Q1 FY 2019
Reconciliation of GAAP to Non-GAAP Financial Measures

Free Cash Flow

We present free cash flow, which is not a recognized financial measure under GAAP, because we use it to report to our board of directors and we believe it assists investors and analysts in evaluating our liquidity. Free cash flow should not be considered as an alternative to cash flows from operations as a liquidity measure. We define "free cash flow" as net cash provided by operating activities net of capital expenditures.

The following is a reconciliation of our net cash from operating activities to free cash flow for the periods presented:

(Amounts in thousands)
(Unaudited)

	13 Weeks Ended May 4, 2019	13 Weeks Ended May 5, 2018
Net cash provided by operating activities	$ 44,936	$ 65,357
Less: Capital expenditures	36,534	42,145
Free cash flow	8,402	23,212

Net Debt and Net Debt Leverage Ratio

We present net debt and the net debt leverage ratio, which are not a recognized as financial measures under GAAP, because we use them to report to our board of directors and we believe they assist investors and analysts in evaluating our borrowing capacity. Net debt leverage ratio is a key financial measure that is used by management to assess the borrowing capacity of the company. The company has defined its net debt leverage ratio as net debt (total debt outstanding less cash and cash equivalents) at the balance sheet date divided by adjusted EBITDA for the trailing twelve-month period. We present Adjusted EBITDA, which is not a recognized financial measures under GAAP, because we believe it assists investors and analysts in comparing our operating performance across reporting periods on a consistent basis by excluding items we do not believe are indicative of our core operating performance. We define adjusted EBITDA as income from continuing operations before interest expense, net, provision for income taxes and depreciation and amortization, adjusted for the impact of certain other items, including: stock-based compensation expense; preopening expenses; management fees; non-cash rent; strategic consulting; offering costs; and other adjustments.

Net Debt and Net Debt Leverage Ratio

(Amounts in thousands)
(Unaudited)

	As of May 4, 2019
Total debt	$ 1,789,914
Less: Cash and cash equivalents	29,877
Net Debt	1,760,037
Income from continuning operations	**$ 148,876**
Interest expense, net	147,121
Provision for income taxes	13,568
Depreciation and amortization	159,471
Stock-based compensation expense (a)	61,791
Preopening expenses (b)	7,197
Management fees (c)	1,333
Non-cash rent (d)	4,395
Strategic consulting (e)	33,276
Offering costs (f)	5,025
Other adjustments (g)	(1,108)
Adjusted EBITDA	**$ 580,945**
Net Debt to LTM Adjusted EBITDA	**3.0x**

a) Represents total stock-based compensation expense and includes one-time expense related to certain restricted stock and stock option awards issued in connection with our IPO.
b) Represents direct incremental costs of opening or relocating a facility that are charged to operations as incurred.
c) Represents management fees paid to our sponsors (or advisory affiliates thereof) in accordance with our management services agreement, which terminated upon closing of the IPO.
d) Consists of an adjustment to remove the non-cash portion of rent expense.
e) Represents fees paid to external consultants for strategic initiatives of limited duration.
f) Represents costs related to our equity offerings as our sponsors exit.
g) Other non-cash items, including amortization of a deferred gain from sale lease back transactions in 2013, non-cash accretion on asset retirement obligations, obligations associated with our post-retirement medical plan, impairment charges on a club that was relocated in 2018 and incremental severance expense to a former executive.