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RESULTS PRESENTATION

FY2021 FULL YEAR

17 AUGUST 2021

Viva Leisure Limited
ASX: VVA

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PRESENTING TODAY



Harry Konstantinou
Managing Director & Chief Executive Officer



Kym Gallagher
Chief Financial Officer

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WORD FROM OUR CEO

“Despite a difficult year where all our facilities across Australia had just two months of being open at the same time, I am proud of my team for managing to achieve an increase in all key metrics being Members, Locations, Revenue, EBITDA and NPAT.

A 97% increase in EBITDA over the previous year is an outstanding result, as is doubling revenue to over \$83 million.”

Harry Konstantinou



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PERFORMANCE HIGHLIGHTS

PERFORMANCE SUMMARY

Up
33.8%



Members
(Owned Locations)

Up
45.5%



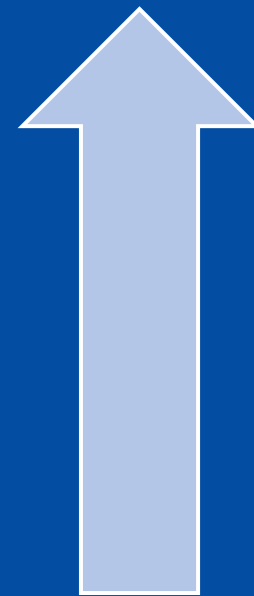
Locations
(Owned Locations)

Up
97.0%



EBITDA

Up
104.8%



Revenue

Comparison to PCP (June 2020 to June 2021)
FY2021 FULL YEAR RESULTS PRESENTATION

PERFORMANCE HIGHLIGHTS

Consolidated (All Segments)			
REVENUE (\$m)	EBITDA (\$m)*	NPAT *	EBITDA MARGIN*
\$83.7	\$11.95	\$0.90	14.3%
PCP % 104.8%	PCP % 97.0%	PCP % 4.6%	PCP 14.8%

Consolidated (Owned locations only)				Consolidated (All Segments)	
CLUB m2	UTILISATION	MEMBERS	LOCATIONS	MEMBERS	LOCATIONS
97,103	64.8%	126,006	115	298,376	309
PCP 75,038	PCP 61.7%	PCP 94,196	PCP 79	PCP 94,196	PCP 79

* Excluding impacts of AASB16

OPERATIONAL ACHIEVEMENTS

115

Locations
(June 2021)

+14%

Locations
(ACT)

41

June 2020

47

June 2021

+56%

Locations
(NSW)

23

June 2020

36

June 2021

+50%

Locations
(QLD)

10

June 2020

15

June 2021

+240%

Locations
(VIC)

5

June 2020

17

June 2021

- Locations increased by 45% during FY2021 building a solid base for FY2022 and beyond
- Percentage of ACT locations now represent approximately 40% of all locations (was >70% at IPO in June 2019)
- Focus continues to be growth of locations and members in Queensland and Victoria which increased 50% and 240% respectively over FY2021
- Location numbers indicated do not include Plus Fitness franchise locations. The Plus Fitness master franchisor (Australian Fitness Management) was acquired in August 2021
- 117 Locations operating as at 18 August 2021

LOCATIONS

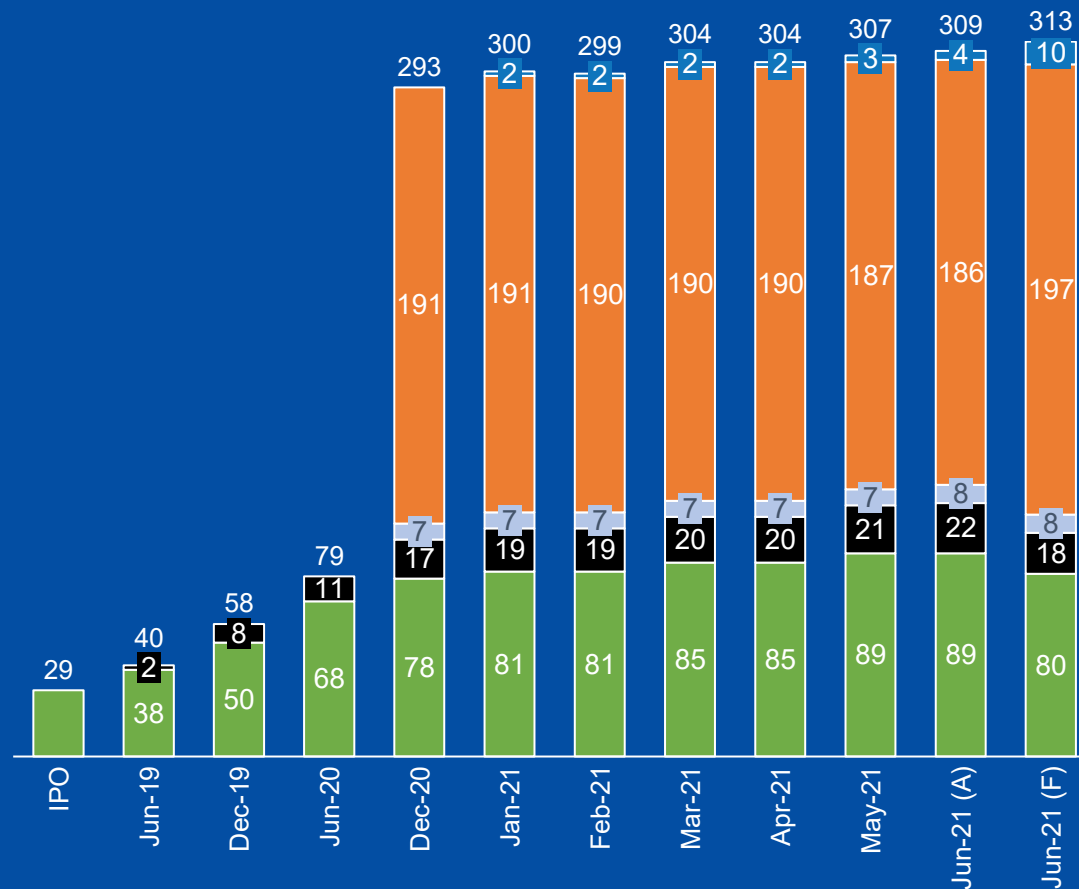
- **Health Clubs & Other & Hiit Republic** are all Corporate owned locations (referenced as "Viva" in the map)
- **Plus Fitness** includes both Corporate and Franchised locations.
- Includes New Zealand (3) and India (5) locations
- Jun-21 (F) Forecast refers to target set in August 2020

