to the taxable income of the Participant resulting from the grant or vesting of the RSUs or the issuance of Shares. By accepting this award of RSUs, the Participant hereby acknowledges and agrees:

(i) The Participant hereby appoints the Company's transfer agent (together with any other party the Company determines necessary to execute the Sell to Cover Process, the "Agent") as the Participant's agent and authorizes the Agent to (1) sell on the open market at the then prevailing market price(s), on the Participant's behalf, as soon as practicable on or after the Shares are issued upon the vesting of the RSUs, that number (rounded up to the next whole number) of the Shares so issued necessary to generate proceeds to cover (x) any tax withholding obligations incurred with respect to such vesting or issuance and (y) all applicable fees and commissions due to, or required to be collected by, the Agent with respect thereto and (2) apply any remaining funds to the Participant's federal tax withholding or remit such remaining funds to the Participant.

(ii) The Participant hereby authorizes the Company and the Agent to cooperate and communicate with one another to determine the number of Shares that must be sold pursuant to subsection (i) above.

(iii) The Participant understands that the Agent may effect sales as provided in subsection (i) above in one or more sales and that the average price for executions resulting from bunched orders will be assigned to the Participant's account, and the Participant has no control over the time of such sales. In addition, the Participant acknowledges that it may not be possible to sell Shares as provided by subsection (i) above due to (1) a legal or contractual restriction applicable to the Participant or the Agent, (2) a market disruption, or (3) rules governing order execution priority on the national exchange where the Shares may be traded. The Participant further agrees and acknowledges that in the event the sale of Shares would result in material adverse harm to the Company, as determined by the Company in its sole discretion, the Company may instruct the Agent not to sell Shares as provided by subsection (i) above. In the event of the Agent's inability to sell sufficient Shares, the Participant will continue to be responsible for the timely payment to

the Company and/or its Affiliates of all federal, state, local and foreign taxes that are required by applicable laws and regulations to be withheld.

(iv) The Participant acknowledges that regardless of any other term or condition of this Section 2.5(a), the Agent will not be liable to the Participant for (1) special, indirect, punitive, exemplary, or consequential damages, or incidental losses or damages of any kind, or (2) any failure to perform or for any delay in performance that results from a cause or circumstance that is beyond its reasonable control.

(v) The Participant hereby agrees to execute and deliver to the Agent any other agreements or documents as the Agent reasonably deems necessary or appropriate to carry out the purposes and intent of this Section 2.5(a). The Agent is a third-party beneficiary of this Section 2.5(a).

(b) The Company shall not be obligated to deliver any certificate representing Shares issuable with respect to the RSUs to, or to cause any such Shares to be held in book-entry form by, Participant or his or her legal representative unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes applicable with respect to the taxable income of Participant resulting from the vesting or settlement of the RSUs or any other taxable event related to the RSUs.

(c) Participant is ultimately liable and responsible for all taxes owed in connection with the RSUs, regardless of any action the Company or any other Participating Company takes with respect to any tax withholding obligations that arise in connection with the RSUs. No Participating Company makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or settlement of the RSUs or the subsequent sale of Shares (including, without limitation, pursuant to the Sell to Cover Process). The Participating Companies do not commit and are under no obligation to structure the RSUs to reduce or eliminate Participant's tax, insider trading or other liability.][4]

(a) [The Participating Companies have the authority to deduct or withhold, or require Participant to remit to the applicable Participating Company, an amount sufficient to satisfy any applicable federal, state, local and foreign taxes (including the employee portion of any FICA obligation) required by Applicable Law to be withheld with respect to any taxable event arising pursuant to this Agreement. The Participating Companies may withhold or Participant may make such payment in one or more of the forms specified below:

(i) by cash or check made payable to the Participating Company with respect to which the withholding obligation arises;

(ii) by the deduction of such amount from other compensation payable to Participant;

(iii) with respect to any withholding taxes arising in connection with the vesting or settlement of the RSUs, with the consent of the Administrator, by requesting that the Company withhold a net number of vested shares of Stock otherwise issuable pursuant to the RSUs having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Participating Companies based on the maximum statutory

