

# INVESTOR PRESENTATION



## ACQUISITIONS, CAPITAL RAISING & TRADING UPDATE

6 JUNE 2024

**VIVA**  
LEISURE

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All dollar values are in Australian dollars (\$) or AUD unless stated otherwise. All references starting with "FY" refer to the financial year ending 30 June. For example, "FY23" refers to the financial year ending 30 June 2023.

Investors should note that this presentation includes both audited and unaudited financial information for various periods. With the exception of the audited financial information, investors should note that this information has not been audited and is based on management estimates and not on financial statements prepared in accordance with applicable statutory requirements. Accordingly, investors should treat this information with appropriate caution.

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These transactions may, together with other shares in Viva Leisure acquired by the Underwriter or its affiliates in connection with their ordinary course sales and trading, principal investing and other activities, result in the Underwriter or its affiliates disclosing a substantial holding and earning fees.

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# WELCOME

VIVA LEISURE

Viva Leisure is pleased to announce the launch of a fully underwritten \$16 million equity raising to complete two acquisitions and update the market on its recent trading.

“ *Our journey has been one of growth, innovation, and unwavering commitment to delivering exceptional value to our members and stakeholders. This has seen the business 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 guidance EBITDA for FY2024 forecast to reach over \$35 million, the financial performance of the business has been resilient, growing an amazing 400% since IPO in June 2019. Today, we are thrilled to share with you our latest strategic initiatives.*

### *Strategic Acquisitions in Western Australia*

*We have entered into binding agreements for two strategic acquisitions, adding eight health club locations in Western Australia. This expansion will introduce the Club Lime brand to this market, complementing our existing 14 Plus Fitness corporate locations in the region. These acquisitions bring us approximately 20,000 new members and are expected to generate \$14.7 million in revenue and \$3.9 million in EBITDA in FY24 (pre-synergies).*

### *Enhancing Our National Footprint*

*These acquisitions mark a significant milestone, making Western Australia our sixth market for Club Lime in Australia. With these acquisitions, our corporate membership will surpass 215,000 members, and network membership will increase to over 385,000 members reinforcing our position as a leading fitness brand across the nation.*

### *Synergies and Growth Opportunities*

*The acquisitions are expected to be accretive to earnings, with synergies from Viva Pay and other operational efficiencies anticipated to contribute significantly to our bottom line. Our rebranding efforts will further enhance member experience and brand loyalty, driving revenue growth and operational synergies.*

*We are today launching a fully underwritten institutional placement to raise \$16 million. This capital will enable us to fund these strategic acquisitions and invest in rebranding and working capital.*

*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.*

”

*Harry Konstantinou, CEO, Viva Leisure Limited*





**EXECUTIVE  
SUMMARY**

# EXECUTIVE SUMMARY

## CLUB LIME TO ENTER THE WESTERN AUSTRALIAN MARKET

<b>Acquisition Overview</b>	<ul style="list-style-type: none"> <li>Viva Leisure has entered into binding agreements for two strategic acquisitions (together, the 'Acquisitions') for eight health club locations in Western Australia</li> <li>As at May 2024, the Acquisitions had approximately 20,000 members, and are forecast to generate \$14.7 million in revenue and \$3.9 million in EBITDA (pre synergies) in FY2024</li> <li>Viva Leisure to pay cash consideration of \$15.7 million in total, split between \$13.7 million for the mature clubs, and \$2.0 million for reimbursement of CAPEX recently spent</li> <li>Expected to complete by 31 August 2024, subject to conditions precedents being met</li> </ul>
<b>Acquisition 1<sup>^</sup></b>	<ul style="list-style-type: none"> <li>Currently operates 5 locations, which includes one location under Management agreement</li> <li>Approximately 10,000 members (excluding Management agreement location)</li> <li>Strong track record of quality service since commencing operations in 2007</li> </ul>
<b>Acquisition 2<sup>^</sup></b>	<ul style="list-style-type: none"> <li>Acquiring 3 locations</li> <li>Currently part of a franchise group. To be de-franchised prior to settlement at Vendors cost</li> <li>Approximately 10,000 members</li> <li>Strong track record of quality service since commencing operations in 2012</li> </ul>
<b>Transaction Metrics</b>	<ul style="list-style-type: none"> <li>The Acquisitions imply an EBITDA multiple of 3.51x (excluding CAPEX reimbursement) or 4.02x (including CAPEX reimbursement)</li> <li>Viva Pay synergies estimated at 3.5% to 4.0% of Revenue once transitioned (\$500k to \$600k)</li> <li>Other expense and revenue synergies estimated \$300k to \$400k per annum fully run-rated by FY2026</li> <li>Transaction is expected to be EPS accretive and generate significant free cash flows</li> </ul>

### HIGHLIGHTS

- Acquisition will see the Club Lime brand enter the Western Australian (WA) market for the first time
- Viva Leisure already operates 14 corporate Plus Fitness locations in WA
- Acquisitions are high quality locations which have operated in the market for over a decade
- Re-branding to Club Lime expected to be completed shortly after settlement
- Viva Leisure is currently exploring options for roaming membership between Club Lime and Plus Fitness corporate locations which will be tested in WA

Note 1: EBITDA is earnings before interest, tax, depreciation and amortisation (excluding impacts of AASB16)

<sup>^</sup> targets are not specifically identified in this presentation as Viva Leisure will be re-branding the targets shortly after completion to Club Lime



# EXECUTIVE SUMMARY

## CLUB LIME TO ENTER THE WESTERN AUSTRALIAN MARKET

<b>Strategic Rationale</b>	<ul style="list-style-type: none"> <li>▪ Well located club portfolios, conducive to Viva Leisure’s hub and spoke model and existing Plus Fitness corporate locations</li> <li>▪ Provides significant footprint for Club Lime to enter a new market commencing with 8 established and profitable locations</li> <li>▪ Fits Viva Leisure’s stated strategy to expand into new markets</li> <li>▪ Highly complementary fit in terms of geography and customer demographic</li> <li>▪ Opportunity to realise further revenue growth and operating synergies with similar back-office</li> <li>▪ High quality operations ensures integration simplicity</li> <li>▪ Management will be retained</li> </ul>
<b>Transaction Funding</b>	<ul style="list-style-type: none"> <li>▪ The combined consideration for the Acquisitions is \$15.7 million subject to customary adjustments</li> <li>▪ The Acquisition price includes a \$2.0 million reimbursement for recent CAPEX</li> <li>▪ Fully underwritten placement to new and existing Institutional shareholders of \$16 million</li> <li>▪ Viva Leisure may elect to use its Market Rate loan facility with Commonwealth Bank to part fund the Acquisitions</li> <li>▪ There is no deferred or earn-out consideration</li> </ul>
<b>Timetable &amp; Conditions</b>	<ul style="list-style-type: none"> <li>▪ Conditions precedent include the assignment of all property leases by existing landlords and de-franchising for one of the Acquisitions</li> <li>▪ The transaction is expected to complete by 31 August 2024</li> </ul>


 VIVA LEISURE

### HIGHLIGHTS

- **Acquisitions will increase Viva Leisure’s corporate membership to over 215,000 members**
- **Strengthens operations in Western Australia with a combined 22 locations (Club Lime and Plus Fitness)**
- **6<sup>th</sup> State/Territory in Australia for Club Lime, with only South Australia and Tasmania not currently serviced, a true national brand**



# TRANSACTION OVERVIEW

# TRANSACTIONS OVERVIEW

## ACQUISITIONS STRENGTHEN AND DIVERSIFY VIVA LEISURE'S MARKETS AND ACCELERATE GROWTH PLANS

- Viva Leisure has entered into binding agreements for two strategic acquisitions (together, the '**Acquisitions**') for eight health club locations in Western Australia
- The Acquisitions will see the launch of the Club Lime brand into the Western Australian market, our 6<sup>th</sup> market in Australia
- The targets are not specifically identified in this presentation for the following reasons:
  - Viva Leisure will be re-branding the targets shortly after completion to Club Lime
  - One of the Acquisitions will be de-franchising as part of the Completion process
- Whilst the target's current brand names are not identified, all other details of the transaction are detailed in this presentation
  - For clarity, Viva Leisure is acquiring the brand and intellectual property assets of Acquisition 1, but not of Acquisition 2 which is part of a franchise group currently
- Acquisitions are fully aligned with our growth strategy and designed to improve network competitiveness and reach

### HIGHLIGHTS

- Acquisitions will see the Club Lime brand enter the Western Australian (WA) market for the first time
- The WA market is Club Lime's sixth Australian market

# OVERVIEW ACQUISITION 1

ESTABLISHED IN 2007

VIVALAISURE



## Established Locations

5 locations, including one under management agreement (guaranteed return), in and around Perth, WA



## Membership

Approximately 10,000 members, excluding members serviced as part of management agreement.

Average 2,500 members per leased location



## Financial Performance

In FY24, the Acquisition is expected to generate revenue of ~\$9.0 million and EBITDA of ~\$2.2 million

(pre synergies)



## Conversion to Club Lime

Clubs to be rebranded and converted to Club Lime within 90 days of acquisition settlement creating an upgrade opportunity for members when combined with other acquisitions locations



## Management Agreement Location

5 year rolling management agreement.

All assets owned by landlord.