AUSTRALIA



As at 30 June 2021

FY2021 FULL YEAR RESULTS PRESENTATION

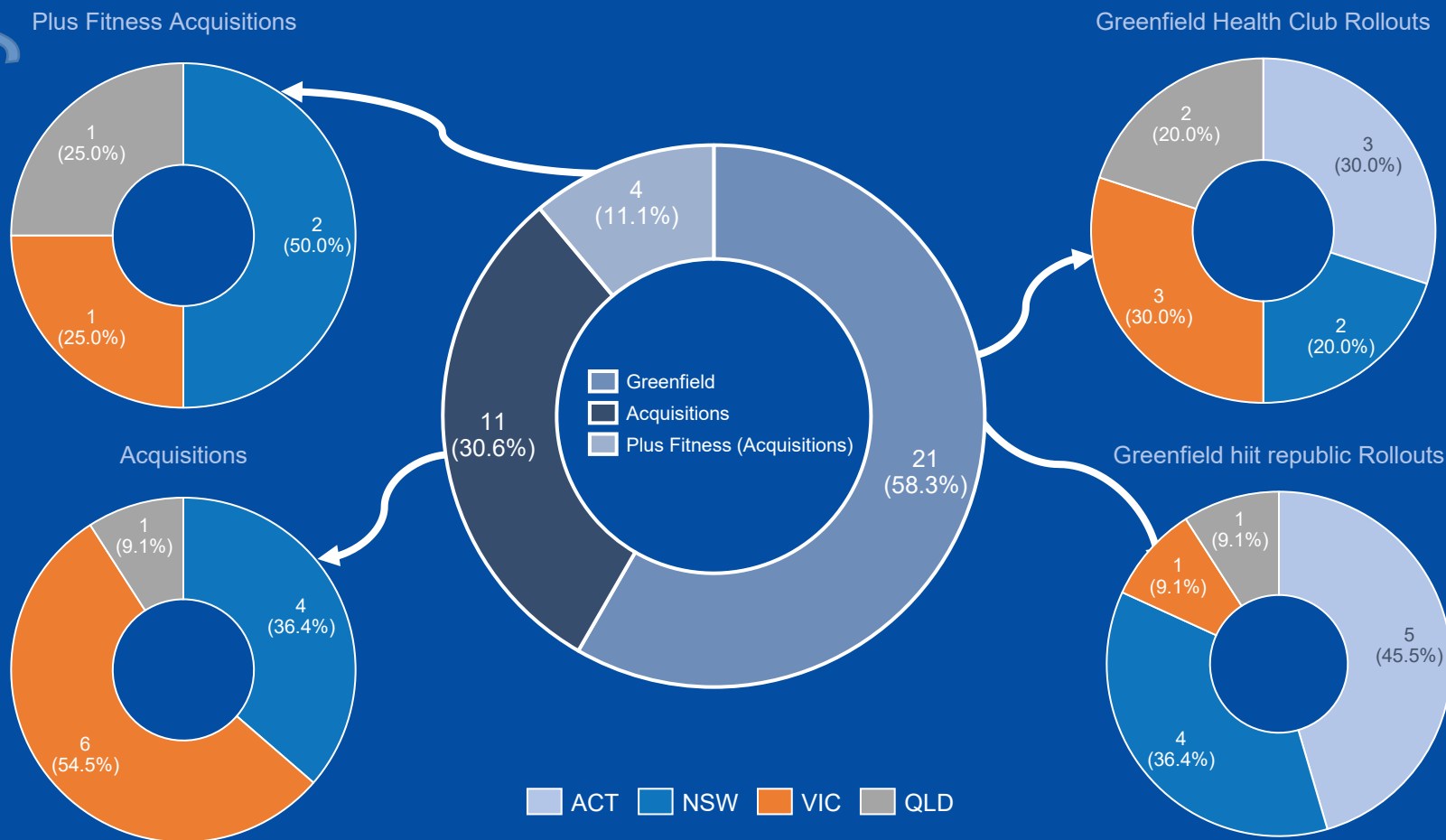


- Plus Fitness AU (Viva Owned)
- Plus Fitness AU (Franchisee Owned)
- Plus Fitness NZ/IN (Franchisee Owned)
- Hiit Republic
- Health Clubs & Other



ACQUISITIONS & GREENFIELDS

Locations



➤ Despite the impacts of COVID, Viva Leisure has continued to invest for the future

➤ In FY2021:

- Viva Leisure invested **\$54.8 million** on Acquisitions, Greenfield rollouts and location upgrades:
 - \$27.3m Plant & Equipment
 - \$27.5m Acquisitions

➤ 36 locations opened or acquired, including the acquisition of the Plus Fitness master franchisor

➤ In FY2020:

- Viva Leisure invested **\$35.1 million**
 - \$17.3m Plant & Equipment
 - \$17.8m Acquisitions

