MARKET ANNOUNCEMENT

VIVA LEISURE

FY19 Trading Update and acquisition

25 July 2019

Viva Leisure Limited ("Viva Leisure", "the Company" or "VVA"), a leading Australian health club owner announces a trading update for the financial year ended 30 June 2019 as well as details about a recent acquisition:

Membership

- Total year-end membership numbers grew by 52% to 54,039 (Jun 2018: 35,631);
- Prospectus forecast target was 53,000 (+2%).

Locations

- As of 30 June 2019, location numbers expanded by 90% to 40 operating locations (Jun 2018: 21);
- Of the 19 new locations opened during the financial year, 12 were organic greenfield locations, and seven by way of four separate acquisitions;
- Prospectus forecast target was 36;
- The pipeline of new sites continues to be strong and we now expect to open another 15 to 20 new locations in FY2020, of which eight were identified in the Prospectus.

hiit republic

- There are now three hiit republic locations operating, with fit-out for a further two locations about to commence;
- Current hiit republic membership exceeds 775 members;
- The majority of hiit republic members, 67% are subscribed to the unique hiit republic and Club Lime membership combined option as expected;
- The average yield for hiit republic members is $65.80 per fortnight, more than double the Club Lime average.

Albury / Wodonga Acquisition

- Following the announcement of the acquisition of three Fitness 24/7 locations in Albury Wodonga, we have now completed the conversion which includes both front and back of house member management systems, branding, signage and all other requirements. The locations are now operating as Club Lime.
- Member feedback from the transition has been extremely positive.

MARKET ANNOUNCEMENT

Acquisition of Project Fitness Group

- Viva has entered into a binding Sale of Business Agreement for the purchase of Project Fitness Group in Canberra, a boutique functional training studio;
- The new business will operate under the hiit republic brand;
- Settlement of the acquisition completed on 24 July 2019;
- The total acquisition price was $230,000 plus/minus settlement adjustments;
- The acquisition represented a 3.16x EBITDA multiple pre-synergies, and that is expected to reduce to 1.95x EBITDA once the Viva Leisure synergies are implemented;

50 Locations

- The acquisition of Project Fitness Group now means that Viva Leisure has 50 locations, 41 of which are operational, and 9 further locations have been secured and in different stages of opening.

ENDS

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About Viva Leisure:

Founded in 2004, Viva Leisure operates health clubs (gymnasiums) within the health and leisure industry. Viva Leisure's mission is to connect health and fitness to as many people as possible and aims to provide its members with affordable, accessible and awesome facilities.

Viva Leisure offers customers several different membership options and a range of different types of facilities from big-box fitness facilities to boutique fitness facilities. The Company currently operates over 40 health clubs within the Australian Capital Territory, New South Wales and Victoria, with the majority operating under the Club Lime brand.