# OVERVIEW ACQUISTION 2

ESTABLISHED IN 2012

VIVA LEISURE



## Established Locations

3 large locations  
in and around  
Perth, WA

Locations are focused on  
High Value, Low Price  
(HVLP) market providing  
upside opportunity



## Membership

Approximtely 10,000  
members

Average ~3,300 members  
per leased location



## Financial Performance

In FY24, the Acquisition is  
expected to generate  
revenue of ~\$5.7 million  
and EBITDA of ~\$1.7  
million

(pre synergies)



## Conversion to Club Lime

Clubs to be rebranded and  
converted to Club Lime  
within 21 days of  
acquisition settlement  
creating an upgrade  
opportunity for members  
when combined with other  
acquisitions locations



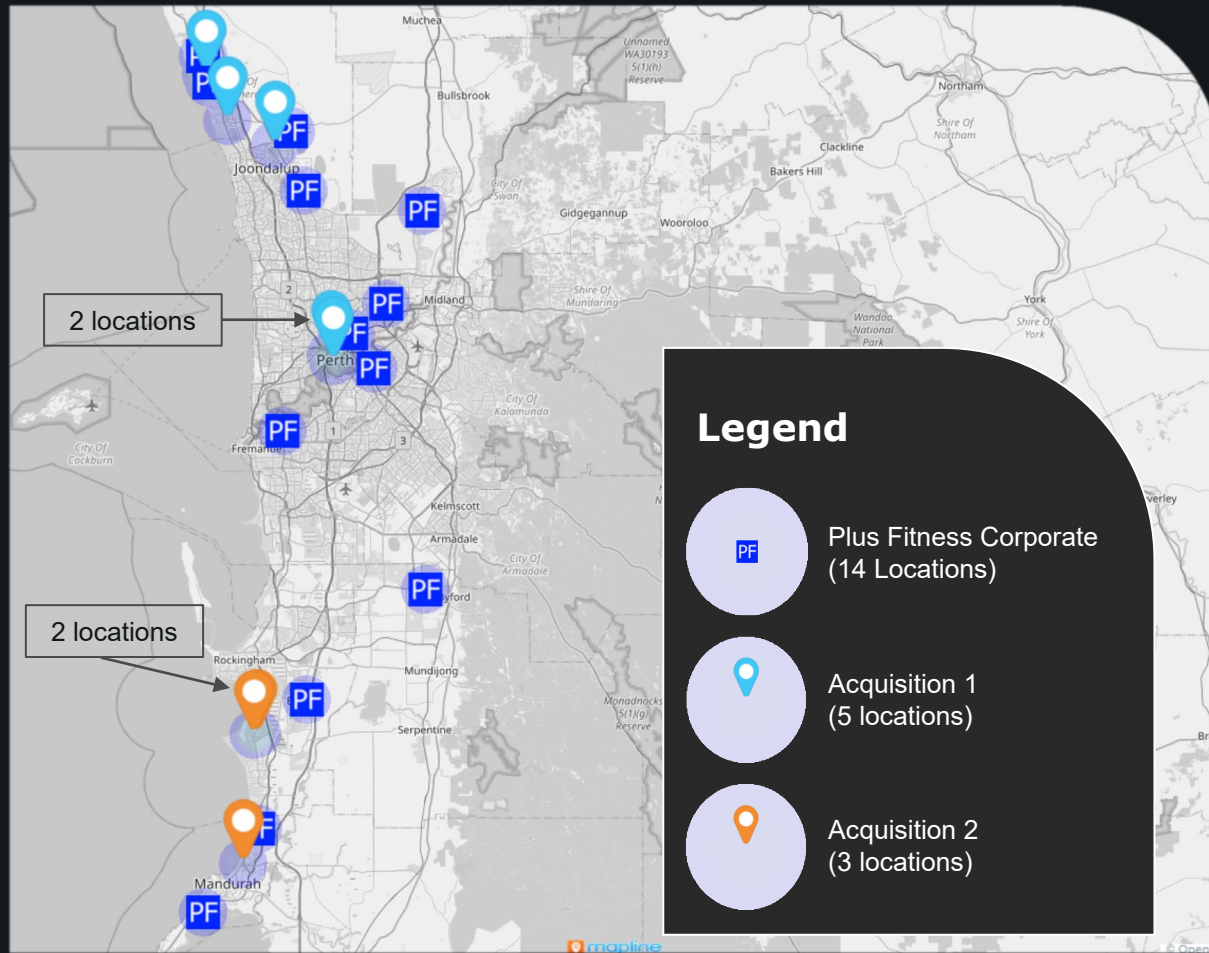
## Franchised Group

Locations are part of a  
Franchised Group and will  
be de-franchised at the  
Vendors cost on  
settlement allowing for  
immediate rebranding

