

6 June 2024

### VIVA LEISURE EXPANDS INTO WESTERN AUSTRALIA WITH STRATEGIC ACQUISITIONS LAUNCHES \$16 MILLION INSTITUTIONAL PLACEMENT

**Viva Leisure Limited (ASX: VVA)** ("**Viva Leisure**" or "**Viva**" or "**Company**") is pleased to announce significant milestones that mark a new phase of growth and expansion for the Company. Viva Leisure has entered into binding agreements for two strategic acquisitions, adding eight health club locations in Western Australia. Additionally, the Company is launching a fully underwritten institutional placement to raise \$16 million (before costs) to fund these acquisitions and support further strategic initiatives.

#### Key Highlights:

- **Acquisition 1:** Five locations with ~10,000 members
- **Acquisition 2:** Three locations with ~10,000 members
- **Total Consideration:** \$15.7 million
- **EBITDA Contribution:** The acquisitions are anticipated to contribute over \$3.9 million EBITDA per annum moving forward pre-synergies
- **Strategically compelling acquisition:** In-line with Viva Leisure's stated strategy of expansion
- **Western Australia:** Launches the Club Lime brand into its sixth State/Territory, further cementing its position as Australia's largest non-franchised health club brand and enhancing the national footprint
- **Synergies:** Forecast to be \$1.0 million fully run-rated from FY2026
- **Funding:** Via a fully underwritten institutional placement for \$16 million at \$1.45 per share, existing cash and available debt facilities

#### Harry Konstantinou, CEO and Managing Director of Viva Leisure Limited said:

*"Our journey has been one of growth, innovation, and unwavering commitment to delivering exceptional value to our members and stakeholders. This has seen Viva Leisure grow in five short years since listing to be the second largest health club owner in the nation and the second largest network of health clubs in the country, with the Club Lime brand being Australia's largest non-franchised health club brand. With guidance EBITDA for FY2024 forecast to reach over \$35 million, the financial performance of the business has been resilient, growing an impressive 400% since IPO in June 2019. The addition of these two strategic acquisitions will deliver further diversification and scale, and an even stronger growth trajectory."*

#### Transaction Overview

Viva Leisure has entered into binding agreements for the acquisitions (together the "**Acquisitions**") of:

1. A 100% interest (via a share acquisition) in five locations of which four are leased and one is a management contract.
  - Approximately 10,000 members, or 2,500 members per leased location
  - Pro forma Revenue of \$9.0 million, and EBITDA of \$2.2 million in FY2024
  - Total acquisition price of \$9.5 million, subject to customary adjustments
    - i. Purchase price includes \$2.0 million reimbursement for recent CAPEX
  - EBITDA multiple (excluding CAPEX reimbursement) of 3.41 times
  - Acquisition is a standalone brand that will be acquired by Viva and rebranded to Club Lime

2. A 100% interest (via an asset acquisition) in three locations:
  - Approximately 10,000 members, or 3,300 members per leased location
  - Pro forma Revenue of \$5.7 million, and EBITDA of \$1.7 million in FY2024
  - Total acquisition price of \$6.2 million, subject to customary adjustments
  - EBITDA multiple of 3.5 times
  - Acquisition is part of a franchise group that will be de-franchised at settlement and rebranded to Club Lime

The Acquisitions will see the Club Lime brand enter the Western Australian (WA) market for the first time, providing strong foundations for future growth in the region. In addition, as the owner of 14 Plus Fitness corporate locations in the region, Viva will explore options for roaming membership options between the Club Lime and Plus Fitness corporate locations.

The Acquisitions are well located club portfolios, conducive to Viva Leisure's hub and spoke model and ideal for future locations. The Acquisitions are also well positioned in respect of the Plus Fitness corporate owned network. In light of the rebranding of the Acquisitions to Club Lime and the de-franchising of one of the acquired franchise groups, the Company has made the strategic decision to withhold the disclosure of their current brand names.

### Entry into Western Australia provides diversification and immediate scale

The Acquisitions significantly enhance Club Lime's footprint, enabling entry into the new Western Australian market and aligning with Viva Leisure's strategy to expand into new territories. The Acquisitions not only strengthen and diversify Viva Leisure's existing business but also provide immediate scale.

Moreover, entering the WA market creates further opportunities for future M&A in a region that has not experienced significant consolidation among existing operators. The WA market is under-served relative to its population, presenting a significant opportunity for Viva Leisure to leverage its portfolio of brands to influence the market.

Following the Acquisitions, Viva Leisure will own and operate 183 locations across multiple brands and will be present in six out of eight states and territories in Australia. This expansion establishes a true national platform for future success.

### Viva is Australia's second-largest owner in the industry

Viva Leisure post completion of the Acquisitions will cement its position as the second-largest network in Australia (349 locations), and with a total of 183 corporate locations this also positions the Company as the nation's second-largest owner in the industry. Further details are provided in the investor presentation released to the ASX.

