

## Viva Leisure secures additional financial support

15 April 2020

- New \$6 million overdraft facility now in place to provide additional financial support if required;
- Deferral of repayments for six months on Viva Leisure's \$10 million Market Rate Loan facility, providing a cashflow benefit of approximately \$400,000 per quarter;
- All equipment finance suppliers have agreed to deferred payments for six months, awaiting formal documentation however payments have already been frozen, cashflow benefit of \$275,000 per month;
- JobKeeper programme appears promising with expected eligibility from April 2020 providing a cashflow benefit of approximately \$141,000 per month towards Viva Leisure current working employees. In addition, a significant benefit to Viva Leisure's stood down employees on a 'pass-through' basis;
- Federal Government mandatory Code of Conduct for commercial leases is expected to provide substantial waived and deferred rental obligations, with an approximate \$1.7 million cashflow saving per month (on a 50% waived, 50% deferred basis);
- Membership in line with previous expectations and modelling.

### New Facilities with Commonwealth Bank

Viva Leisure Limited's (**Viva Leisure**) (ASX:VVA) has agreed and executed new terms from its primary financier, Commonwealth Bank of Australia. Key terms include:

- New \$6 million overdraft facility to provide additional support, if required, and to cover cashflow requirements of any extended delays in re-opening. This facility, plus existing cash resources, provide Viva Leisure with access to over \$15 million of cash reserves and debt;
- Deferral of all equipment finance payments for six months, with interest, capitalised and amortised over the remaining terms of the agreements;
- Deferral of principal repayments on existing bank facilities for six months, a cashflow benefit of approximately \$400,000 per quarter; and
- Extension of banking covenants compliance testing until 31 December 2020.

Harry Konstantinou Viva Leisure's CEO and Managing Director said:

"The support that the Commonwealth Bank has provided Viva during this COVID-19 mandatory shutdown period has been outstanding. Their understanding of the strength of our business, and their continued support and extension of facilities while we wait to re-open our doors will ensure that Viva comes out of this period ready to resume from where we left off as quickly as possible."

## **JobKeeper Programme**

Initial review of the information available under the new Federal Government JobKeeper programme shows that Viva Leisure is expected to be eligible from the April 2020 period.

For April 2020, the subsidy to Viva Leisure for existing staff (approximately 50) is likely to be a cashflow benefit of approximately \$141,000 per month. Other non-working staff will also benefit from the programme by receiving the subsidy on a 'pass-through' basis.

## **Commercial Rentals**

The Federal Government released limited details on their new mandatory Code of Conduct for Commercial Leases on 7 April 2020. Early modelling by Management based on a 50% waived and 50% deferred rental basis shows a significant reduction of cash outflows of approximately \$1.7 million per month during the shutdown period. Some landlords have expressed an interest to offer increased waived rental based on regular monthly payments during the shutdown period. Viva Leisure is reviewing these options on a case by case basis.

Viva continues to work with its ~80 landlords to achieve a mutually beneficial outcome during this shutdown and towards the resumption of normal trading. Viva will update the market once it has finalised terms with all landlords.

## **Membership**

As at today, Viva Leisure has just over 50,000 members (52% of membership) enrolled to its \$4 per week digital online membership, the billing of this membership fee is expected to commence next week. In addition, there are approximately 41,000 members (42% of membership) on free suspension. There have been 6,000 memberships cancelled (6% of entire membership).

The takeup of digital online membership is in line with Management modelling and expectations.

The Club Lime branded LMOD (Les Mills on Demand) app with 100 free classes has been utilised by over 5,000 members as at today. In addition, the full suite of Les Mills classes (approximately 800) via the official Les Mills On Demand app are now available to all Viva Leisure members for 60 days at no charge (valued at approximately \$50), and for that form of membership past the 60 days, a discount of 10% off the regular cost of the program, has been secured. The Les Mills On Demand official app does not form part of the \$4 per week Digital Online Membership offering.

Viva Leisure's hiit republic trainers have been running up to 5 free classes per day streamed on a combination of Facebook Live and Instagram Live with positive results. Peak hour classes are attracting over 100 live viewers and over 3,000 playbacks on most recordings post-event. Later this week, this content will be placed behind our new paywall via the new *Club Lime at Home* app and only available to Digital Online members.

Viva Leisure's CEO and Managing Director, Harry Konstantinou said:

"As we enter the fourth week of the mandatory shutdown of our clubs, our team has been working overtime to ensure we are ready to open our doors as soon as permitted to do so.

We have launched several digital products, and we have more offerings to come in the next few weeks. We are working as fast as possible to implement the JobKeeper programme for our remaining team.

The mandatory and legislated commercial rent relief program proposed by the Federal Government will assist Viva significantly, and we look forward to working with our landlords to achieve a mutually beneficial outcome to ensure the long term benefit of having Viva as a tenant.

I remain confident that Viva will exit this period leaner and more agile than before. I expect significant opportunities to be in front of us shortly and together with our strong balance sheet, look forward to being able to capitalise on them."

ENDS

**For further information, please contact:**

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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 within the Australian Capital Territory, New South Wales, Victoria and Queensland, with the majority operating under the Club Lime brand.