➤ 39 locations opened or acquired

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FINANCIAL RESULTS

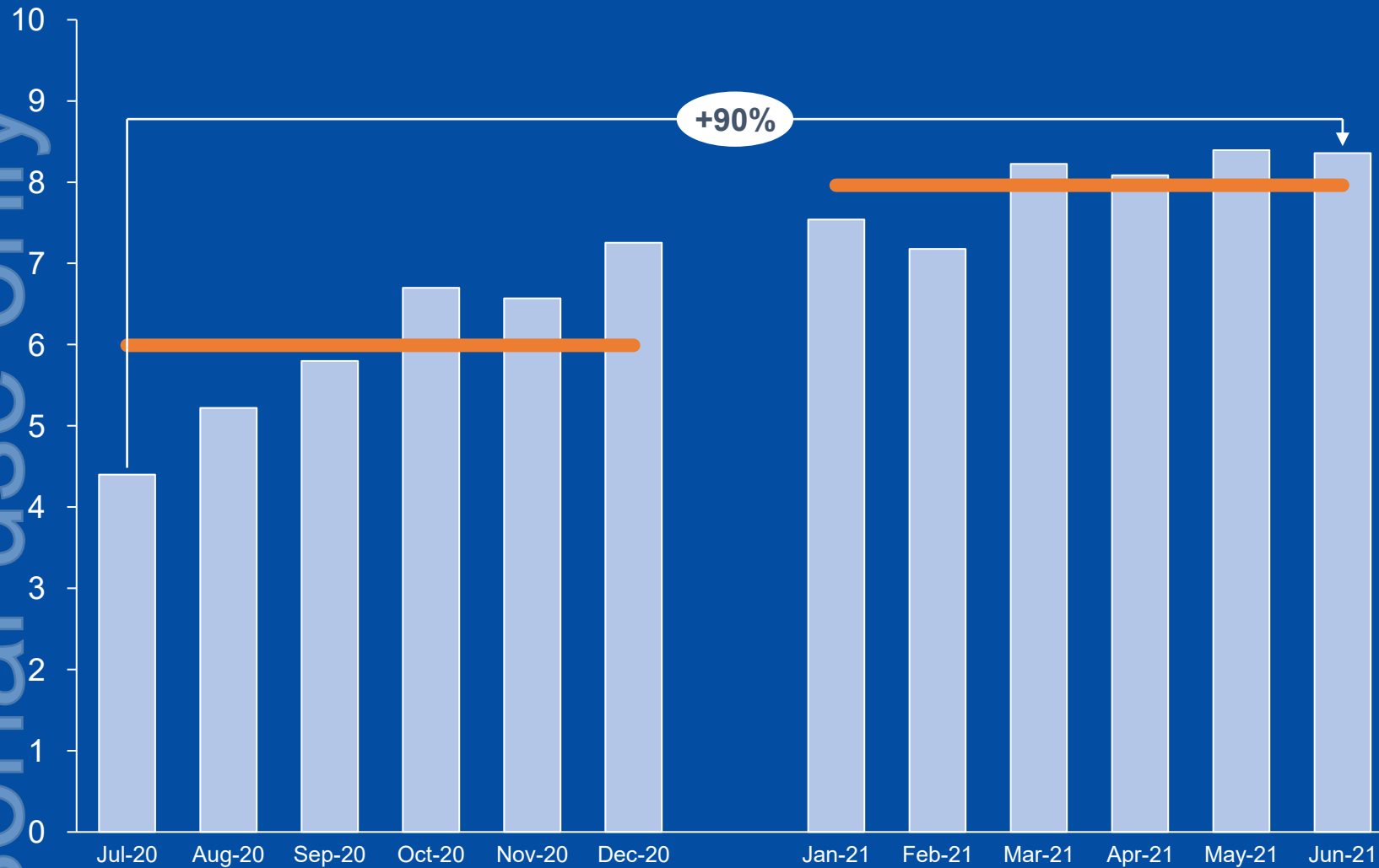
FY2021 FULL YEAR RESULTS

Profit and Loss (\$m)	FY2021 (Ex AASB-16)	FY2020 (Ex AASB-16)	Variance %
Revenue	83.72	40.89	104.8%
Operating Costs	(71.77)	(34.82)	106.1%
EBITDA	11.95	6.07	97.0%
Depreciation / Amortisation	(8.96)	(4.07)	120.0%
EBIT	2.99	2.00	49.2%
Finance Costs	(1.70)	(0.76)	123.7%
Net Profit Before Tax	1.29	1.24	4.6%
Tax	0.39	0.37	
Net Profit After Tax	0.90	0.86	4.6%

- Revenue Growth of 104.8% despite COVID-19 impacts
- Expenses include >\$1m in legal fees, acquisition and cap raise costs
- June 2021 impacted by \$600k in revenue due to COVID lockdowns having a direct impact on EBITDA
- D&A increase includes impact of an additional 36 clubs

Results above exclude impacts of AASB16

FY2021 REVENUE SUMMARY (\$m)



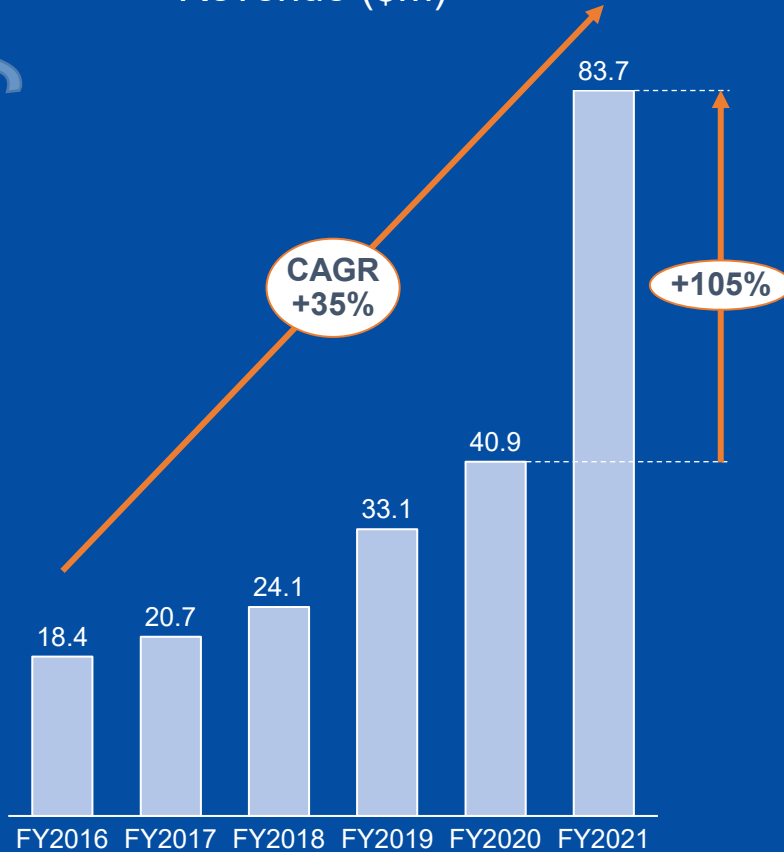
- Average Revenue per month
 - H1: ~\$6m
 - H2: ~\$8m
- Revenue increased by 90% between July 2020 and June 2021

— Average ■ Revenue

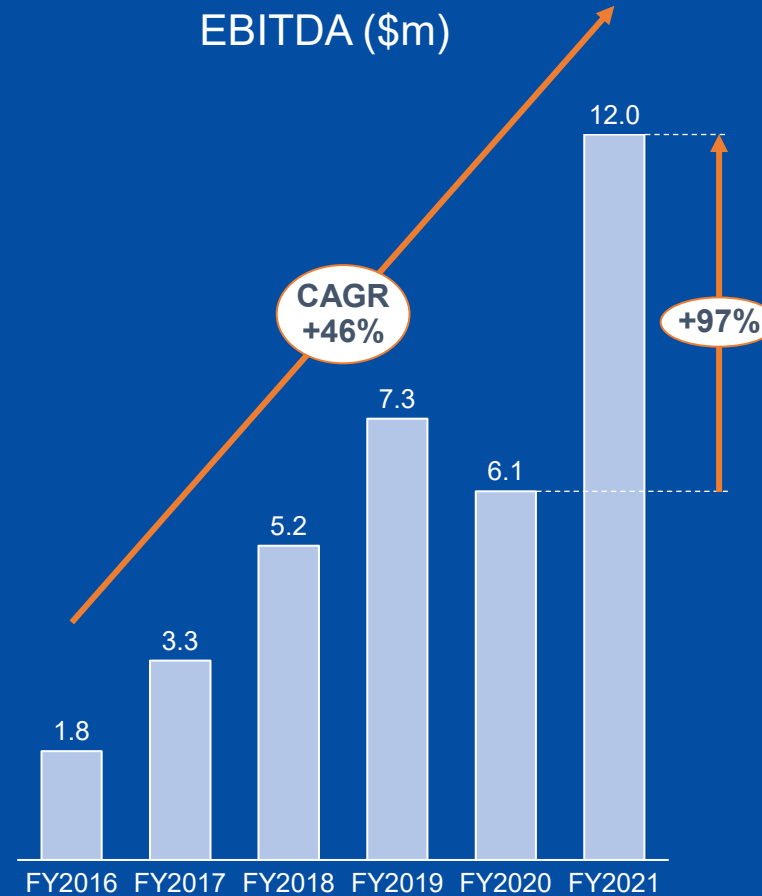
FINANCIAL SNAPSHOT

EBITDA Margin impacted by COVID stop/start lockdowns in addition to significant (21) greenfield club rollouts during FY2021. New club rollouts provide trailing contribution (ie: 12 months) from opening as they ramp up.