### Trading Update and Guidance Reaffirmed

The Company reaffirms guidance, both for FY2024, and the annualised Q4-FY2024 forecast run-rate guidance.

Highlights as at the end of May 2024 include:

- Record Annualised Revenue Run Rate (ARRR)
- Members of 195,000, an increase of 28,000 YTD before adjusting for the 15,000 Fitness Passport members after Viva withdrew from the program
- Viva Pay is now fully rolled out and expecting to contribute ~\$600,000 to FY2024 and \$4 million fully run-rated for FY2025
- Strategic refurbishment program across 27 locations nearing completion and in-line with management expectations
- The Plus Fitness brand continues to set new franchise sales records, with two locations still to open in FY2024, and a further 30 locations secured

On a pro forma basis, corporate membership forecast to June 2024 together with the Acquisitions' memberships, is expected to achieve 217,000 members for the Company. Network membership is expected to exceed 385,000 members.

The combined group of Viva Leisure's existing businesses plus the Acquisitions (on a pro forma basis and including expected synergies) would have recorded between \$176.7 million and \$178.7 million in revenue, and between \$39.9 million and \$40.4 million in EBITDA for FY2024.

On a Pro forma basis based on Q4-FY2024 annualised this would have increased to between \$184.7 million and \$188.7 million in revenue and \$42.9 million and \$44.9 million in EBITDA.

### Launch of underwritten institutional placement

Viva Leisure is undertaking a fully underwritten Equity Raising via way of an institutional placement to professional and sophisticated investors to raise approximately \$16.0 million (before costs) ("**Placement**").

The Placement of approximately 11.0 million ordinary shares ("**New Shares**") will be issued using Viva Leisure's 15% placement capacity pursuant to ASX Listing Rule 7.1.

The New Shares will be issued at \$1.45 ("**Issue Price**"), representing a discount of:

- 7.1% to Viva Leisure's last closing price on 5 June 2024 of \$1.56; and
- 4.9% to the 10-day volume-weighted average price (VWAP) of \$1.525.

New Shares issued under the Placement will rank equally with existing Viva Leisure shares on issue.

Proceeds from the Placement will be used to fund the Acquisitions, reimbursement of new site CAPEX to one of the vendors, rebranding, working capital flexibility and offer costs.

The Placement is fully underwritten by Unified Capital Partners Pty Ltd which is acting as Sole Lead Manager, Bookrunner and Underwriter to the Placement.

### Harry Konstantinou, CEO and Managing Director of Viva Leisure Limited said:

*"The Board of Viva Leisure has decided to pursue this equity raise to support these acquisitions, which are beyond our usual business operations. Moving forward, the company will continue to utilise its cash flow and existing debt facilities for regular business activities, including other acquisitions."*

### Key Dates:

|   |                                       |
|---|---------------------------------------|
| Trading Halt  | Thursday 6 June 2024                  |
| Announcement of Completion of Placement                                 | Pre Market Open<br>Friday 7 June 2024 |
| Trading Halt Lifted, Trading Recommences                                | Pre Market Open<br>Friday 7 June 2024 |
| Settlement of New Shares Issued Under Placement                         | Wednesday 12 June 2024                |
| Allotment and Ordinary Trading of New Shares Issued Under the Placement | Thursday 13 June 2024                 |

All dates and times in the timetable 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 Australian Eastern Standard Time.

### Additional Details:

Further details of the Acquisitions and the Placement are set out in the Investor Presentation released to the ASX today. The presentation contains important information that shareholders and investors should consider, including information about risk factors and the foreign selling restrictions with respect to the Placement.

ENDS

This announcement has been approved for release by the Board of Directors.

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#### About Viva Leisure:

Viva Leisure is the leading and fastest growing provider of health and fitness clubs across Australia. With a mission to connect more Australians to a healthier lifestyle, Viva operates a portfolio of brands across various fitness categories, offering premium, boutique, flexible, and affordable fitness options.

For further information, please visit:

- <https://www.vivaleisure.group/>
- <https://www.clublime.com.au/>
- <https://www.plus.fitness/>
- <https://groundup.studio/>
- <https://rebalance.studio/>
- <https://hiitrepublic.com.au/>

#### Important Notice and Disclaimer

This announcement has been prepared by Viva Leisure Limited ("Viva Leisure") in relation to two acquisitions (the "Acquisitions") by Viva Leisure and an institutional placement of new fully paid ordinary shares in Viva Leisure to fund (in part) the Acquisitions. This announcement is not, and does not constitute, an offer to sell or the solicitation, invitation or recommendation to purchase any securities (including shares in Viva Leisure) or any other financial product and neither this announcement nor any of the information contained herein shall form the basis of any contract or commitment. In particular, this announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer of securities for sale in the United States or any other jurisdiction. Any securities described in this announcement may not be offered or sold in the United States absent registration under the US Securities Act of 1933 or an exemption from registration. The distribution of this announcement in jurisdictions outside Australia may be restricted by law and you should observe any such restrictions.