[4] Note to Draft: To include for awards subject to mandatory sell to cover.

withholding rates in Participant's applicable jurisdictions for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income;

(iv) with respect to any withholding taxes arising in connection with the vesting or settlement of the RSUs, with the consent of the Administrator, by tendering to the Company vested shares of Stock having a then current Fair Market Value not exceeding the amount necessary to satisfy the withholding obligation of the Participating Companies based on the maximum statutory withholding rates in Participant's applicable jurisdictions for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income;

(v) with respect to any withholding taxes arising in connection with the vesting or settlement of the RSUs, through the delivery of a notice that Participant has placed a market sell order with a broker acceptable to the Company with respect to shares of Stock then issuable to Participant pursuant to the RSUs, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Participating Company with respect to which the withholding obligation arises in satisfaction of such withholding taxes; *provided* that payment of such proceeds is then made to the applicable Participating Company at such time as may be required by the Administrator, but in any event not later than the settlement of such sale; or

(vi) in any combination of the foregoing.

(b) With respect to any withholding taxes arising in connection with the RSUs, in the event Participant fails to provide timely payment of all sums required pursuant to Section 2.5(a), the Company shall have the right and option, but not the obligation, to treat such failure as an election by Participant to satisfy all or any portion of Participant's required payment obligation pursuant to Section 2.5(a)(ii) or Section 2.5(a)(iii) above, or any combination of the foregoing as the Company may determine to be appropriate. The Company shall not be obligated to deliver any certificate representing shares of Stock issuable with respect to the RSUs to Participant or his or her legal representative unless and until Participant or his or her legal representative shall have paid or otherwise satisfied in full the amount of all federal, state, local and foreign taxes applicable with respect to the taxable income of Participant resulting from the vesting or settlement of the RSUs or any other taxable event related to the RSUs.

(c) In the event any tax withholding obligation arising in connection with the RSUs will be satisfied under Section 2.5(a)(iii), then the Company may elect to instruct any brokerage firm determined acceptable to the Company for such purpose to sell on Participant's behalf a whole number of shares from those shares of Stock then issuable to Participant pursuant to the RSUs as the Company determines to be appropriate to generate cash proceeds sufficient to satisfy the tax withholding obligation and to remit the proceeds of such sale to the Participating Company with respect to which the withholding obligation arises. Participant's acceptance of this Award constitutes Participant's instruction and authorization to the Company and such brokerage firm to complete the transactions described in this Section 2.5(c), including the transactions described in the previous sentence, as applicable. The Company may refuse to issue any shares of Stock in settlement of the RSUs to Participant until the foregoing tax withholding obligations are satisfied, provided that no payment shall be delayed under this Section 2.5(c) if such delay will result in a violation of Section 409A of the Code.

(d) Participant is ultimately liable and responsible for all taxes owed in connection with the RSUs, regardless of any action any Participating Company takes with respect to any tax withholding obligations that arise in connection with the RSUs. No Participating Company makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the RSUs or the subsequent sale of Shares. The Participating Companies

do not commit and are under no obligation to structure the RSUs to reduce or eliminate Participant's tax, insider trading or other liability.][5]

Section 2.6 Rights as Stockholder. Neither Participant nor any Person claiming under or through Participant will have any of the rights or privileges of a stockholder of the Company in respect of any Shares deliverable hereunder unless and until certificates representing such Shares (which may be in book-entry form) will have been issued and recorded on the records of the Company or its transfer agents or registrars and delivered to Participant (including through electronic delivery to a brokerage account). Except as otherwise provided herein, after such issuance, recordation and delivery, Participant will have all the rights of a stockholder of the Company with respect to such Shares, including, without limitation, the right to receipt of dividends and distributions on such Shares.

ARTICLE III.