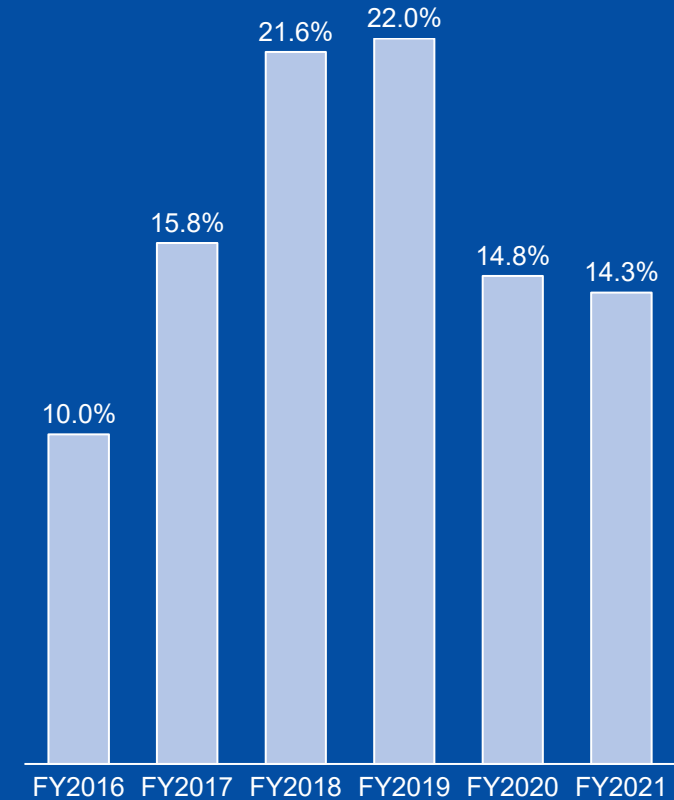
Revenue (\$m)



EBITDA (\$m)



EBITDA Margin (%)