# MAP OF LOCATIONS

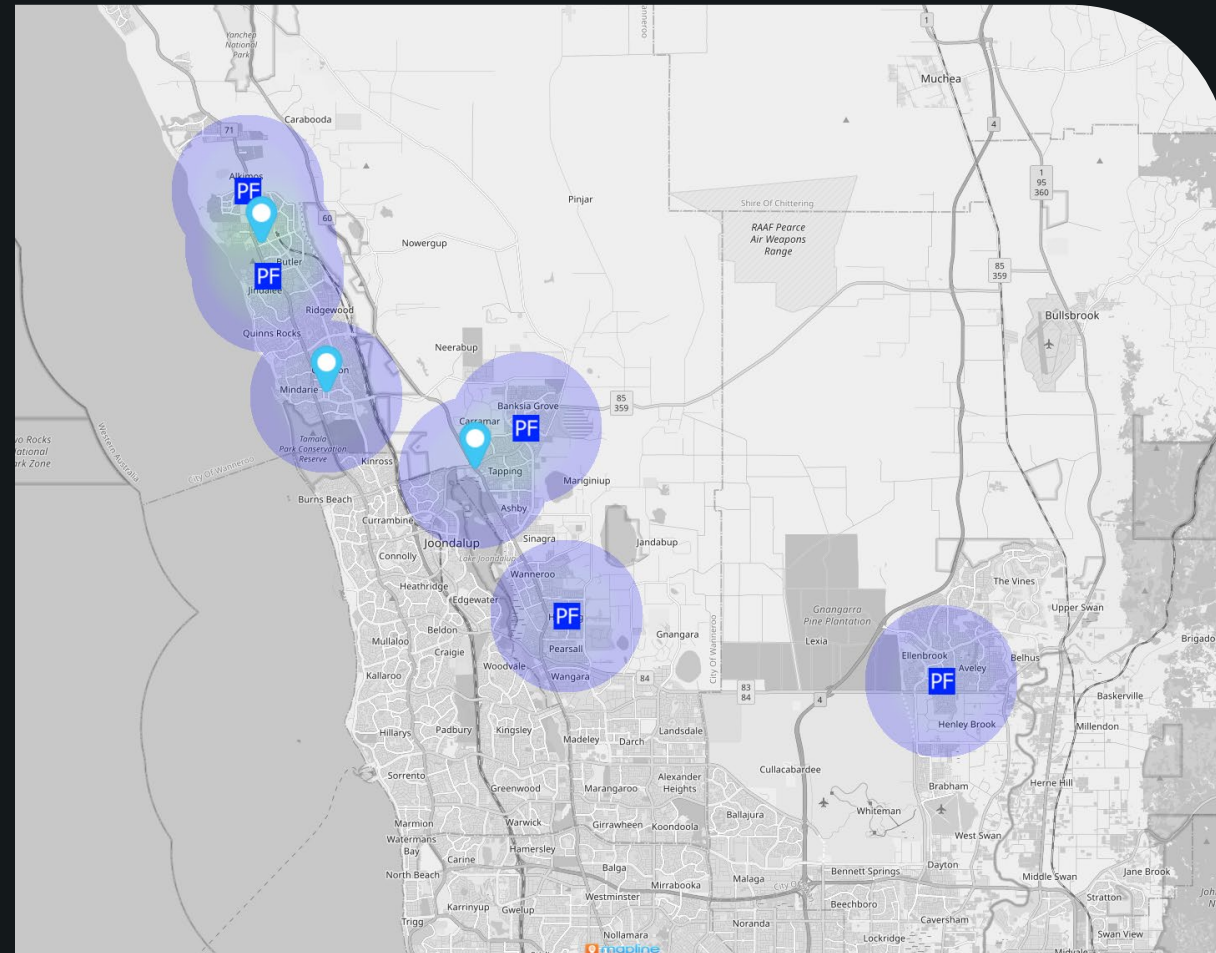
PLUS FITNESS CORPORATE & ACQUIRED LOCATIONS COMPLEMENT EACH OTHER

Western Australia – All Locations – Zoomed Out



Plus Fitness Dalyellup not shown on map

North of Perth CBD



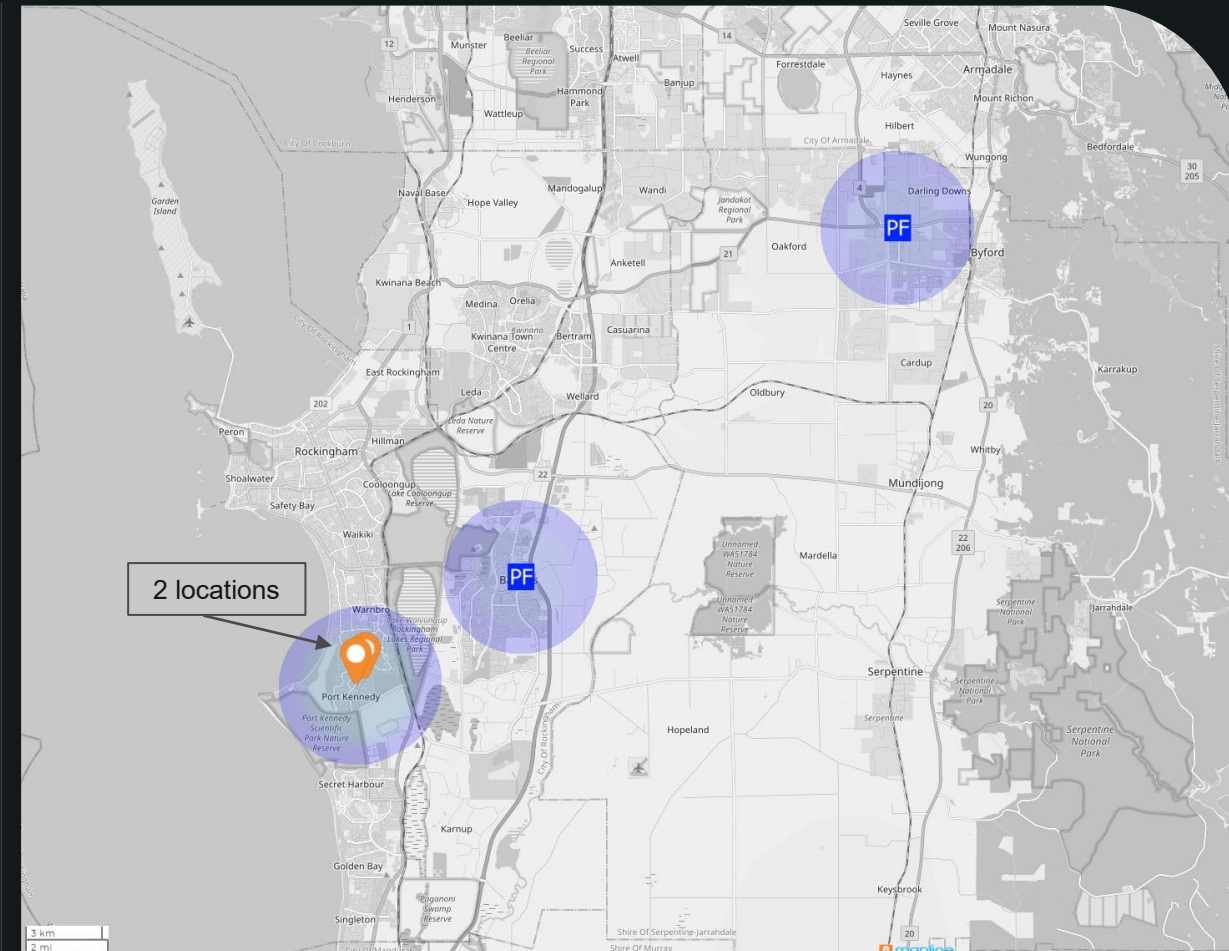
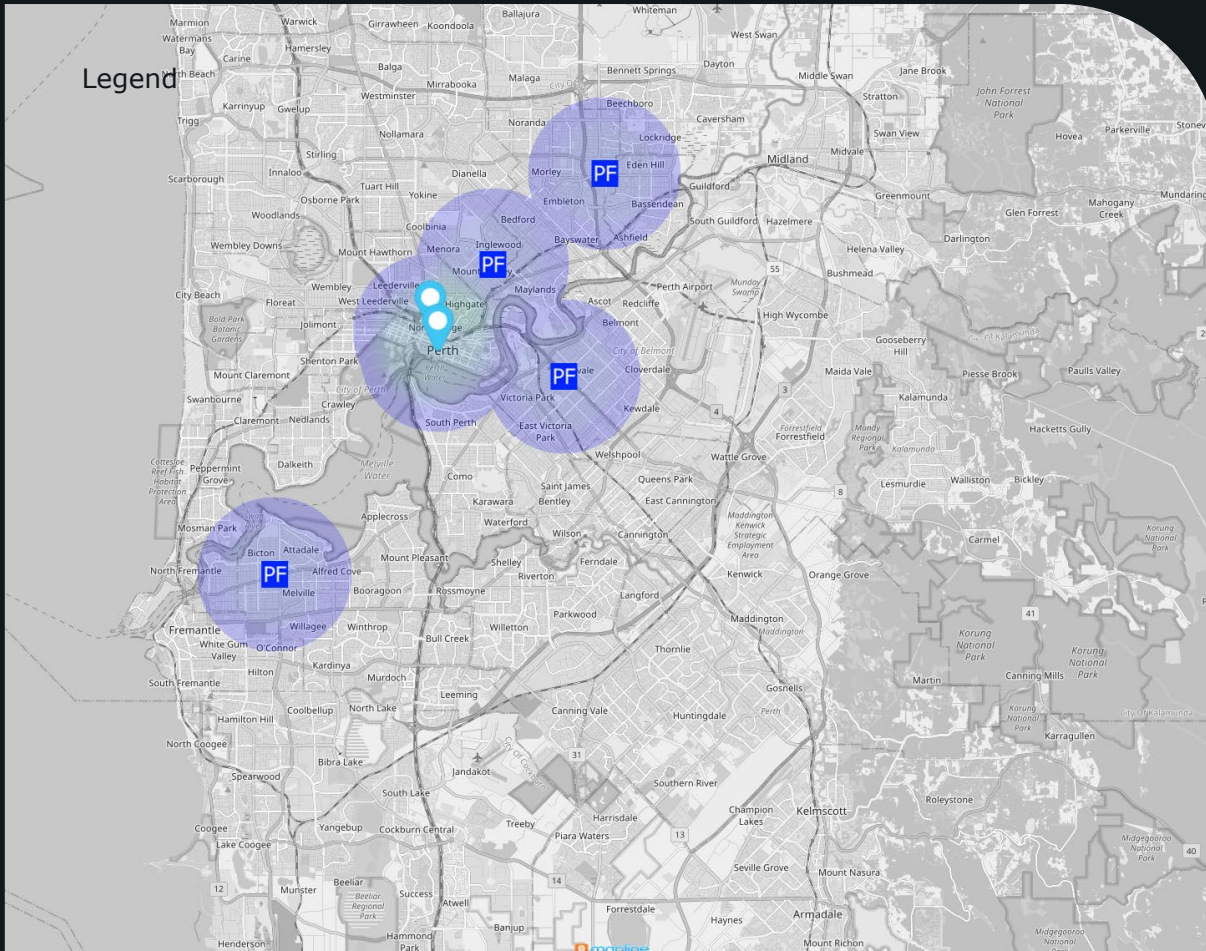
Circle heatmap shows a 3km radius from location

