

14 August 2024

Viva Leisure continues its strong growth record, achieving record set of FY2024 results, including \$163.6 million Revenue (+15.9%) and \$35.4 million EBITDA (+21.0%); achieves upper end of FY2024 and Q4 run-rate guidance.

Viva Leisure Limited (ASX:VVA) ("Viva Leisure" or "the Company"), a leading, technology-focused Australian health club owner, is pleased to report its financial and operational results for the Full Year ended 30 June 2024 ("FY2024").

FY2024 highlights

- Revenue increased by 15.9% to \$163.6 million (FY2023: \$141.2 million), driven by strong organic growth
- EBITDA (pre-AASB16) increased by 21.0% to \$35.4 million (FY2023: \$29.2 million), reflecting improved margins and operational efficiency
- EBITDA margin of 21.6%, up from 20.7% in pcp, with Q4 margin eclipsing 22.0%
- NPAT (pre-AASB16) increased over pcp by 19.7% to \$10.6m
- Strong balance sheet with cash balance of \$22.3 million at 30 June with free cash flow for the period reinvested in acquisitions, greenfield sites, refurbishments, and our technology platforms
- Membership increased¹ by 10.0% to 200,067 in owned locations and by 8.5% to 372,354 in all locations
 - Adjusting for the impact of the removal of over 15,000 Fitness Passport members, total corporate members grew by over 20%
- Utilisation was flat across the financial years moving from 72.7% to 72.6%, despite removing 15,000 Fitness Passport members
- Locations increased by 5 to 176 in owned locations, despite several club closures with the restructure plan

Commenting on the Company's FY2024 performance, Viva Leisure CEO and Managing Director Harry Konstantinou said:

"We are thrilled with the outstanding results achieved this financial year, which reflect the strength and resilience of our business model. The significant growth in revenue, EBITDA, and membership underscores our commitment to operational excellence and strategic expansion."

"Our focus on organic growth, coupled with prudent investments in our people, technology, and facilities, has positioned us strongly for continued success. These results are a testament to the hard work and dedication of our entire team, and we look forward to building on this momentum as we continue to deliver value to our members and shareholders."

¹ Over pcp after adjusting for removal of Fitness Passport members

Guidance Run Rate

FY2024 Guidance

Viva Leisure had previously announced the following guidance targets for the FY2024 year:

FY2024 Guidance (\$million)	Range
Revenue Range	\$162m to \$164m
EBITDA Range	\$35m to \$35.5m
EBITDA Margin Range	21% to 22%

Q4 Run Rate Guidance

Q4-FY2024 Forecast Run Rate (\$million)	Range	Annualised
Revenue	\$42.5m to \$43.5m	\$170m to \$174m
EBITDA	\$9.5m to \$10.0m	\$38m to \$40m
EBITDA Margin	22% to 23%	

Results Achieved

(\$million)	Q4-FY2024	FY2024	Q4 Annualised
Revenue	\$43.2m	\$163.6m	\$172.8m
EBITDA	\$9.8m	\$35.4m	\$39.2m
EBITDA Margin	22.7%	21.6%	22.7%

Commenting on the Company’s achievement of the upper end of guidance, Viva Leisure CEO and Managing Director Harry Konstantinou said:

"Achieving the upper-end of our previously issued guidance in what many would consider a challenging environment is a clear demonstration of the robustness of both our industry and our business strategy. It also highlights the enduring importance of health and wellness to our members."

"Despite external pressures, we have consistently delivered strong results, underscoring the resilience of our operations and the deep, ongoing commitment of our members to their well-being. This performance not only validates our strategic direction but also reaffirms our belief in the long-term growth potential of the health and fitness industry."

Strategic and operational achievements in FY2024

Members

- During the period, members increased by ~18,000, net of the removal of Fitness Passport members
- Total member growth if the Fitness Passport members weren't removed was nearly 33,000, of which:
 - ~13,000 (or 38%) was organic growth
 - ~3,000 (or 11%) was greenfield sites
 - ~17,000 (or 51%) was from acquisitions
- The growth was driven by:
 - Refurbishment program; and
 - Marketing campaigns
- A strong marketing campaign for EOFY sales recorded over 5,000 new member sign ups. These will contribute to revenue by August 2024
- As mentioned, during the period, the Company withdrew from the Fitness Passport corporate program which resulted in removing 15,042 low yielding members

Refurbishment Program

- The refurbishment program as announced for FY2024 is now complete
- ROI for those complete already exceeds 75% on a run-rated basis, signalling that the internal investment was the correct strategy
- Viva Leisure expects to gain the full benefit from those over the next 12 months

Acquisitions

- The Company completed the acquisitions of four Plus Fitness sites and seven independent sites
- Subsequent to year end, the Company completed the acquisitions of the assets of three Gold's gym locations in WA as well as the share capital of Surge Enterprises Pty Ltd (and its subsidiaries), comprising five additional locations in WA funded through a mix of available debt facilities and existing cash reserves generated from the capital raise. All locations will be rebranded to Club Lime.