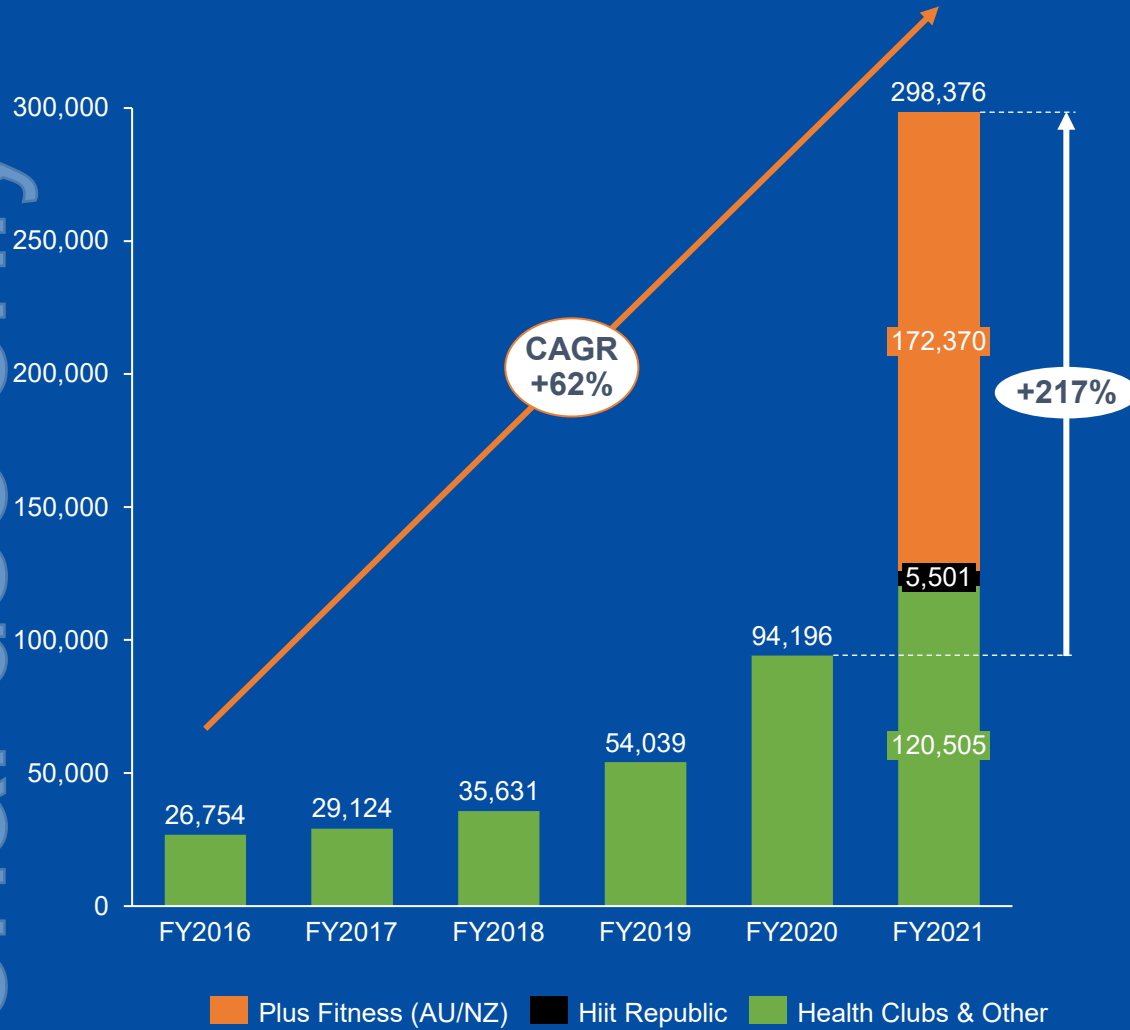


MEMBER SNAPSHOT

Members by State Viva owned locations only

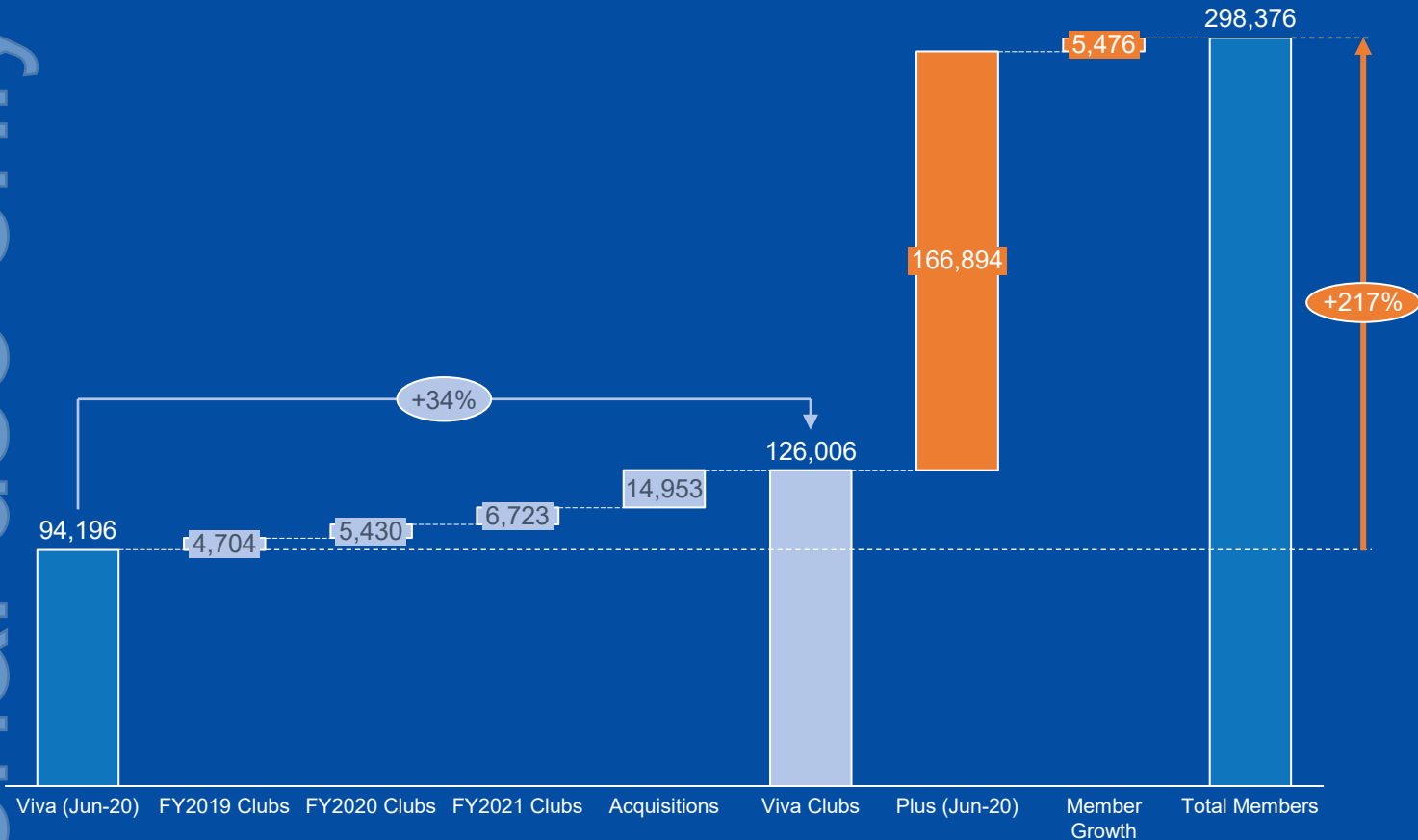


Members by Segment



From June 2021, Plus Fitness Corporate Owned locations now included in **Health Clubs & Other**

MEMBERSHIP GROWTH

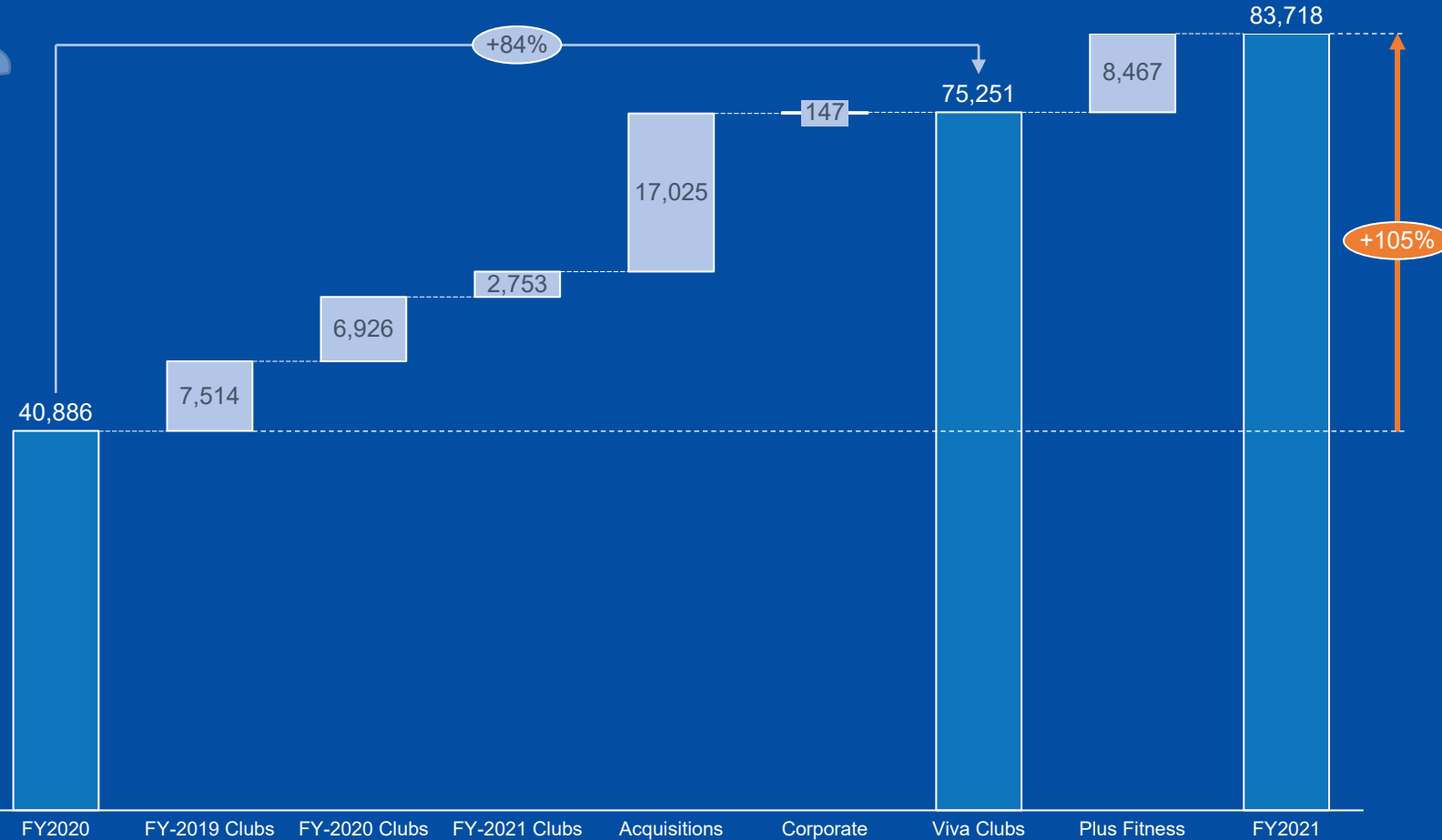


- **FY2019 Clubs** refers to membership growth for locations opened or acquired in FY2019 or earlier
- **FY2020 Clubs** and **FY2021 Clubs** refers to membership growth for locations opened in the respective years
- **Acquisitions** column represents membership growth from locations acquired in FY2020 and FY2021
- **Locations Included:**
 - FY19 Clubs: 40
 - FY20 Clubs: 16
 - FY21 Clubs: 20
 - Acquisitions: 39