# MAP OF LOCATIONS

PLUS FITNESS CORPORATE & ACQUIRED LOCATIONS COMPLEMENT EACH OTHER

## Perth CBD

## South of Perth CBD

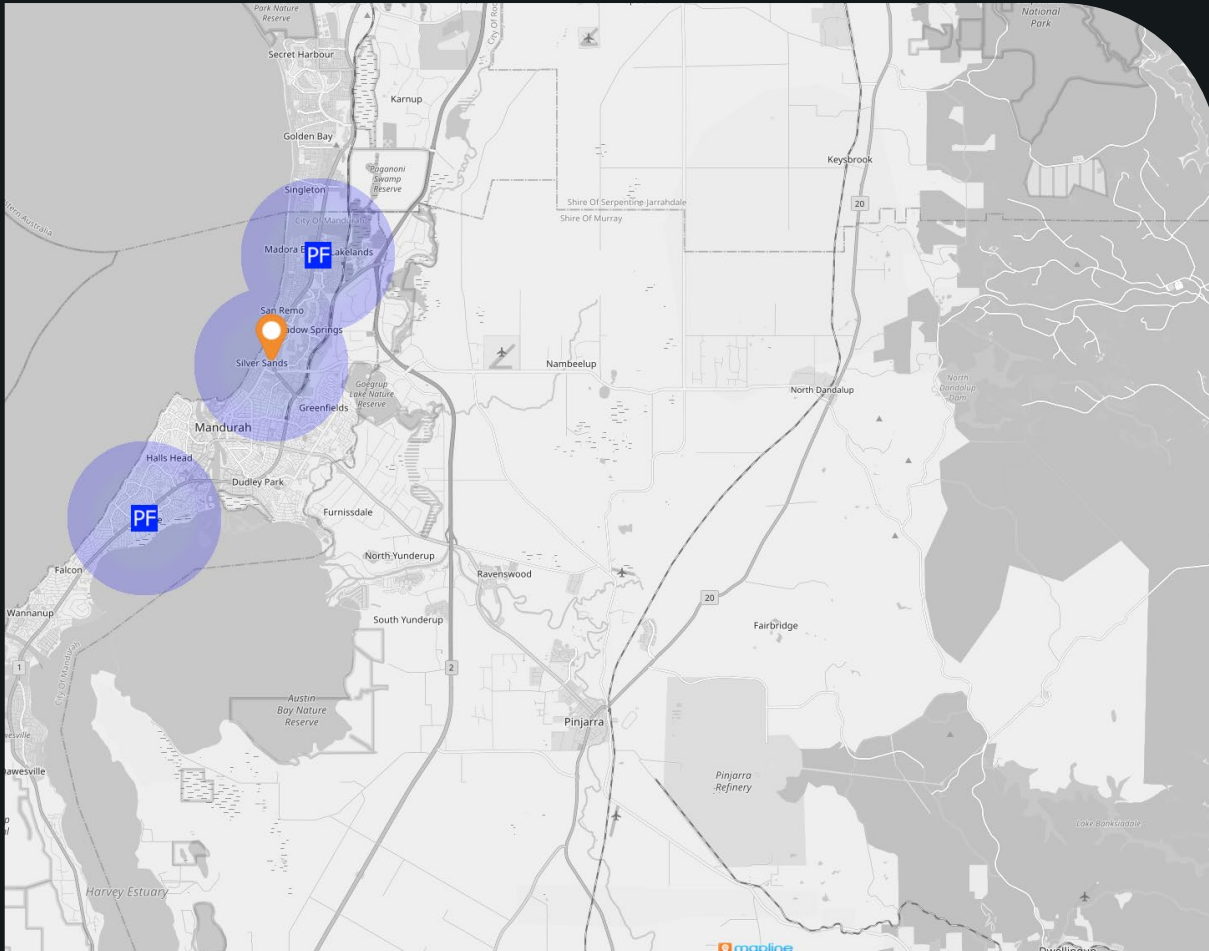


Circle heatmap shows a 3km radius from location

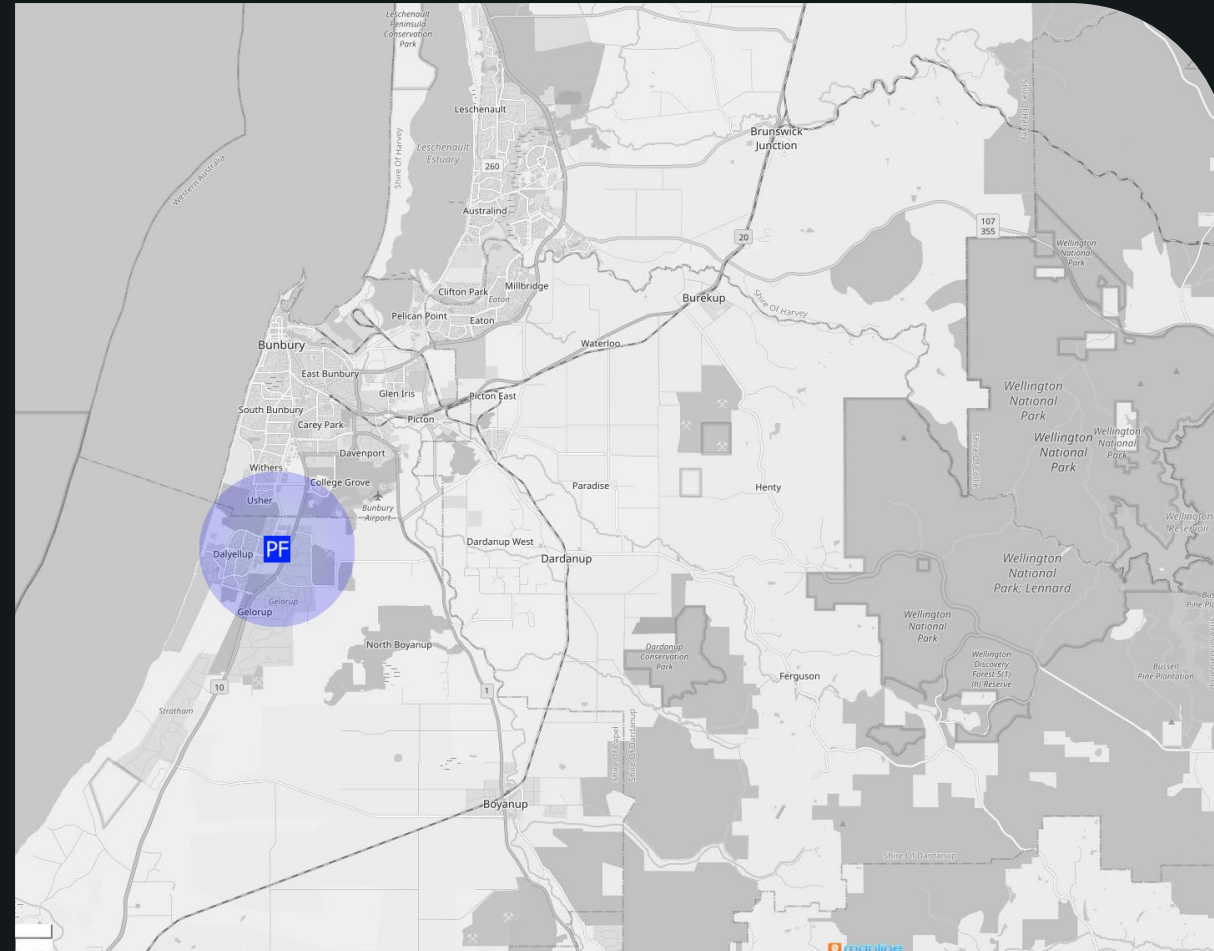
# MAP OF LOCATIONS

PLUS FITNESS CORPORATE & ACQUIRED LOCATIONS COMPLEMENT EACH OTHER

## Lakelands to Erskine, WA



## Dalyellup, WA



Circle heatmap shows a 3km radius from location





# STRATEGIC RATIONALE

# ACQUISITION RATIONALE



**A natural extension of Viva Leisure's strategy**



Enhances Viva Leisure's core brand (Club Lime) with an existing and established successful network of locations in a new market (Western Australia). Viva Leisure prefers to enter a new market with an acquisition and then expand with further organic and inorganic opportunities.

**Strengthens and diversifies Viva Leisure's existing business**



Introduction of more locations to deploy Viva Leisure's complementary brands, technology solutions, digital marketing and vending machine opportunities. Provides an expanded national presence (6 out of 8 States/Territories in Australia) now serviced.

**Immediate scale**



Provides the foundations to increase Viva Leisure's addressable market while providing immediate financial returns. The Acquisitions will result in Viva Leisure owning and operating a total of 22 locations in the market across two separate brands (Club Lime and Plus Fitness).

**Further M&A opportunity**



Introduces an enhanced pipeline of growth (organic + inorganic) and margin expansion opportunities for Viva Leisure in a fragmented WA market that has not seen any significant M&A or provided opportunity for existing operators until now.

**High-quality management team with proven track record of organic growth and enduring customer relationships**



The core management teams operating the acquired locations will remain with Viva Leisure. This core team has been operating the locations in the various markets, and has extensive experience in Western Australia to assist the business moving forward.

**Financially compelling**



Immediately EPS accretive pre synergies and generating significant free cash flows. Synergies forecast to be ~\$1.0 million by FY2026.

# THE WESTERN AUSTRALIAN MARKET

ONE OF AUSTRALIA'S MOST UNDERSERVED MARKETS

VIVA LEISURE

STATE / TERRITORY	ESTABLISHMENTS %	POPULATION %
NSW	34.1	32.6
VIC	27.1	24.8
QLD	21.9	20.0
<b>WA</b>	<b>9.2</b>	<b>10.1</b>
SA	4.5	7.5
ACT	1.5	1.6
TAS	1.3	2.3
NT	0.4	1.0

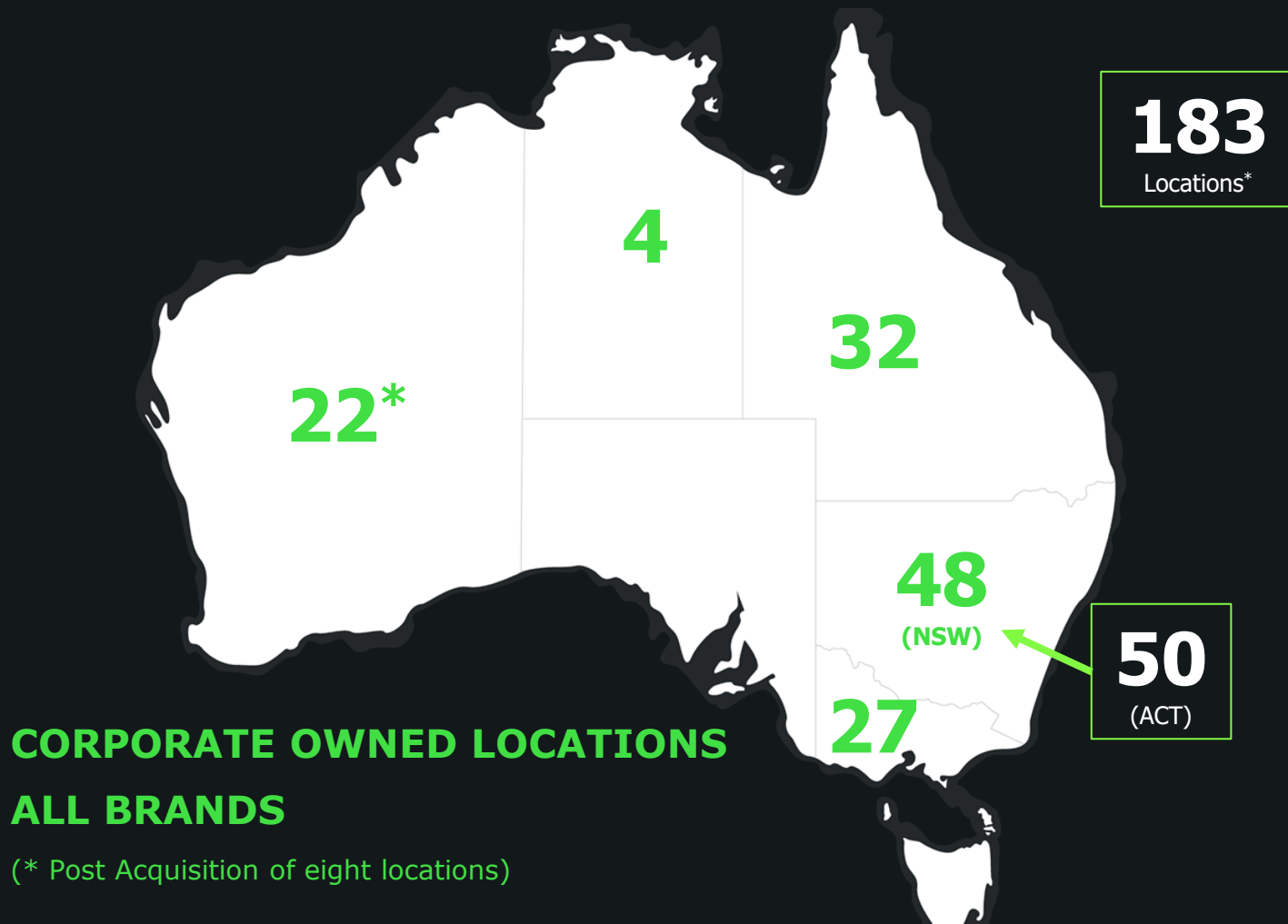
Source: IBIS World: Industry Report, Gyms & Fitness Centres in Australia, September 2023