RESTRICTIVE COVENANTS

Section 3.1 Introduction. The parties acknowledge and agree that (a) the provisions and covenants contained in this ARTICLE III (i) have been negotiated and are entered into in good faith as an ancillary agreement in connection with the grant of the RSUs [and Dividend Equivalents] contemplated by this Agreement, (ii) are material to this Agreement, (iii) 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), (iv) are reasonable in geographic and temporal scope and (v) 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 Participant (i) is employed or otherwise engaged as an independent contractor or other service provider 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 this ARTICLE III do not adversely affect the Participant's ability to earn a living in any capacity, stifle the Participant's ability to use his or her inherent skills and experience, or otherwise impose undue hardship or oppression on the Participant, and (d) the entitlement to the benefits provided to the Participant under this Agreement, whether or not such benefits have vested and/or become exercisable, constitute sufficient consideration for all of the Participant's covenants contained in this ARTICLE III.

Section 3.2 Confidential Information. Except as permitted by the Board in writing and subject to Section 3.11 below, during the term of the Participant's employment and/or service with the Company and at all times thereafter, the Participant 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 Participant or others, including but not limited to (a) trade secrets, (b) confidential and proprietary plans, developments, research, processes, designs, methods or material (whether or not patented or patentable), (c) customer and supplier lists, (d) strategic or other business, marketing or sales plans, (e) financial data and plans and (f) Proprietary Information. The Participant 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

[5] Note to Draft: To include for awards if no mandatory sell to cover.

cause irreparable harm to the Company. During the term of the Participant's employment and/or service with the Company, the Participant 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 (i) is now or subsequently becomes generally publicly known for reasons other than the Participant's violation of this Agreement, or (ii) is independently made available to the Participant in good faith by a third party who has not violated a confidential relationship with the Company.

Section 3.3 Ventures. If, during the Participant's employment and/or service with the Company, the Participant 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 Participant 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 Participant 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.

Section 3.4 Agreement Not to Compete. During the term of the Participant's employment and/or service with the Company and during the 18-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 Participant, the Participant 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 this ARTICLE III, (a) "Company" means Life Time Group Holdings, Inc. and any parent, affiliated, related and/or direct or indirect subsidiary entity thereof, (b) "Company Business" means (i) the design, development, operation, management, advertisement, promotion, solicitation, marketing or sale of health and fitness clubs or health and fitness club memberships, (ii) 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 (iii) 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 Participant's Cessation Date, and (c) "Territory" means the United States, Canada and any other country in which the Company is then doing Company Business as of the Participant's Cessation Date. Ownership by the Participant, 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 3.4.

Section 3.5 Agreement Not to Solicit or Hire Employees. During the term of the Participant'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 Participant, the Participant 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 Participant's Cessation Date or at any time in the six-month period prior to such hiring, engagement or solicitation.

Section 3.6 Agreement Not to Solicit Business Relations. During the term of the Participant'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 Participant, the Participant 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.

Section 3.7 Blue Pencil Doctrine. If the duration of, the scope of or any business activity covered by any provision of this ARTICLE III 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 this Article IV shall remain in full force and effect. The Participant hereby acknowledges that this Article IV shall be given the construction that renders its provisions valid and enforceable to the maximum extent, not exceeding its express terms, possible under applicable law. Notwithstanding anything to the contrary, this Section 3.7 shall in no event apply to the extent its application would render this Article IV (or any portion thereof) unenforceable under applicable law.

Section 3.8 Return of Records and Property. On or within thirty (30) days of the Cessation Date or at any other time as required by the Company, the Participant shall promptly deliver to the Company any and all Company records and any and all Company property in the Participant's possession or under the Participant's control, and all copies thereof, including without limitation manuals, books, blank forms, documents, letters, memoranda, notes, notebooks, reports, printouts, computer disks, computer tapes, source codes, data, tables or calculations, keys, access cards, access codes, passwords, credit cards, personal computers, telephones and other electronic equipment belonging to the Company, and shall also permanently delete all Company email, all Company customer, member, supplier or other business contacts' information, and all other Company information from the Participant's computer, mobile phone and other electronic devices.

Section 3.9 Protectable Material; Trade Secrets.

(a) All right, title and interest in all discoveries, inventions, improvements, innovations and other material that the Participant shall conceive or originate individually or jointly or commonly with others during the term of the Participant'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 Participant 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 Participant'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 Participant to the Company (and the Participant 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 Participant, the Participant 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 Participant for the Company in performing the Participant'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 Participant that arises during the term of the Participant's employment and/or service with the Company and out of the performance of the Participant'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 Participant to the Company.