(as at 30 June 2021)

FY2021 FULL YEAR RESULTS PRESENTATION

REVENUE GROWTH (\$'000)



- **FY2019 Clubs** refers to revenue growth for locations opened or acquired in FY2019 or earlier
- **FY2020 Clubs** and **FY2021 Clubs** refers to revenue growth for locations opened in the respective years
- **Acquisitions** column represents revenue growth from locations acquired in FY2020 and FY2021
- **Plus Fitness** column represents revenue from date of acquisition (21 August 2020)
- Locations Included:
 - FY19 Clubs: 40
 - FY20 Clubs: 16
 - FY21 Clubs: 20
 - Acquisitions: 39

BALANCE SHEET

Balance Sheet (\$m)	FY2021	FY2020
Cash	17.29	30.10
Receivables and other Current Assets	6.44	5.62
Plant and Equipment	51.71	28.65
Right of Use Assets	204.88	176.88
Intangibles	47.92	20.53
Deferred Tax	69.90	57.73
Total Assets	398.14	319.51
Trade and other Payables	6.39	5.10
Contract Liabilities	4.44	0.86
Leases – Equipment	15.54	14.52
Leases – Rental Properties	204.62	168.11
Borrowings – Other	10.01	7.99
Provisions	8.67	6.13
Current and Deferred Tax	62.12	53.49
Total Liabilities	311.79	256.20
Net Assets	86.35	63.32

- Proceeds of Capital raises strengthened Balance Sheet
- Investments in new businesses (organic and acquisition) driving profit expansion
- Maintaining low levels of debt

CASHFLOW

Cashflows (\$m)	FY2021	FY2020
Opening cash	30.10	14.39
Cashflows from operations	25.36	3.04
Investment in plant and equipment	(27.26)	(17.33)
Acquisition of businesses	(27.54)	(17.73)
Impact of capital raising	28.94	43.15
Proceeds/(repayment) of debt	2.02	7.99
Lease Principal Reductions	(14.33)	(3.40)
Closing cash	17.29	30.10

- Deployment of capital raises towards rollouts and acquisitions
- Major acquisitions of Australian Fitness Management (Plus Fitness) and Pinnacle Health Clubs
- Large cash investment in greenfield roll-out program

FY2021 GUIDANCE RECONCILIATION (\$m)

Metric	Guidance	Actual	Addbacks	Actual After Addbacks	Comments
Revenue	\$81 to \$83	\$83.7	\$0.6 (May/Jun 2021 lockdown revenue reduction)	\$84.3	➤ Revenue was above expectations notwithstanding three unexpected lockdowns
Trading EBITDA (Excluding any one-off adjustments / pre-AASB16)	\$13 to \$13.5	\$11.95 ⁺ (actual)	\$1.7 (as shown below and revenue from May/June reduction)	\$13.65	➤ One off adjustments totalled \$1.1m, details below
EBITDA Margin	16.5% to 17.5%	14.3%		16.2%	➤ Margin affected by loss of momentum due to lockdowns
One off adjustments (\$m)					
Legals: Cap Raise & acquisitions (Plus Fitness & Pinnacle)			\$0.2		
New CBA Facility: Establishment fees and legals			\$0.1		
Legals: AFM Franchisee dispute			\$0.4		
Due Diligence Legal and Accounting: Acquisitions			\$0.4		
Total One off adjustments (non recurring)			\$1.1		