## HIGHLIGHTS

- The Western Australia (WA) market according to IBIS World is under-served when comparing the Australian percentage of Establishments to the percentage of Population
- This provides a significant opportunity for Viva Leisure to influence the market with its portfolio of brands
- The largest operator in the WA market focuses on the HVLP (High Value, Low Price) segment. Acquisition 2 operates in the HVLP market offering Viva Leisure a prime opportunity to leverage this established market preference. With acclimatised customers and suitable rents with large format footprints, Viva Leisure can strategically expand and thrive in this environment.

# BUILDING A NATIONAL PLATFORM

FROM HUMBLE BEGINNINGS IN ONE STATE/TERRITORY TO NOW COVERING SIX



**CORPORATE OWNED LOCATIONS  
ALL BRANDS**

(\* Post Acquisition of eight locations)

**HIGHLIGHTS**

National platform provides basis to serve a larger addressable market and extract operating efficiencies.

- Large addressable market
- Improved procurement
- Talent acquisition
- Digital Marketing expanded footprint
- Technology deployment
- Viva Pay benefits

The Western Australian market's largest club owner/operator currently has 27 locations, presenting an opportunity for Viva Leisure to significantly expand its presence and influence in that market.

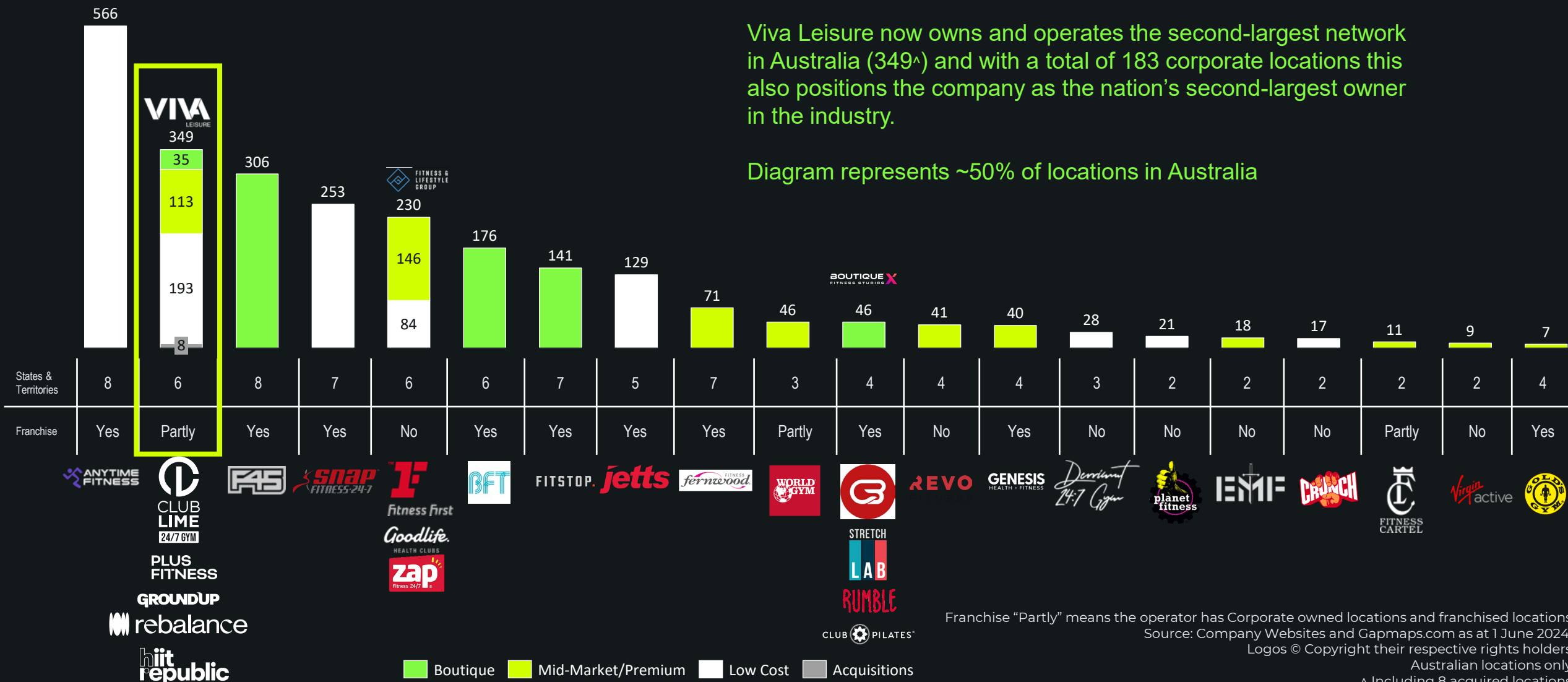
# COMPETITIVE LANDSCAPE

## SIGNIFICANT OPERATOR IN THE MARKET



Viva Leisure now owns and operates the second-largest network in Australia (349<sup>^</sup>) and with a total of 183 corporate locations this also positions the company as the nation's second-largest owner in the industry.

Diagram represents ~50% of locations in Australia



Franchise "Partly" means the operator has Corporate owned locations and franchised locations  
 Source: Company Websites and Gapmaps.com as at 1 June 2024.  
 Logos © Copyright their respective rights holders  
 Australian locations only  
<sup>^</sup> Including 8 acquired locations

# FINANCIAL METRICS

## PRO FORMA INCLUDING ACQUISITIONS



PRO FORMA WITH FY2024 FORECASTS (ex AASB16)	VIVA LEISURE GUIDANCE RANGE		ACQUISITIONS	SYNERGIES	COMBINED GROUP PRO FORMA RANGE		FY2023 RESULTS	PRO FORMA GROWTH VERSUS FY2023	
Revenue	162.0	164.0	14.7		176.7	178.7	141.2	25.15	26.6%
EBITDA	35.0	35.5	3.9	1.0	39.9	40.4	29.2	36.6%	38.4%
EBITDA Margin	21.6%	21.6%	26.5%		22.6%	22.6%	20.7%		
Members <sup>^</sup>	197,000		20,000			217,000	166,907	50,093	30.0%

PRO FORMA & Q4 FY2024 ANNUALISED (ex AASB16)	VIVA LEISURE GUIDANCE RANGE		ACQUISITIONS	SYNERGIES	COMBINED GROUP PRO FORMA RANGE		FY2023 RESULTS	PRO FORMA Q4 FY2024 ANNUALISED GROWTH VERSUS FY2023	
Revenue	170.0	174.0	14.7		184.7	188.7	141.2	30.8%	33.6%
EBITDA	38.0	40.0	3.9	1.0	42.9	44.9	29.2	46.9%	53.8%
EBITDA Margin	22.3%	22.9%	26.5%		23.2%	23.8%	20.7%		
Members <sup>^</sup>	197,000		20,000			217,000	166,907	50,093	30.0%

### SYNERGIES

Synergies expected to be fully run-rated by FY2026, and are expected to include:

- Viva Pay
- De-duplication of support costs
- Optimisation of club staff costs
- Optimisation of membership pricing (ie: larger network enables higher yielding offering)

<sup>^</sup> FY2023 Members adjusted for impact of 15,043 Fitness Passport members

▪ Excludes the impacts of AASB-16, EBITDA is Group Adjusted EBITDA

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES



**TRADING**  
UPDATE

# FY2024 GUIDANCE REAFFIRMED

A YEAR OF CONSOLIDATION AND GROWTH

## FY2024 Guidance

Revenue Range  
FY2024

**\$162m to \$164m**

EBITDA Range  
FY2024

**\$35m to \$35.5m**

Annualised, based on Q4-FY2024 forecast Run Rate

Revenue Range

**\$170m to \$174m**

EBITDA Range

**\$38m to \$40m**

VIVALEISURE

### HIGHLIGHTS



Based on information currently available and barring any unforeseen events, Viva Leisure reaffirms this guidance for the FY2024 year (excluding Acquisitions)



Target EBITDA margin for FY2024 in the range of 21% to 22%



# CONTINUED MOMENTUM WITH STRONG PERFORMANCE HEADING INTO FY2025

VIVA LEISURE

## CURRENT TRADING



Record Annualised Revenue Run Rate (ARRR) as at May 2024



Members as at end of May 2024 were approximately 195,000. The group has grown by ~28,000 members for FY2024 before adjusting for ~15,000 Fitness Passport members after Viva withdrew from the program



Viva Pay now fully rolled out and expected 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



Record Plus Fitness territory franchise sales for FY2024, with 2 locations still to open and 30 additional locations secured. 9 currently in different stages of pre-opening



Continuing to build a robust pipeline of accretive acquisition opportunities at attractive multiples, including franchise buy-backs