(c) Notwithstanding the foregoing, the Participant understands that pursuant to the Defend Trade Secrets Act of 2016, the Participant 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.

Section 3.10 Non-Disparagement. Subject to Section 3.11 below, the Participant will not malign, defame or disparage the reputation, character, image, products or services of the Company, or the reputation or character of the Company's directors, officers, employees, shareholders or agents, either orally or in writing, at any time; *provided* that nothing in this Section 3.10 shall be construed to limit or restrict the Participant from providing truthful information to the extent required by applicable law in connection with any legal proceeding, government investigation or other legal matter.

Section 3.11 Protected Activity. Nothing in this Agreement shall prevent the Participant from (i) communicating directly with, cooperating with, or providing information to any federal, state or local government agency, including without limitation the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, the U.S. Department of Justice, the U.S. Equal Employment Opportunity Commission, or the U.S. National Labor Relations Board, (ii) providing truthful information to the extent required by applicable law in connection with any legal proceeding, government investigation or other legal matter; (iii) exercising any rights the Participant may have under Section 7 of the U.S. National Labor Relations Act, or (iv) discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination based on a protected characteristic or any other conduct that the Participant has reason to believe is unlawful.

Section 3.12 Enforcement. The Participant acknowledges that the provisions of Article IV are reasonable and necessary to protect the legitimate interests of the Company, and that any violation of those provisions by the Participant 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 Article IV, 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 Participant 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 Participant 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 3.4, Section 3.5 or Section 3.6, 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 Participant's employment and/or service relationship with the Company, shall operate to extinguish the Participant's obligation to comply with ARTICLE III. The Company (including, without limitation, its affiliates) are third party beneficiaries under this Agreement and shall have the right to enforce all of the Participant's obligations to the Company under this Agreement, including without limitation pursuant to ARTICLE III, and the Company shall be entitled to assign its rights under this Article IV without the Participant's consent and any such assignees shall have the right to enforce all of the Participant's obligations to comply with this ARTICLE III. The Participant covenants and agrees that he or she has received adequate consideration for his or her obligations contained in ARTICLE III, and will not she has received adequate consideration for his or her obligations contained in ARTICLE III, and will not take the position that the covenants contained in ARTICLE III are void for lack of consideration. The Participant will be responsible for any and all attorneys' fees and costs the Company incurs in enforcing the Participant's obligations contained in ARTICLE III.

ARTICLE IV.

OTHER PROVISIONS

Section 4.1 Administration. The Administrator shall have the power to interpret the Plan, the Grant Notice and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan, the Grant Notice and this Agreement as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Administrator will be final and binding upon Participant, the Company and all other interested Persons. To the extent allowable pursuant to Applicable Law, no member of the Committee or the Board will be personally liable for any action, determination or interpretation made with respect to the Plan, the Grant Notice or this Agreement.

Section 4.2 RSUs Not Transferable. The RSUs may not be sold, pledged, assigned or transferred in any manner other than by will or the laws of descent and distribution, unless and until the Shares underlying the RSUs have been issued, and all restrictions applicable to such Shares have lapsed. No RSUs or any interest or right therein or part thereof shall be liable for the debts, contracts or engagements of Participant or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence.

Section 4.3 Adjustments. The Administrator may accelerate the vesting of all or a portion of the RSUs in such circumstances as it, in its sole discretion, may determine. Participant acknowledges that the RSUs and the Shares subject to the RSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan, including Article VIII of the Plan.

Section 4.4 Notices. Any notice to be given under the terms of this Agreement to the Company shall be addressed to the Company in care of the Secretary of the Company at the Company's principal office, and any notice to be given to Participant shall be addressed to Participant at Participant's last email or physical address reflected on the Company's records. By a notice given pursuant to this Section 4.4, either party may hereafter designate a different address for notices to be given to that party. Any notice shall be deemed duly given when sent via email (to Participant only) or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

Section 4.5 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

Section 4.6 Governing Law. The laws of the State of Delaware shall govern the interpretation, validity, administration, enforcement and performance of the terms of this Agreement regardless of the law that might be applied under principles of conflicts of laws.