*Statutory Result

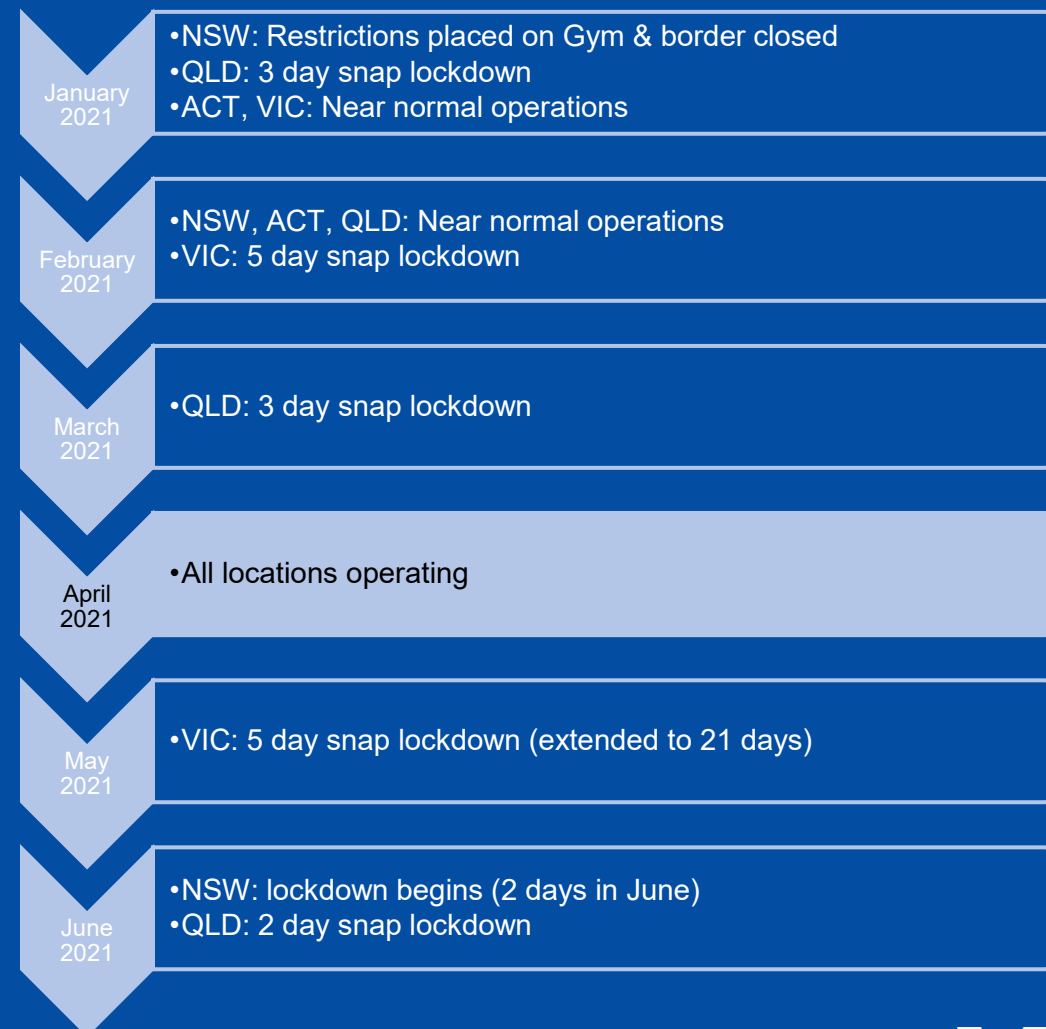
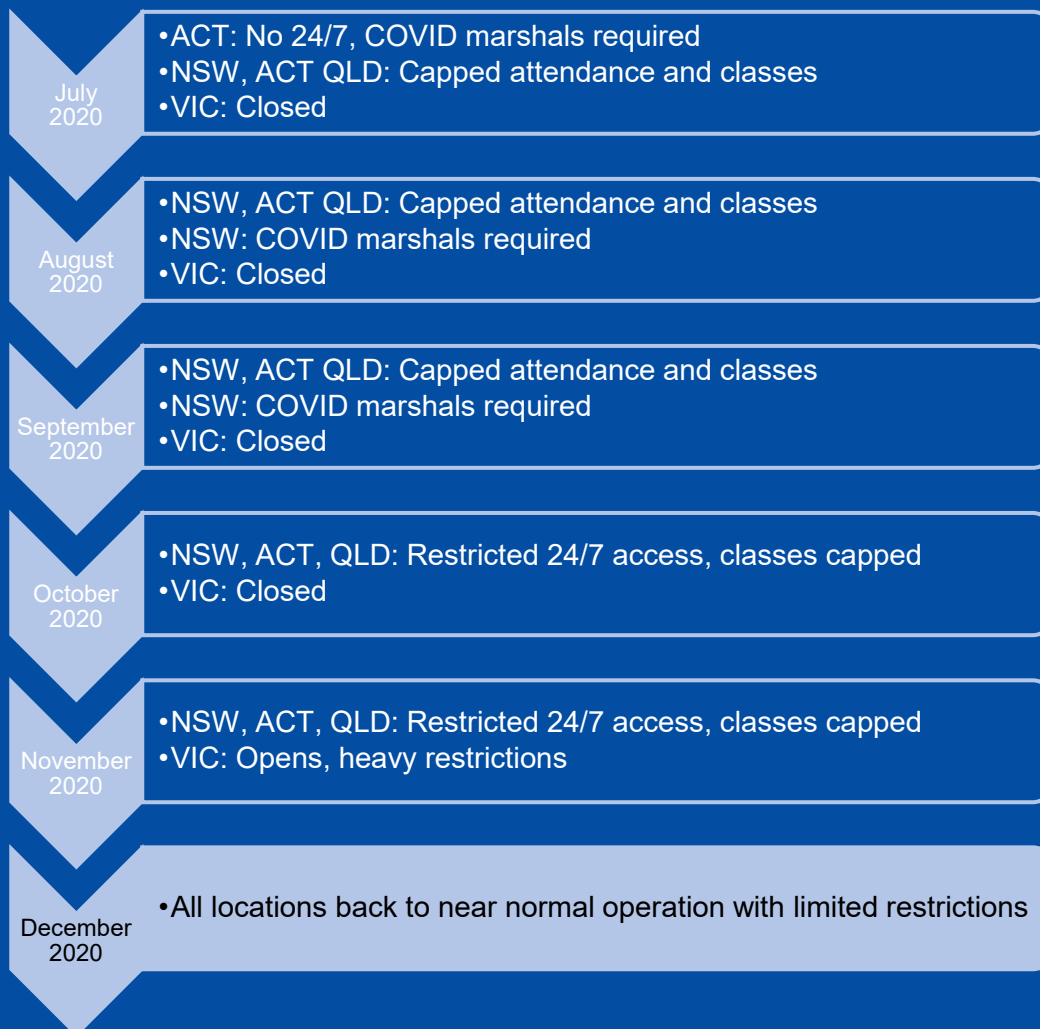
- Viva Leisure provided guidance to the market on 25 May 2021
- Following the guidance being issued, there were three subsequent lockdowns which put pressure on the issued guidance:
 - VIC: from 27 May for 21 days
 - NSW: from 25 June, 6 days in FY2021
 - QLD: from 29 June, 2 days in FY2021
- During the lockdowns, the majority of staff working in those regions were stood-down, however the wage savings were not able to offset the income loss, and this affected EBITDA (ie: rents needed to be paid, no income)
- \$0.6 million loss of revenue net of cost savings attributed to the May/June lockdown
- A reconciliation of that guidance compared to actual results is provided

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COVID-19

COVID-19 INTERRUPTIONS

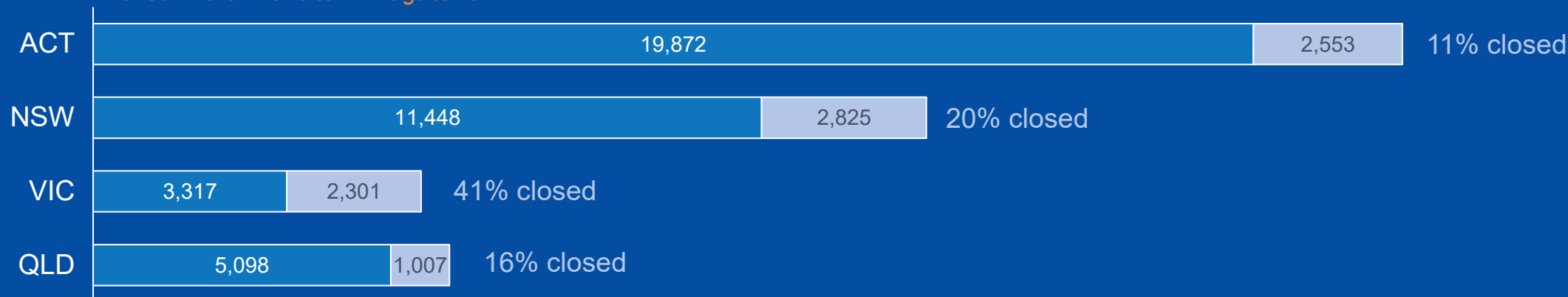
In FY2021, there were only two months which were considered 'normal operation' for Viva Leisure with all locations open.



COVID-19 INTERRUPTION BY DAYS

One unit represents a single location and a single day that the location was either opened or closed.