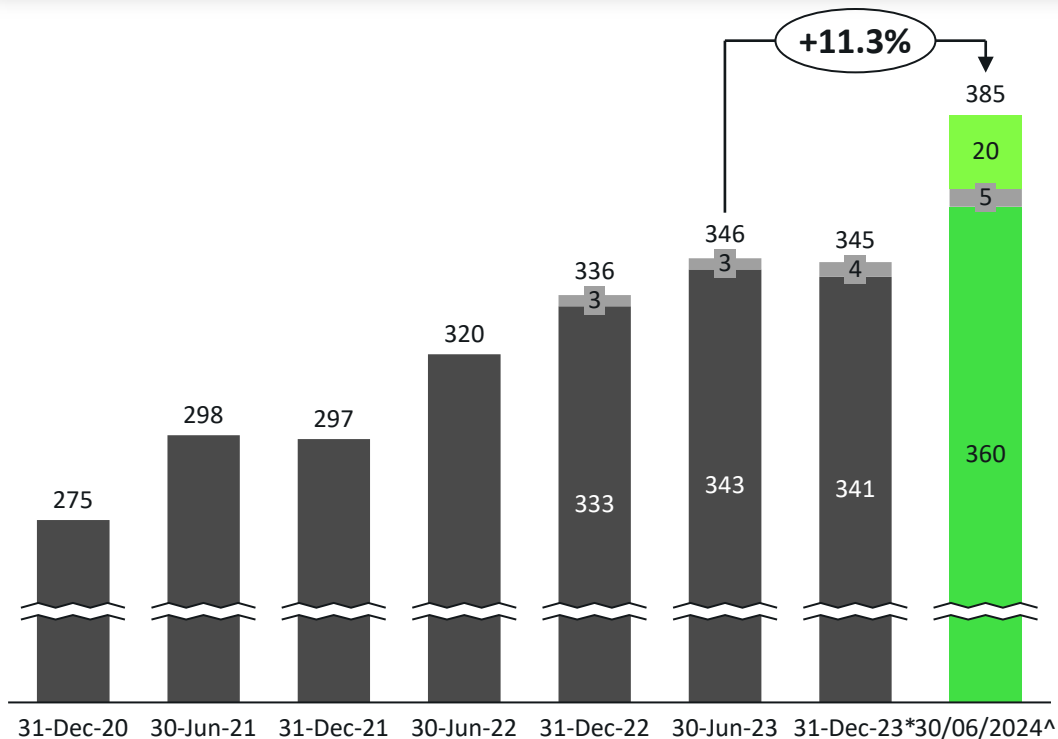


The Viva Pay rollout now being complete is an exciting opportunity for the Company that will continue to diversify its income streams and provide synergies on all future acquisitions with improved billing and collections as well as reduced fees.

# MEMBER GROWTH

## MEMBER GROWTH IN CORPORATE OWNED LOCATIONS CONTINUES

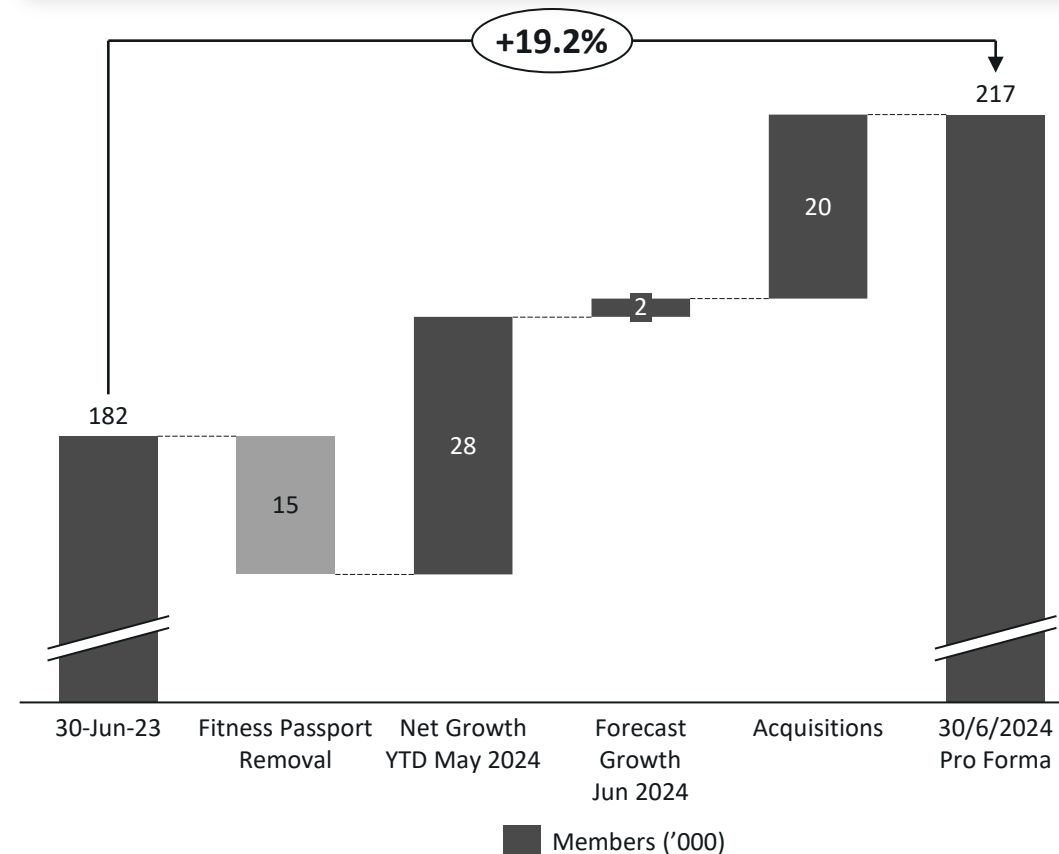
### Network Membership



Acquisitions Members INDIA ('000s) Members AU/NZ ('000s)

\* 8,395 (Dec 23) Fitness Passport members removed due to Viva's request to withdraw from program, a further ~6,500 removed in H2-FY2024. No further removals planned  
 ^ Pro forma forecast

### Corporate Membership



Members ('000)



# EQUITY RAISING OVERVIEW & TIMETABLE

# EQUITY RAISING OVERVIEW

**VIVA LEISURE**

## OFFER DETAILS

### Offer Structure & Size

- Fully underwritten institutional placement (“Equity Raising” or “Placement”) to professional and sophisticated investors to raise \$16.0 million (the “Offer”)
- 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

### Offer Price

- New Shares will be issued at a fixed price of \$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

### Ranking

- New Shares issued under the Offer will rank equally with existing Viva Leisure shares on issue

### Use of Proceeds

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

### Lead Manager and Underwriting

- The Offer is fully Underwritten
- Unified Capital Partners Pty Ltd is acting as Sole Lead Manager, Bookrunner and Underwriter

# SOURCES AND USES OF FUNDS

**VIVA**LEISURE

SOURCES AND USES OF FUNDS		\$M
<b>SOURCES OF FUNDS</b>		
Capital Raising		16.0
Debt Funding		6.0
<b>Total Sources</b>		<b>22.0</b>
<b>USES OF FUNDS</b>		
Acquisitions		13.7
Reimbursement of new site CAPEX		2.0
Rebranding		1.4
Working Capital		4.0
Transaction costs		0.9
<b>Total Uses</b>		<b>22.0</b>

## SOURCES

- Capital raise of \$16.0 million via underwritten institutional placement
- Debt funding through Commonwealth Bank Market Rate loan facility to assist with purchase

## USES

- Purchase price of Acquisitions will be adjusted for unearned revenue and leave liabilities to be finalised at completion, as well as other customary adjustments
- Reimbursement of new site CAPEX relates to recent CAPEX expended by one of the Acquisitions
- Estimated investment in rebranding, refurbishing, refreshing in line with Viva Leisure's existing club programs
- Future general working capital requirements of the company

# EQUITY RAISING TIMETABLE



EVENT	DATE <sup>1</sup>
Trading Halt	Thursday 6 June 2024
Announcement of Completion of Equity Raising	Pre Market Open Friday 7 June 2024
Trading Halt Lifted, Trading Recommences	Pre Market Open Friday 7 June 2024
Settlement of New Shares Issued Under the Placement	Wednesday 12 June 2024
Allotment and Ordinary Trading of New Shares Issued Under the Placement	Thursday 13 June 2024

Note 1: All dates and times are indicative and subject to change without notice, Australian Eastern Standard Time

# APPENDICES

# KEY RISKS & FOREIGN SELLING RESTRICTIONS



# KEY RISKS

This section outlines some of the key risks associated with an investment in Viva Leisure shares, together with risks relating specifically to the acquisition and participation in the Institutional Placement. This is not an exhaustive list of the relevant risks and the risks set out below are not in order of importance.

Additional risks not presently known to Viva Leisure, or that are not presently considered by Viva Leisure to be material, may also become important factors that adversely affect Viva Leisure. If any of the following risks materialise, Viva Leisure's business, financial condition and financial performance, and the price of its shares may be adversely affected. Investors should note that the occurrence or consequences of some of the risks described in this section are partially or completely outside of the control of Viva Leisure, its Directors and senior management.

In deciding whether to participate in the Institutional Placement, you should read this presentation in its entirety and carefully consider the risks outlined in this section. You should also read this presentation in conjunction with Viva Leisure's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange ("ASX"), which are available at [www.asx.com.au](http://www.asx.com.au) (ASX:VVA). You should also have regard to your own investment objectives, financial situation and particular needs, and consider consulting your financial or legal adviser for professional guidance so as to ensure you fully understand the terms of the Institutional Placement and the inherent risks.