Plus Fitness Network

- A record 21 new locations were secured, with deposits paid during the year.
- These were made up of:
 - 11 New Franchisees to the Network;
 - 3 Single Site Franchisees becoming multi-site franchisees; and
 - 7 Existing Multi Site Franchisees expanding their network
- The network has for the first time surpassed 200 operating locations. Currently there are 205 locations made up as follows:
 - 27 Viva owned locations in Australia; and
 - 178 Franchisee owned locations in Australia, New Zealand and India
- A total of 108 locations (52%) of the network have completed their refit to the new design

Viva Labs technology update

- Viva Pay and the Hub launched across 100% of our Plus Fitness franchise network in May 2024
- As previously mentioned, the return is expected to be approximately \$4 million per annum from payments and technology fees
- In-club Digital Signage program is now operational and early signs are encouraging with inbound enquiries increasing. Estimated to generate over \$400,000 per annum

Cash

- Our cash balance at 30 June was \$22.3 million, with significant free cash flow reinvested in the accelerated refurbishment program during the period. In June 2024, Viva Leisure successfully completed a fully underwritten institutional placement, raising \$16 million (before costs). Funds raised will provide for future growth, together with equity to reduce debt against upcoming acquisitions

Debt

- As previously announced, Viva Leisure has executed a term sheet with new Commonwealth Bank facilities including:
 - An increase in combined facilities of \$118 million to \$165 million, plus a \$50 million accordion facility. The core facilities are:
 - Facility A is a \$130 million Revolving Interest Only Cash Advance Facility for the funding of permitted acquisitions, greenfield sites and capital expenditure.
 - Facility B is a \$35 million Bank Guarantee facility
 - There will be a significant increase in free cash flows as the mandatory principal repayments under the current facility will be replaced by interest only debt with a cash sweep mechanism above certain leverage
 - In addition, the overall margin has reduced
 - The new facilities can be utilised for acquisitions, equipment, and fit-out purposes, aligning perfectly with Viva Leisure's growth strategy

Business Strategy & Outlook

- In FY2024, the Company completed all 27 site upgrades earmarked in the refurbishment program
- Forecast membership increases for the strategically refurbished locations are on target, with the last locations refurbished completed in late May 2024
- Additional Annualised EBITDA of \$5.5 million from the program has already been recognised
- Further upside is still expected with membership continuing to increase
- Synergies are still to be achieved from recent acquisitions, including the eight locations in Western Australia, and the four locations in the Northern Territory
- A strong focus on cost management, and de-duplication where possible, following the Strategic Refurbishment program of FY2024
- A smaller Strategic Refurbishment program is planned for FY2025 after the success of the FY2024 program
- Plus Fitness division will continue franchisee site upgrades and roll-out of strong pipeline sold during FY2024 of new locations
- An expanding Digital Signage and Vending machine network expected to continue improving returns. Imminent launch of Supp Society, online supplement business, leveraging a membership base of ~400,000 and in-club advertising

Commenting on the Company's strong growth outlook, Mr. Konstantinou said:

"As we look ahead, we are incredibly optimistic about the future of Viva Leisure. The successful completion of our Strategic Refurbishment program and the significant increase in membership at these locations reaffirm our strategy and the value we provide to our members.

"With additional EBITDA already recognised and further growth anticipated, we are well-positioned to capitalise on the momentum we've built. The integration of recent acquisitions, alongside our ongoing focus on cost management and operational efficiencies, will further strengthen our position in the market.

"Moreover, the continued expansion of our Plus Fitness division, the growth of our digital signage and vending networks, and the imminent launch of Supp Society highlight our commitment to innovation and diversification. We are excited about the opportunities that lie ahead and are confident that FY2025 will be another year of strong performance and value creation for our shareholders."

ENDS

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

For further information, please contact:**Investor & Media Relations:**

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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/>