

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

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): September 4, 2020

Town Sports International Holdings, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or other Jurisdiction
of Incorporation)

001-36803
(Commission
File Number)

20-0640002
(I.R.S. Employer
Identification No.)

1001 US North Highway 1, Suite 201, Jupiter, Florida
(Address of Principal Executive Offices)

33477
(Zip Code)

399 Executive Boulevard, Elmsford, New York
(Mailing address)

10523
(Zip Code)

Registrant's telephone number, including area code: (212) 246-6700

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$0.001 par value per share	CLUB	Nasdaq Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.02 Results of Operations and Financial Condition

On September 4, 2020, Town Sports International Holdings, Inc. (the “Company”) issued a press release announcing its results for the first quarter of 2020. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

The information in this Item 2.02 and Item 9.01 of this Current Report on Form 8-K, including the attached Exhibit 99.1, shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934 (“the Exchange Act”) or otherwise subject to the liability of that Section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as shall be set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

99.1 Press release issued by Town Sports International Holdings, Inc. on September 4, 2020 announcing earnings for the first quarter of 2020.

SIGNATURE

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

TOWN SPORTS INTERNATIONAL HOLDINGS, INC.
(Registrant)

Date: September 4, 2020

By: /s/ Phillip Juhan

Phillip Juhan

Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
Exhibit 99.1	Press release issued by Town Sports International Holdings, Inc. on September 4, 2020 announcing earnings for the first quarter of 2020.

TOWN SPORTS INTERNATIONAL HOLDINGS, INC.
REPORTS FIRST QUARTER 2020 RESULTS

New York, NY - September 4, 2020 - Town Sports International Holdings, Inc. (“TSI” or the “Company”) (NASDAQ: CLUB) today reported results for the first quarter of 2020.

TSI’s earnings for the first quarter of 2020 are summarized below. To become fully apprised of our results, shareholders are urged to read our Form 10-Q for the quarterly period ended March 31, 2020 posted at <https://www.townsportsinternational.com>.

COVID-19 Impact

On March 11, 2020, the World Health Organization declared a global pandemic related to the COVID-19 outbreak. The pandemic has caused unprecedented economic volatility and uncertainty which has negatively impacted our recent operating results. In response to the COVID-19 pandemic, we proactively closed all of our clubs system wide by March 22, 2020, the majority of which remain closed through the date of this filing.

We have not recognized first quarter revenue related to monthly membership dues collected in March before clubs closed, we plan to re-open clubs once local authorities issue guidelines authorizing the reopening of fitness centers and we determine it is safe to do so. The March deferrals have had a significant impact on our first quarter financial results. Due to the outbreak of COVID-19, we have taken measures to protect the health and safety of our employees, including having employees work remotely, where possible. The extent of the impact of the COVID-19 pandemic on our operational and financial performance will depend on future developments, including the duration and spread of the pandemic and related restrictions put in place by the “United States”, (U.S.) and international governments, all of which are uncertain and cannot be predicted. We plan to re-open clubs once state and local governments issue guidelines authorizing the re-opening of fitness centers and we determine it is safe to do so. The current outbreak of the novel coronavirus (COVID-19) has severely disrupted the global economy and may have, and the emergence of other epidemic or pandemic crises could have, material adverse effects on our business, results of operations or financial condition.

The duration of the COVID-19 pandemic and the extent of its impact on our business cannot be reasonably estimated at this time. We anticipate that the COVID-19 pandemic will continue to negatively impact our operating results in future periods.

The limited information that follows in this press release is not adequate for making informed investment decisions. The unaudited condensed consolidated Statements of Operations are included below.

Dollar amounts in this release are in thousands, except for share and per share amounts. Amounts are unaudited.

Condensed Consolidated Statements of Operations

	First Quarter	
	2020	2019
Revenues:		
Club operations	\$ 96,809	\$ 115,140
Fees and other	1,270	1,458
	<u>98,079</u>	<u>116,598</u>
Operating Expenses:		
Payroll and related	41,285	45,323
Club operating	54,201	53,576
General and administrative	9,177	6,870
Depreciation and amortization	8,704	9,585
Impairment of fixed assets	46,822	—
Impairment of right-of-use assets	62,865	—
Impairment of intangible assets	17,408	—
	<u>240,462</u>	<u>115,354</u>
Operating loss	(142,383)	1,244
Interest expense	3,016	3,452
Interest income	(8)	(28)
Equity in the earnings of investees	(30)	(55)
Loss before provision for corporate income taxes	(145,361)	(2,125)
(Benefit) provision for corporate income taxes	(8,598)	74
Net loss including non-controlling interests	(136,763)	(2,199)
Less: net (loss) income attributable to non-controlling interests	(440)	(150)
Net loss attributable to Town Sports International Holdings, Inc. and subsidiaries	<u>\$ (136,323)</u>	<u>\$ (2,049)</u>
Loss per share:		
Basic	\$ (4.98)	\$ (0.08)
Diluted	\$ (4.98)	\$ (0.08)
Weighted average number of shares used in calculating loss per share:		
Basic	27,381,231	26,443,946
Diluted	27,381,231	26,443,946