## Transaction specific risks

### Reliance on information provided for due diligence

Viva Leisure has undertaken a financial, operational, business and legal due diligence review in respect of the two acquisitions ("Acquisitions") in order to determine their attractiveness to Viva Leisure and whether to pursue the Acquisitions. Despite taking reasonable steps, Viva Leisure has not been able to verify the accuracy, reliability or completeness of all the information provided against independent data.

Although Viva Leisure has undertaken due diligence in relation to the Acquisitions and included standard warranty and indemnity protections in the sale agreements, there is a risk that information provided by the sellers (including financial information) was incomplete, inaccurate or unreliable and there is no assurance that the due diligence was conclusive or identified all material issues in relation to either acquisition. In this regard, Viva Leisure may suffer loss or damage flowing from historical events relating to the acquisitions which are not recoverable against the sellers.

To the extent that the actual results achieved by the Acquisitions are weaker than those indicated by Viva Leisure's analysis, there is a risk that there may be an adverse impact on the financial position and performance of Viva Leisure, and therefore on the return Viva Leisure receives from completion of the Acquisitions.

Further, the due diligence undertaken by Viva Leisure relied partly on the review of financial and other information provided by the sellers. Viva Leisure has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data.

### Completion risk

Completion of the Acquisitions is conditional on various customary conditions including the landlords of the health clubs consenting to an assignment and/or change in control of the various leases to Viva Leisure (or its related entity) as well as the relevant franchisor consenting to the Acquisitions. Viva Leisure considers the condition regarding landlord consent to be customary for a transaction of this nature and Viva Leisure anticipates that the condition will be able to be satisfied in the required timeframe. However, there is no guarantee that the condition regarding franchisor consent, or any other relevant condition, will be satisfied within the required timeframe.

As completion of the Acquisitions will occur only after completion of the Institutional Placement, there is a risk that certain conditions to which the Acquisitions are subject may not be able to be satisfied or waived and that completion of the Acquisitions may be delayed, cancelled or otherwise terminated by Viva Leisure.

If any of the Acquisitions does not complete due to the failure of such conditions, including on termination by Viva Leisure, Viva Leisure will need to consider alternative uses for the proceeds of the equity raising, for instance by way of general working capital, options for returning capital or pursuing other acquisition opportunities. If completion of the Acquisitions is delayed, Viva Leisure may incur additional costs and it may take longer than anticipated for Viva Leisure to realise the benefits of the Acquisitions.

Failure to complete the Acquisitions may have an adverse impact on Viva Leisure's financial performance, financial position and share price.

### Acquisition accounting

In accounting for the acquisition, Viva Leisure has performed a preliminary fair value assessment of all of the assets, liabilities and contingent liabilities to be acquired under the Acquisitions, which included the identification and valuation of identifiable intangible assets. Viva Leisure will undertake a formal fair value assessment of all of the assets, liabilities and contingent liabilities acquired under the Acquisitions post-acquisition, which may give rise to a materially different fair value allocation to that used for the purposes of the financial information set out in this presentation. Such a scenario will result in a reallocation of the fair value of assets and liabilities acquired to or from goodwill and also an increase or decrease in depreciation and amortisation charges in Viva Leisure's income statement (and a respective increase or decrease in net profit after tax).

### Reliance on membership

Viva Leisure's ability to attract and retain members is crucial to the profitability of Viva Leisure. A deterioration in the number of members of Viva Leisure could adversely affect Viva Leisure's business, results of operation or financial condition and performance. There are many factors which could affect Viva Leisure's membership levels, including:

- increased competition within the fitness industry;
- specific issues arising at any of Viva Leisure's health clubs which adversely impact the reputation or the perception of Viva Leisure; or
- a deterioration in general economic conditions.

### Changes to the regulatory framework

Viva Leisure is currently required to comply with The Fair Trading (Fitness Industry) Code of Practice 2009 (ACT Fitness Code). The ACT Fitness Code is a mandatory code of practice for fitness centres and fitness industry professionals in the Australian Capital Territory. The National Fitness Industry Code of Practice (National Fitness Code) was released by Fitness Australia on 15 November 2018. The National Fitness Code takes six previous State and Territory codes of practice, the Fitness Australia Business Principles guide, current Australian consumer law and extensive industry consultation to form a consolidated new standard of business operation in the Australian fitness industry. Where there is any conflict or inconsistency between the National Fitness Code and any Commonwealth, State or Territory legislation or regulation, that legislation or regulation will prevail to the extent of that inconsistency or conflict. In this context, Viva Leisure will continue to comply with the relevant Commonwealth, State or Territory legislation or regulation.



# KEY RISKS (continued)



There is a risk that regulatory restrictions may become more burdensome in the future. If this occurs, Viva Leisure may be required to dedicate more time and resources to ensuring that it complies with these regulations, which could adversely affect its financial performance and future prospects. For instance, these adverse changes may include changes to accreditation standards, changes to the requirements for operating unstaffed health clubs and changes to the terms and conditions which apply to membership agreements. Failures by Viva Leisure to comply with industry codes may result in compliance orders being issued against Viva Leisure and reputational damage.

## Reputational damages

Viva Leisure's reputation could be adversely impacted if it suffers from any adverse publicity. Examples of adverse publicity include health and safety issues or incidents affecting members, poor maintenance of equipment, potential breaches of the Australian Consumer Law, poor service to members and employment related disputes. Adverse publicity may result in members cancelling their Viva Leisure health club memberships and moving to other fitness industry competitors, reducing Viva Leisure's ability to attract new members or having an adverse effect on Viva Leisure's ability to engage quality fitness trainers. Each of these circumstances could adversely impact Viva Leisure's financial performance and future prospects.

## Increased competition

Viva Leisure operates in a sector with established competitors, including a number of other health club providers with a large number of facilities across multiple jurisdictions in Australia. Viva Leisure may face increased competition from these established competitors and from new entrants in the fitness industry, through:

- a. competitors undertaking aggressive expansions, marketing campaigns and discounting strategies;
- b. consolidation of existing competitors;
- c. existing competitors upgrading facilities; or
- d. competitors providing its members with novel services, benefits or technology.

An increase in competition could result in, among other things, Viva Leisure experiencing a decline in its ability to attract and retain members, revenue reductions, reduced operating margins and loss of market share.

Viva Leisure may also face competition for suitable acquisition opportunities which may reduce the pool of acquisition opportunities available to Viva Leisure or increase seller price expectation.

The actions of existing and new competitors could, among other things, affect the establishment and growth of Viva Leisure experiencing lower than anticipated revenue and earnings.

In addition, there is also a risk that the expected benefit of an acquisition will not be realised due to an inability to successfully integrate the acquired health club. In particular, potential issues may arise from the inability to maintain uniform standards, controls, procedures and policies. These types of integration risks may detract from the expected benefits contemplated by Viva Leisure and affect the financial performance and growth of Viva Leisure or damage the reputation and branding of Viva Leisure.

## Transition

The transition of ownership in connection with the Acquisitions brings with it a range of risks that need to be managed. These risks include:

- a. possible loss of key personnel or corporate knowledge;
- b. reduced employee productivity due to uncertainty arising as a result of the Acquisition;
- c. possible difficulties in bringing together the cultures and management styles of both organisations in an effective manner;
- d. disruption to the ongoing operations of both businesses;
- e. impacts to the existing business of Viva Leisure from the increase in scale of the business upon implementation of the Acquisitions;
- f. unanticipated costs arising from unforeseen issues, litigation or regulatory actions; and
- g. higher than anticipated costs, delays or failures relating to integration of businesses, IT, accounting or other systems.

## Future earnings

To the extent that the actual financial performance achieved by the targets is weaker than anticipated by Viva Leisure in its analysis of whether to pursue the Acquisitions, there are difficulties in integrating the operations of the targets with Viva Leisure or operating costs are higher than anticipated, the profitability and future earnings of the targets may be materially less favourable than the pro-forma financial performance presented in this presentation.

## Underwriting risk

Viva Leisure has entered into a placement agreement with the Underwriter under which the Underwriter has agreed to fully underwrite the Placement, subject to the terms and conditions of the placement agreement ("Placement Agreement"). Viva Leisure has given certain representations, warranties, undertakings and indemnities in favour of the Underwriter under the Placement Agreement.