Section 4.7 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws, including, without limitation, the provisions of the Securities Act and the Exchange Act, and any and all including, without limitation, the provisions of the Securities Act and the Exchange Act, and any and all regulations and rules promulgated thereunder by the Securities and Exchange Commission, and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan shall be administered, and the RSUs are granted, only in such a manner as to conform to Applicable Law. To the extent permitted by Applicable Law, the Plan, the Grant Notice and this Agreement shall be deemed amended to the extent necessary to conform to Applicable Law.

Section 4.8 Amendment, Suspension and Termination. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board, *provided* that, except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall adversely affect the RSUs in any material way without the prior written consent of Participant.

Section 4.9 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in Section 4.2 and the Plan, this Agreement shall be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

Section 4.10 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the RSUs [(including RSUs that result from the deemed reinvestment of Dividend Equivalents), the Dividend Equivalents], the Grant Notice and this Agreement shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by Applicable Law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

Section 4.11 Not a Contract of Employment. Nothing in this Agreement or in the Plan shall confer upon Participant any right to continue to serve as an employee or other service provider of any Participating Company or shall interfere with or restrict in any way the rights of any Participating Company, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent (a) expressly provided otherwise in a written agreement between a Participating Company and Participant or (b) where such provisions are not consistent with applicable foreign or local laws, in which case such applicable foreign or local laws shall control.

Section 4.12 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

Section 4.13 Section 409A. This Agreement and the Award are intended to either be exempt from, or in compliance with, Section 409A and shall be interpreted consistent with such intent. However, notwithstanding any other provision of the Plan, the Grant Notice or this Agreement, if at any time the Administrator determines that this Award (or any portion thereof) may be subject to Section 409A, the Administrator shall have the right in its sole discretion (without any obligation to do so or to indemnify Participant or any other Person for failure to do so) to adopt such amendments to the Plan, the Grant Notice or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Administrator determines are necessary or appropriate for this Award either to be exempt from the application of Section 409A or to comply with the requirements of Section 409A. Notwithstanding the foregoing, no provision of this Agreement shall be interpreted or construed to transfer any liability for failure to comply with the requirements of Section 409A

from the Participant or any other individual to the Company or any of its Subsidiaries or any of their respective officers, directors, employees or agents.

Section 4.14 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held invalid or unenforceable, such provision will be severable from, and such invalidity or unenforceability will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

Section 4.15 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs [and Dividend Equivalents].

Section 4.16 Clawback. The RSUs (including any proceeds, gains or other economic benefit the Participant actually or constructively receives upon receipt or settlement of the RSUs or the receipt or resale of any Shares underlying the RSUs) will be subject to any Company claw-back policy as in effect from time to time, including any claw-back policy adopted to comply with Applicable Laws (including the Dodd-Frank Wall Street Reform and Consumer Protection Act, Section 10D of the Exchange Act, and any rules or regulations promulgated thereunder).

Section 4.17 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which shall be deemed an original and all of which together shall constitute one instrument.

* * * * *

Exhibit 31.1

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

I, Bahram Akradi, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023 of Life Time Group Holdings, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: May 1, 2023

By: /s/ Bahram Akradi

Bahram Akradi

Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

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

I, Robert Houghton, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023 of Life Time Group Holdings, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: May 1, 2023

By: /s/ Robert Houghton

Robert Houghton
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the filing of the Quarterly Report on Form 10-Q of Life Time Group Holdings, Inc. (the “Company”) for the quarterly period ended March 31, 2023 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 1, 2023	By:	/s/ Bahram Akradi
		Bahram Akradi
		Chief Executive Officer
		(Principal Executive Officer)

Exhibit 32.2

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

In connection with the filing of the Quarterly Report on Form 10-Q of Life Time Group Holdings, Inc. (the “Company”) for the quarterly period ended March 31, 2023 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 1, 2023

By: /s/ Robert Houghton

Robert Houghton
Chief Financial Officer
(Principal Financial Officer)