Period: March 2020 to 14 August 2021



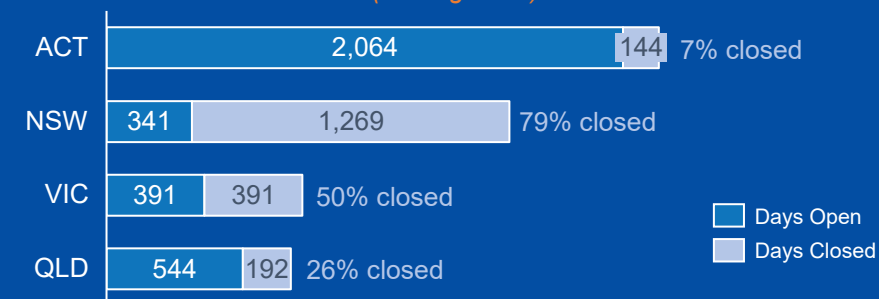
- Stop/Start snap lockdowns are causing significant disruption to member signup momentum
- States/Territories that have a clear run without disruption, have encouraging and strong new member enrolment
- Entire period from the original COVID shutdown (March 2020) presented to highlight large period of not being able to operate/open

COVID-19 IMPACTS FOR FY2022



- As at 15 August 2021
- Expectations/Forecasts shown are for budgeting purposes only and are not actual advice
- Unaudited management information

Period: YTD FY2022 (15 Aug 2021)



- COVID impacts for the start of FY2022 are significant with three out of four States and Territories Viva Leisure operates in currently in lockdown
- Lockdown days refer to days our facilities were unable to trade due to Government mandated closure (example: ACT 49 clubs locked down for 3 days from 13/8 to 15/8, lockdown ongoing)
- Lockdowns are causing significant disruption to trading momentum
- The financial impact of the July and August 2021 lockdowns to date is approximately:
 - Loss of Revenue: \$6.90 million
 - Reduction in Costs: \$2.70 million
 - EBITDA Impact: \$4.20 million
- The financial impact of NSW continuing in lockdown from September 2021 to November 2021 is expected to result in:
 - Loss of Revenue: \$5.20 million
 - Reduction in Costs: \$1.60 million
 - EBITDA Impact: \$3.60 million
- **Actions taken**
 - Temporary stand-down of staff where possible and appropriate
 - Freeze on capital expenditure, including roll-out program
 - Freeze on acquisitions that are not already committed

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BRANDS & SEGMENT UPDATE



CLUBLIME

Health Clubs

- There are **73 Club Lime** health clubs in Australia, the second largest non-franchised health club brand in Australia
 - The largest non-franchised health club brand in Australia operates **90 locations**
- The Viva Leisure Health Club Portfolio includes **89 locations**:
 - 73 x Club Lime branded
 - 11 x Other brands in the process of re-branding
 - 5 x Plus Fitness corporate owned locations
- In addition, there are 5 Club Lime sub-brand locations, including:
 - Club Lime Psycle Life (x2)
 - Club Lime Aquatics (x2)
 - Studio by Club Lime



GROUNDUP

Our new boutique offering

- Yoga, Pilates and Barre – 3 studios, 1 location, 1 membership
- Clean, white, natural fit-out
- First location in Belconnen, ACT opened July 2021, utilising part of the Belconnen leased area
- Second location secured. Third location under negotiation
- Key Statistics
 - 409 active members in less than 6 weeks of opening
 - 169 (41%) GroundUp only / 240 (59%) GroundUp/Club Lime/Hiit Republic Membership
 - ~250 Existing members upgraded / ~160 new members
 - Average weekly rate \$49.49 (inc GST)
 - >\$950k annualised revenue run rate, including:
 - ~\$310k annualised revenue from existing member upgrades
 - ~\$375k annualised revenue from new members



	August 2021	August 2020	
Average size of club	359 m2	364 m2	
Clubs Opened and Operating	22	13	➤ All key metrics for Hiit Republic continue to improve in line with original expectations
Additional locations secured	5	10	
Total Members	6,076	3,520	➤ Average Revenue Per Member calculated as the average revenue for each active member which can be affected by lockdowns and new club openings in any given month
Average members per club	276	270	
Average EBITDA margin (locations open >12 months)	50.6%	50.0%	
Average Utilisation (at 1.5 members per m2)	46.4%	49.9%	➤ Revenue run rate expected to exceed \$1 million per month once 25 locations opened
First Club Opened	March 2019		
Average Revenue per member (incl GST)	\$35.63 pw	\$34.21 pw	
Current Revenue Run-rate	~\$925,000 per month	~\$522,000 per month	





Acquisition Completed 13 February 2020

Clubs Acquired 13

Clubs still trading as FNF 2 (Aug 2020: 8)

- Two NSW locations not yet converted to Club Lime
 - Campbelltown (Macarthur Square)
 - Shellharbour



Acquisition Completed 3 February 2021

Clubs Acquired 6

Clubs still trading as Pinnacle 6

- Viva Leisure implemented a 'watch and learn' approach to this acquisition due to its different offering in the market compared to other Viva Leisure health clubs
- Full IT systems integration expected to be completed in August 2021
- Full migration to Viva Leisure direct debit system expected in September 2021 (contract expires November 2021, negotiating early release). Saving of approximately \$22k per month in direct debit fees
- Likely to continue trading as Pinnacle for another 6 months
- Since acquired, 2 months without lockdowns, 4 months with intermittent Government mandated lockdowns





Acquisition Completed 21 August 2020
Total Members ~175,000 (Franchisee Members)
Clubs Acquired 4
Clubs being settled 2 (AU)

Update:

- Commenced review of locations to determine opportunities for growth
- Started to review IT systems to understand what immediate synergies may be possible
- Back-office app and access control changes in anticipation of future 'bolt on' of Plus Fitness membership system to Viva Leisure unique access app
- Roadmap of franchisee synergies review commenced

CHAIN COLLECTIVE GROUP

- Viva Leisure has established a wholly owned subsidiary **Chain Collective Group (CCG)** with a majority independent board
- Board Composition:
 - Peter McGregor (Independent Chair)
 - Arthur McColl (NED with extensive Fitness franchising experience)
 - Harry Konstantinou (Viva Leisure, CEO)
- CCG mandate is to grow the Viva Leisure franchising division, which currently includes Plus Fitness but is planned to grow during FY2022
- The changed structure allows the new CCG board to dedicate its attention on growing the franchising opportunity available to the Company, and also provides a structural divide between Viva Leisure corporate operated locations and franchisee locations
- CCG is able to call on any of the Viva Leisure corporate resources, including IT systems.

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VIEW



Q & A

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FULL YEAR RESULTS BY REGION		
VIA		

APPENDIX: AASB-16 LEASES

STATUTORY RECONCILIATION

Underlying & AASB 16 for the Full Year Ended 30 June 2021

Profit and Loss (\$m)	FY21 Statutory	AASB16 Impact	FY21 (pre AASB16)
Revenue	83.7		83.7
Expenses	49.6	22.1	71.7
EBITDA	34.1	(22.1)	12.0
Depreciation and Amortisation	30.1	(21.1)	9.0
EBIT	4.0	(1.0)	3.0
Finance Costs	12.8	(11.1)	1.7
Profit Before Tax	(8.8)		1.3
Income Tax Expense	(2.4)		0.4
Net Profit After Tax	(6.4)		0.9
Earnings per share (basic - cents)	(8.24)		1.17

- Inclusion of rental expenses paid
- Removal of amortisation of Right of Use Asset
- Removal of finance charges against rental liabilities