

25 February 2021

HY2021 Half Year Results

Record Revenue and Members, but COVID challenges continue

Viva Leisure Limited (“Viva Leisure” or “the Company”), a leading technology-focused Australian health club owner and operator, is pleased to announce its results for the half year ended 31 December 2020.

Financial highlights

	HY 2021 Ex-AASB 16	HY 2020 Ex-AASB 16	Variance
Profit and Loss	(\$m)	(\$m)	
Revenue	35.95	22.99	56.4%
EBITDA	5.58	5.61	(0.5%)
NPAT	0.65	2.81	(77.0%)
EBITDA Margin	15.5%	24.4%	(36.4%)

	31 December 2020	31 December 2019	Variance
Members (Viva only)	102,908	70,866	45.2%

Despite the challenges surrounding the impacts of COVID-19, Viva Leisure today announces record revenue and member numbers for the half year to 31 December 2020.

However, during this period, the imposition of government mandated restrictions on our clubs and members has hampered the Group’s overall results. The effect of these restrictions:

- led to significant reduction in the rate of new members joining and an increase of voluntarily suspension by existing members;
- led to significantly lower than anticipated revenues over the period of July to December, particularly with the continued closure of our Victorian clubs until late November;
- slowed the average time to profitability of our rollouts considerably, putting pressure on our margins;
- required the Group to staff each club with COVID Marshals for a period which increased wages;
- resulted in a considerable increase in cleaning costs, some of which will be on-going.

Strategic and operational achievements

- The number of operating locations increased from 79 to 95 during the period;
- Completed the acquisition of Australian Fitness Management, the Master Franchisor of Plus Fitness on 21 August 2020;
- Agreed terms to complete the acquisition of the six Pinnacle Health Clubs (completed on 3 February 2021);
- Credit terms were agreed with the Commonwealth Bank of Australia in relation to a \$35.35m five-year senior secured facility;
- Completed two equity capital raises of \$25m and \$30m respectively;
- Monthly member visitations including Plus Fitness now annualise to over 20 million visits.

Result Commentary

Commenting on the HY2021 results, Viva Leisure's CEO Harry Konstantinou said:

“Our 1H FY2021 positive result is a credit to the entire Viva Leisure team. Coming out of a difficult COVID-19 period where we did not have all of our facilities open until December 2020, and still managing to match the EBITDA achieved in 1H FY2020 is a significant achievement.

Viva remains on track to achieve its 2025 target of 400 corporate owned locations, and with annualised revenue run rate now exceeding \$90m with more locations opening every month, we are excited about what the next 6, 12 and 18 months will bring.”

Current trading and operations

Viva Leisure has seen strong recovery and performance from all business brands in the first two months of CY2021.

Revenue for January 2021 exceeded \$7.5m (up over \$3m per month since July 2020) and this excluded the impact of the acquisition of the Pinnacle group which completed on 3 February 2021.

Membership now exceeds 117,000, with approximately 4,700 members voluntarily suspended (down from 6,300 at end December 2020).

The Group is currently in discussions to acquire of 14+ clubs and continues its controlled expansion also with greenfield rollouts.

Outlook

Viva Leisure maintains its entrepreneurial drive to ensure that it can respond to market conditions quickly, provide the best quality service and facilities possible to members and lead in its chosen markets. FY2021 will see Viva Leisure continue to expand in a controlled manner to achieve its strategic objectives.

The Australian Fitness Management (Plus Fitness) acquisition completed on 21 August 2020 will provide additional opportunities to grow the business into new markets. Our strong balance sheet and return to positive cashflow will allow the Company to take advantage of any future opportunities.

MARKET ANNOUNCEMENT



Annualised revenue run rate now exceeds \$90 million, based on January 2021 revenues of \$7.5m.

Viva Leisure expects to benefit from a more COVID-normal environment moving forward.

Please refer to the Investor Presentation for further details, which was also lodged with the ASX today.

ENDS

This announcement has been approved for release by the Board.

For further information, please contact:

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Results briefing

An investor conference call, including Q&A, will commence at 10:30 am AEST today.

In addition to the conference call, a live link will be made available via a webcast at:

<https://webcast.openbriefing.com/7187/>

Participants of the dial-in or webcast are encouraged to register 15 minutes before the start of the presentation.

Dial-in details

Participant Toll:	+61 2 8038 5221
Participant Toll free:	1800 123 296
Conference ID:	2169566

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 102 health clubs within the Australian Capital Territory, New South Wales, Victoria, and Queensland, together with the master franchise for the Plus Fitness group of approximately 200 clubs.