

## Viva Leisure announces fully underwritten ~\$25m equity raising to pursue future growth opportunities

4 June 2020

- ~\$25 million fully underwritten equity raising to pursue future growth opportunities
- 10+ locations under negotiation to acquire
- Additional working capital to accelerate refurbishment of existing locations and accelerate new site roll-outs
- Net proceeds expected to be fully deployed within ~six months
- All existing clubs opening or scheduled to open by 21 June 2020
- Re-openings all on track with ~90k members expected end of FY20
- Strong balance sheet, with ~\$30 million cash at bank post equity raising

Viva Leisure Limited (**Viva Leisure**) (ASX:VVA) is pleased to announce that it has launched a fully underwritten \$25 million equity raising to enhance the Company's overall financial strength by providing balance sheet flexibility in relation to pursuing accretive and strategic future acquisition opportunities, accelerate refurbishment of existing locations and accelerate new site roll-outs.

### Membership / Trading Update

With restrictions in the ACT and Queensland eased over the past week, Viva Leisure now has 63% of its locations open and operating. In addition, Viva Leisure has seen approximately 90% of its ACT and Queensland members re-activating their membership, with the remaining portion of members requesting to remain on suspension until the further easing of restrictions.

Member visits to facilities, which is a metric Viva Leisure uses to monitor the success of locations, is currently trending at over 7,000 per day, which is slightly below half the pre-shutdown visits. This is above management expectations considering facilities have not yet opened in NSW and Victoria.

Viva Leisure expects to have ~90k members at the end of FY20 subject to the easing of restrictions occurring as scheduled. In addition, Viva Leisure has secured an additional 21 greenfield locations bringing the total locations in the portfolio to 100 once these new locations open for trade. This is a significant achievement considering less than 12 months ago, Viva Leisure completed its Initial Public Offering with 29 locations operating.

### Equity Raising

Viva Leisure has today announced a fully underwritten Equity Raising of ~A\$25 million comprising a Placement and an Entitlement Offer.

The Placement and the Entitlement Offer will result in the issue of ~11.4 million new fully paid ordinary shares in Viva Leisure (**New Shares**), representing approximately ~18.9% of existing Viva Leisure shares on issue. Each New Share issued under the Placement and the Entitlement Offer will rank equally with existing shares on issue.

## Placement

The ~\$2.9 million Placement is fully underwritten and will be offered to institutional investors at A\$2.20 per share, representing a 15.4% discount to the last traded price of \$2.60 on Wednesday, 3 June 2020. The Placement is being conducted today, Thursday, 4 June 2020.

## Entitlement Offer

The Entitlement Offer of ~\$22.1 million will consist of a 1-for-6 accelerated pro rata non renounceable entitlement offer, including:

- a fully underwritten institutional entitlement offer to raise ~\$18.7 million (Institutional Entitlement Offer); and
- a fully underwritten retail entitlement offer to raise ~\$3.3 million (Retail Entitlement Offer).

Under the Entitlement Offer, eligible shareholders are invited to subscribe for 1 Viva Leisure share for every 6 shares they hold as at 7.00pm (Sydney time) on Tuesday, 9 June 2020 (the Record Date). All New Shares in the Entitlement Offer will be issued at a price of \$2.20 per New Share which represents:

- A 15.4% discount to the last close price of \$2.60 on Wednesday, 3 June 2020;
- A 13.3% discount to the theoretical ex-rights price (TERP)<sup>1</sup> of \$2.54.

Entitlements cannot be traded on the ASX or transferred. Eligible shareholders who do not take up their entitlement under the Entitlement Offer in full or in part, will not receive any value in respect to those Entitlements not taken up.

Ord Minnett Limited is acting as Sole Lead Manager, Bookrunner and Underwriter to the Equity Raising. The Placement and the Entitlement Offer are fully underwritten.

Viva Leisure's shares will remain in a trading halt pending completion of the Placement and the Institutional Entitlement Offer.

## Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer, which is being conducted today, Thursday, 4 June 2020. Eligible institutional shareholders can choose to take up all, part or none of their entitlements under the Entitlement Offer.

Entitlements not taken up by institutional shareholders cannot be traded on market or transferred. Entitlements not taken up by eligible institutional shareholders, and institutional entitlements that would otherwise have been offered to ineligible institutional shareholders, will be offered to new and existing institutional shareholders concurrently with the Institutional Entitlement Offer.

## Retail Entitlement Offer

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<sup>1</sup> Theoretical ex-rights price (TERP) includes the shares issued under the Placement, Institutional Entitlement Offer and the Retail Entitlement Offer. TERP is the theoretical price at which Shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Shares trade on ASX immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to the closing price of Viva Leisure's Shares as traded on ASX on Wednesday, 3 June 2020, being the last trading day prior to the announcement of the Entitlement Offer.

Eligible retail shareholders with a registered address in Australia or New Zealand will be invited to participate in the Retail Entitlement Offer. The Retail Entitlement Offer will open on Friday, 12 June 2020 and close at 5.00pm (Sydney time) on Tuesday, 23 June 2020. Eligible retail shareholders who take up their entitlement in full can also apply for additional shares in excess of their entitlement up to a maximum of 50% of their entitlement under an oversubscription facility.

Further details about the Retail Entitlement Offer will be set out in the retail offer booklet, which Viva Leisure expects to lodge with the ASX and dispatch on Friday, 12 June 2020.