Reconciliation of Net Loss to EBITDA and Adjusted EBITDA

	First Quarter	
	2020	2019
Net loss including non-controlling interests	\$ (136,763)	\$ (2,199)
Less: net (loss) income attributable to non-controlling interests	(440)	(150)
Net loss attributable to TSI and subsidiaries	<u>(136,323)</u>	<u>(2,049)</u>
Interest expense, net of interest income	3,009	3,424
(Benefit) provision for corporate income taxes	(8,598)	74
Depreciation and amortization	8,704	9,585
EBITDA ⁽¹⁾	<u>(133,208)</u>	<u>11,034</u>
Non-cash deferred base rent	—	519
Impairment of fixed assets	46,822	—
Impairment of right-of-use assets	62,865	—
Impairment of intangible assets	17,408	—
Net costs related to closing clubs and other cost-savings initiatives	1,763	(613)
Incremental expense related to the adoption of ASC 606 ⁽²⁾	—	410
Separation expense related to headcount reductions and former executive officers	327	—
Adjusted EBITDA ⁽¹⁾	<u>\$ (4,023)</u>	<u>\$ 11,350</u>

(1) EBITDA and Adjusted EBITDA for the first quarters of 2020 and 2019 include costs related to acquisitions of \$102 and \$149, respectively.

(2) On January 1, 2018, the Company adopted FASB Accounting Standards Codification Topic 606 and all the related amendments (“ASC 606”) which requires the Company to defer costs related to obtaining members and expense those costs over the estimated membership life. Under previous guidance, these membership costs were expensed at the time of the respective sale.

Non-GAAP Financial Measures - EBITDA and Adjusted EBITDA

EBITDA consists of net income (loss) attributable to TSI and subsidiaries plus interest expense (net of interest income), provision for corporate income taxes, and depreciation and amortization. Adjusted EBITDA is TSI's EBITDA excluding certain items, such as any fixed asset or goodwill impairments, incremental expense related to the adoption of ASC 606, separation expense related to headcount reductions and former executive officers, as well as net costs related to closing clubs and other cost-savings initiatives. EBITDA is not a measure of liquidity or financial performance presented in accordance with GAAP. EBITDA, as we define it, may not be identical to similarly titled measures used by some other companies.

EBITDA has material limitations as an analytical tool and should not be considered in isolation or as a substitute for net income (loss) attributable to TSI and subsidiaries, operating income (loss), cash flows from operating activities or other cash flow data prepared in accordance with GAAP. The items excluded from EBITDA, but included in the calculation of reported net income attributable to TSI and subsidiaries and operating income, are significant and must be considered in performing a comprehensive assessment of our performance.

Investors or prospective investors in TSI regularly request EBITDA as a supplemental analytical measure to, and in conjunction with, our GAAP financial data. We understand that these investors use EBITDA, among other things, to assess our ability to service our existing debt and to incur debt in the future, to evaluate our executive compensation programs, to assess our ability to fund our capital expenditure program, and to gain insight into the manner in which TSI's management and board of directors analyze our performance. We believe that investors find the inclusion of EBITDA in our press releases to be useful and helpful to them.

Our management and board of directors also use EBITDA as a supplemental measure to our GAAP financial data for purposes broadly similar to those used by investors.

Adjusted EBITDA has similar uses and limitations as EBITDA. We have excluded additional items in the calculation of Adjusted EBITDA because management believes that this metric is useful in making period to period comparisons of our performance. We do not, and investors should not, place undue reliance on EBITDA or Adjusted EBITDA as a measure of our performance.

Forward-Looking Statements

This release may contain "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, without limitation, statements regarding future financial results and performance, potential club closures, results of cost-savings initiatives, and other statements that are predictive in nature or depend upon or refer to events or conditions, or that include words such as "may," "should," or the negative version of these words or other comparable words. Forward-looking statements speak only as of the date when made, and TSI undertakes no obligation to update these statements in light of subsequent events or developments. Actual results may differ materially from anticipated results or outcomes discussed in any forward-looking statement.

About Town Sports International Holdings, Inc.

Town Sports International Holdings, Inc. is a diversified holding company with subsidiaries engaged in a number of business and investment activities. The Company's largest operating subsidiary has been involved in the fitness industry since 1973 and has grown to become one of the largest owners and operators of fitness clubs in the Northeast region of the United States. TSI's corporate structure provides flexibility to make investments across a broad spectrum of industries in order to create long-term value for shareholders.

Until further notice, TSI will not be hosting conference calls to discuss quarterly results. TSI intends to continue to issue press releases reporting quarterly earnings.

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