Prior to the completion of the Placement, the Underwriters may also, in certain circumstances, terminate their obligations under the Placement Agreement if any of the following events occur by giving notice to Viva Leisure (some of which are subject to a market standard materiality qualifier):

- a) the agreements entered into by Viva Leisure in connection with the Acquisitions ("Acquisition Agreements") are void or voidable, terminated or rescinded, breached, altered or amended without the consent of the Underwriter;
- b) ASIC:
  - i. makes an application for an order under Part 9.5 of the Corporations Act in relation to the Placement;
  - ii. commences, or gives notice of its intention to commence, any investigation or hearing under Part 3 of the Australian Securities and Investments Commission Act 2001 (Cth) in relation to the Placement; or
  - iii. otherwise issues proceedings in relation to the Placement or commences any formal inquiry or investigation into the Placement;

# KEY RISKS (continued)

**VIVA LEISURE**

- c) at any time the S&P/ASX 300 Index is at a level that is 10% or more below its level as at the close of trading on the last trading day immediately prior to the date of the Placement Agreement;
- d) ASX announces that Viva Leisure's shares will be delisted, removed from quotation, withdrawn from admission to trading status or suspended from quotation (which, for the avoidance of doubt, does not include a trading halt requested to facilitate the Placement);
- e) ASX notifies Viva Leisure, the Underwriter, or any other person that unconditional approval (or approval conditional only on customary conditions which are acceptable to the Underwriter,) will not be granted to the official quotation of all of the New Shares on ASX on or before the dates referred to in the timetables contained in the Placement Agreement, or if granted, the approval is subsequently withdrawn, qualified or withheld;
- f) Viva Leisure withdraws the Placement or any component of the Placement;
- g) Viva Leisure indicates that it does not intend to or is unable to proceed with the Placement or any component of the Placement;
- h) there is an application to a governmental authority (including the Takeovers Panel) for an order, declaration (including in relation to the Takeovers Panel, a declaration of unacceptable circumstances) or other remedy, or a governmental authority commences any investigation or hearing or announces its intention to do so, in each case in connection with the Placement or any agreement entered into in respect of the Placement;
- i) proceedings are commenced or there is a public announcement of an intention to commence proceedings before a court or tribunal of competent jurisdiction in Australia seeking an injunction or other order in relation to the Placement;
- j) any event specified in the timetable contained in the Placement Agreement is delayed for more than one business day without the prior written approval of the Underwriter;
- k) a certificate which is required to be furnished by Viva Leisure under the Placement Agreement is not furnished when required;
- l) any document issued by Viva Leisure in connection with the Placement includes content that is untrue, inaccurate, misleading or deceptive or likely to mislead or deceive (whether by inclusion or omission);
- m) Viva Leisure or any of its related bodies corporate is or becomes insolvent or there is an act or omission which is likely to result in that entity becoming insolvent;
- n) responses to the Underwriter's due diligence questionnaire, the due diligence reports prepared in connection with the Acquisitions, or any other information supplied by or on behalf of Viva Leisure to the Underwriter in relation to Viva Leisure (or its related bodies corporate) or the Placement, are when provided in final form and when taken as a whole, false, misleading or deceptive, or are or become likely to mislead or deceive (including, by omission);
- o) a director of Viva Leisure:
  - i. is charged with an indictable offence or any regulatory body commences any public action against the director or announces that it intends to take any such action; or
  - ii. is disqualified from managing a corporation under sections 206B, 206C, 206D, 206E, 206F or 206G of the Corporations Act;
- p) there is an event or occurrence, including any statute, order, rule, regulation, directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any governmental authority which makes it illegal for the Underwriter to satisfy an obligation under the Placement Agreement;
- q) Viva Leisure or any of its directors or officers engage in any fraudulent conduct or activity whether or not in connection with the Placement;
- r) Viva Leisure fails to perform or observe any of its obligations (including, for the avoidance of doubt, undertakings) under the Placement Agreement;
- s) any representation or warranty made or given by Viva Leisure in the Placement Agreement is or becomes misleading or deceptive, or is not true or correct;
- t) a certificate which is required to be furnished by Viva Leisure under the Placement Agreement when given is untrue, incorrect or misleading or deceptive;
- u) there is introduced into the Parliament of the Commonwealth of Australia or any State or Territory of Australia a law or any new regulation is made under any law, or a governmental authority adopts a policy which affects or regulates the Placement or its settlement or the issue or taxation treatment of the New Shares, or there is any official announcement on behalf of the Government of the Commonwealth of Australia or any State or Territory of Australia or a Governmental Authority that such a law or regulation will be introduced or policy adopted (as the case may be);
- v) a change to the CEO or the CFO or the board of directors of Viva Leisure occurs;
- w) a pandemic, epidemic or large scale outbreak of a disease (including without limitation, SARS, swine or avian flu, H5N1, H7N9, COVID-19 or a related or mutated form of these) not presently existing occurs or in respect of which there is a major escalation, involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom, a member state of the European Union, Hong Kong, China or Japan;
- x) there is an outbreak of hostilities not presently existing or an escalation of existing hostilities (in each case, whether war is declared or not) involving any one or more of Australia, New Zealand, Japan, Hong Kong, Russia, Ukraine, Israel, Syria, Iran, the United Kingdom, any member state of the European Union, the United States or China, or the declaration by any of those countries of a national emergency or war, or a significant terrorist attack is perpetrated in any of those countries or any diplomatic, military, commercial or political establishment of any of these countries.
- y) any of the following occurs:
  - i. a general moratorium on commercial banking activities in Australia, New Zealand, Hong Kong, Singapore, China, the United Kingdom, Canada, the European Union or the United States is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
  - ii. trading in all securities quoted or listed on ASX, the London Stock Exchange, Hong Kong Stock Exchange, Singapore Stock Exchange or New York Stock Exchange is suspended or limited in a material respect; or
  - iii. any adverse change or disruption to the existing financial markets, political or economic conditions of Australia, New Zealand, the United Kingdom, the United States or China, or any change in national or international political, financial or economic conditions; or
- z) any adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of Viva Leisure and its related bodies corporate (insofar as the position in relation to an entity in Viva Leisure's corporate group affects the overall position of Viva Leisure), including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of Viva Leisure or its related bodies corporate from those respectively fully and fairly disclosed in any document issued by Viva Leisure in connection with the Placement, including the ASX announcement regarding the Placement.

If the Placement Agreement is terminated by the Underwriter for any reason, the Underwriter will not be obliged to perform any of its obligations that remain to be performed. Termination of the Placement Agreement may result in Viva Leisure not receiving the full amount of the proceeds expected under the Placement, which could have an adverse effect on its financial position and Viva Leisure might need to take other steps to raise capital, including by raising additional debt.

Viva Leisure must pay the Underwriter an underwriting and management fee of 4.50% of the gross proceeds raised under the Placement and may pay the Underwriter an additional discretionary fee of 0.50% of the gross proceeds raised under the Placement based on Viva Leisure's assessment of the performance of the Underwriter (acting reasonably and in good faith). Viva Leisure must also pay or reimburse the Underwriter for all their reasonable expenses incurred in connection with the Placement, including, without limitation, the fees and disbursements of the Underwriter's external legal counsel, travel expenses, incidental travel expenses, and communications and printing costs incurred by the Underwriter.

# KEY RISKS (continued)

## Acquisition risks

Viva Leisure's long-term business strategy includes pursuing acquisitions. Viva Leisure may be involved in confidential discussions with potential target businesses at any point in time including conducting due diligence on target businesses. Accordingly, if any of the Acquisitions does not proceed, Viva Leisure may apply the proceeds of the Placement towards the assessment and/or pursuit of those opportunities. However, there can be no assurance that Viva Leisure will identify suitable acquisition opportunities at acceptable prices, negotiate terms on which to pursue any acquisitions or complete those acquisitions.

In addition, Viva Leisure's past and future acquisitions may be subject to unanticipated risks and liabilities, or may disrupt its operations. There is also a risk that the expected benefit of any acquisition will not be realised due to an inability to successfully integrate any acquired health club. In particular, potential issues may arise from the inability to maintain uniform standards, controls, procedures and policies. These types of integration risks may detract from the expected benefits contemplated by Viva Leisure and affect the financial performance and growth of Viva Leisure or damage the reputation and branding of Viva Leisure. This may divert management's attention and resources from Viva Leisure's day to day operations.

## General risks

### General economic condition

Changes in the general economic outlook in Australia may impact the performance of Viva Leisure and its businesses. Such changes may include:

- contractions in the Australian economy or increases in the rate of inflation resulting from domestic or international conditions (including movements in domestic interest rates and reduced economy activity);
- increases in expenses (including the cost of goods and services used by Viva Leisure);
- increases in unemployment rates; and
- fluctuations in equity markets in Australia.

### General market and share price risks

There are general risks associated with any investment in the share market. The price of Viva Leisure shares may increase or decrease due to a number of factors. Those factors include fluctuations in domestic or global financial markets and general economic conditions, including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation, the removal or inclusion of Viva Leisure from market indices, and the nature of markets in which Viva Leisure operates. These factors may cause the price of Viva Leisure shares to trade below the price at which they are offered under the Institutional Placement, notwithstanding Viva Leisure's financial position or performance.

### Tax and accounting

Australian accounting standards and tax laws (including GST and stamp duty taxes), or the way they are interpreted, are subject to change from time to time, which may impact Viva Leisure's financial position or performance.

### Dividends

There are a range of factors that determine the payment of dividends on Viva Leisure's shares. These include the profitability of the business, its cash reserves, future capital requirements and obligations under debt facilities. Viva Leisure's Board will determine any future dividend levels based upon Viva Leisure's operating results and financial standing at the time. There is no guarantee that any dividend will be paid by Viva Leisure or guarantee that future dividends will equal or exceed previous payments.

### Litigation

Legal proceedings and claims may arise from time to time in the ordinary course of Viva Leisure's business and may result in high legal costs, adverse monetary judgments and/or damage to Viva Leisure's reputation which could have an adverse impact on Viva Leisure's financial position or performance and the price of its shares.

### Other risks

For further information in relation to other risks which might affect Viva Leisure, please refer to Viva Leisure's 2023 Annual Report, announced to market on 27 September 2023.

# FOREIGN INTERNATIONAL OFFER RESTRICTIONS

VIVA LEISURE

This document does not constitute an offer of new ordinary shares (“New Shares”) of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

## Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the “SFO”). Accordingly, this document may not be distributed, and the New Shares may not be offered or sold, in Hong Kong other than to “professional investors” (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

## New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the “FMC Act”).

The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

## Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (the “SFA”) or another exemption under the SFA.

This document has been given to you on the basis that you are an “institutional investor” or an “accredited investor” (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

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