## Major Shareholder Participation

Major shareholders, SHJA Management Pty Ltd (entities associated with Harry Konstantinou and Angelo Konstantinou) and Mera Vale No. 1 Pty Ltd (entities associated with Mark McConnell) are not participating in the Offer to provide flexibility to introduce new institutional shareholders to the Viva Leisure share register and further improve liquidity. Both SHJA Management Pty Ltd and Mera Vale No. 1 Pty Ltd remain fully supportive of the Company.

## Equity Raising Timetable<sup>2</sup>

Event	Date (2020)
Equity Raising announcement and Placement and Institutional Entitlement Offer opens	Thursday, 4 June
Placement and Institutional Entitlement Offer closes	Thursday, 4 June
Trading in Viva Leisure shares resumes on an ex-entitlement basis	Friday, 5 June
Record date for determining entitlement for the Entitlement Offer	7.00pm Tuesday, 9 June
Despatch of Retail Offer Booklet and Retail Entitlement Offer opens	Friday, 12 June
Settlement of Placement and Institutional Entitlement Offer	Monday, 15 June
Allotment of New Shares issued under the Placement and Institutional Entitlement Offer	Tuesday, 16 June
Normal trading of New Shares issued under the Placement and Institutional Offer	Wednesday, 17 June
Retail Entitlement Offer closing date	Tuesday, 23 June
Allotment of New Shares issued under the Retail Entitlement Offer	Tuesday, 30 June
Normal trading of New Shares issued under the Retail Entitlement Offer	Wednesday, 1 July
Despatch of holding statements	Wednesday, 1 July

<sup>2</sup> All dates and times are indicative and Viva Leisure reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), ASX Listing Rules and other applicable laws. All times and dates are in reference to Sydney, Australia time.

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

“Following the recently announced easing of restrictions that allow the reopening of gyms across all geographical territories in which Viva Leisure operates, the equity raising will provide the Company with significant financial flexibility to pursue acquisition opportunities.

There are several accretive and strategic opportunities available to Viva in the short term that management is currently evaluating to further complement the Viva Leisure offering.”

## **Additional Details**

Further details of the Offer are set out in the Investor Presentation provided to the ASX today (Investor Presentation). It contains important information including key risks and foreign selling restrictions with respect to the Placement and the Entitlement Offer.

ENDS

## **For further information, please contact:**

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This announcement has been authorised for release to ASX by the Board of Directors of Viva Leisure.

## **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.

## **Important Information**

This letter is issued by Viva Leisure Limited. This letter is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation, solicitation, advice or recommendation to subscribe for, retain or purchase any entitlements or securities in Viva Leisure Limited in any jurisdiction. This letter does not constitute financial product advice and does not and will not form any part of any contract for the acquisition of entitlements or Viva Leisure Limited ordinary shares.

## **Forward Looking Statements**

This announcement contains certain "forward-looking statements" that are based on management's beliefs, assumptions and expectations and on information currently available to management. Forward-looking statements can be generally identified by the use of forward-looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target", "outlook", "guidance" and other similar expressions within the meaning of securities laws of applicable jurisdictions. Such forward-looking statements include statements regarding the timetable, conduct and outcome of the Equity Raising and the use of proceeds thereof, statements about the plans, objectives and strategies of the management of Viva Leisure, statements about the industry and the markets in which Viva Leisure operates and statements about the future performance of the Viva Leisure business. Indications of, and guidance or outlook on, future earnings or financial position or performance, future earnings and distributions are also forward-looking statements.

You are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the outbreak of COVID-19. Any such statements, opinions and estimates in this announcement speak only as of the date hereof and are based on assumptions and contingencies subject to change without notice, as are statements about market and industry trends, projections, guidance and estimates. Forward-looking statements are provided as a general guide only. The forward-looking statements contained in this announcement are not indications, guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Viva Leisure and its subsidiaries, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Forward-looking statements may also assume the success of the Viva Leisure's business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond the Viva Leisure's control, and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward looking statements may have been prepared or otherwise. Refer to the Key Risks Section of the Investor Presentation for a non-exhaustive

summary of certain key business, offer and general risk factors that may affect Viva Leisure and its subsidiaries.

There can be no assurance that actual outcomes will not differ materially from these forward-looking statements. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements, including (without limitation) the risks and uncertainties associated with the ongoing impacts of COVID-19, the Australian and global economic environment and capital market conditions and other risk factors set out in the Investor Presentation. Investors should consider the forward-looking statements contained in this announcement in light of those risks and disclosures. The forward-looking statements are based on information available to Viva Leisure as at the date of this announcement. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including Viva Leisure or any of its advisers). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Actual operations, results, performance, production targets or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Except as required by law or regulation (including the ASX Listing Rules), Viva Leisure disclaims any obligation or undertaking to update forward-looking statements in this announcement to reflect any changes in expectations in relation to any forward-looking statement or change in events, circumstances or conditions on which any statement is based.

#### **Not For Distribution Or Release In The United States**

This letter does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any person in the United States or in any other jurisdiction in which such an offer would be illegal. The New Shares have not been, nor will be, registered under the U.S. Securities Act of 1933 as amended (U.S. Securities Act) or under the securities laws of any state or other jurisdiction of the United States. The New Shares may not be issued to, purchased or traded by, or taken up by, any person in the United States or any person acting for the account or benefit of a person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

#### **Important Notice To Nominees**

Because of legal restrictions, you must not send copies of this letter nor any material relating to the Retail Entitlement Offer to any of your clients (or any other person) acting for the account or benefit of any person in any other jurisdiction outside of Australia and New Zealand. Failure to comply with these restrictions may result in violations of applicable securities laws.