

VIVA LEISURE

MARKET ANNOUNCEMENT

10 December 2024

VIVA LEISURE ACQUIRES THREE WORLD GYM LOCATIONS AND STRATEGIC INVESTMENT IN WORLD GYM AUSTRALIA

Viva Leisure Limited (ASX: VVA) (“Viva Leisure” or “Viva” or “Company”) is pleased to announce the acquisition of a strategic 25% equity stake in World Gym Australia (WGA) and three corporate locations in Queensland.

The acquisition, valued at approximately **\$16.7 million**, represents a significant milestone for Viva as it is the second-largest acquisition in the Company’s history and is fully funded through existing cash reserves, banking facilities and up to \$1 million of VVA scrip.

The acquisition is expected to deliver substantial financial and strategic benefits, further propelling Viva’s growth trajectory. Subject to completion occurring during Q3 FY2025, Viva is pleased to provide the following guidance:

Revenue Forecast

Q4-FY2025	Q4-FY2025 Annualised	FY2024 Actual Revenue
>\$56m	>\$224m	\$163.6m

EBITDA* Forecast

Q4-FY2025	Q4-FY2025 Annualised	FY2024 Actual EBITDA
>\$12.5m	>\$50m	\$35.4m

*Normalised EBITDA, excluding impacts of AASB16

Strategic fit: expanding our network and capabilities

WGA brings a wealth of strategic advantages to Viva’s operations:

- **Expansion of corporate network:** Acquisition of three World Gym locations (Stafford, Coomera, and Underwood) enhances Viva’s presence in Queensland and provides a scalable platform for growth.
- **Complementary portfolio:** WGA’s strong brand and big-box gym format complement Viva’s existing operations and expand our reach into new customer demographics.

VIVA LEISURE

MARKET ANNOUNCEMENT

- **Future growth opportunities:** Includes a **call option** to acquire the remaining 75% of WGA (Master Franchisee) within 36 months, as well as a joint venture to develop additional corporate locations.
- **Attractive multiple:** The blended acquisition multiple at 4.1x EBITDA represents an attractive multiple for a business the size, scale and brand reputation of WGA.
- **Synergy upside:** The earnings of approximately \$4 million are pre-synergies for both the corporate clubs and the Master Franchisee business.
- **Network membership:** A further 169,000 WGA members added to the Viva network will provide further opportunities to scale revenue at margin (payments, hub, vending, digital advertising and supplements) - the entire network will now be over 587,000 members

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

“WGA expands Viva's network to over 450 locations and strengthens our diverse offering while simultaneously introducing a new market for Viva Pay and other Viva technologies to be deployed throughout the network. We have successfully demonstrated our ability through the Plus Fitness acquisition and integration, to assist WGA franchisees with technology and other solutions to help make their businesses and the network more profitable. We are confident we will be able to replicate this success with WGA.”

We look forward to working with the WGA founders Jonathan Davie and Mike Nysten, and the wider World Gym International team to grow the network in Australia.”

WGA Founders, Mike Nysten and Jonathan Davie said:

“We are incredibly excited to partner with Australia’s premier fitness sector group, Viva Leisure. World Gym Australia has had tremendous growth and success over the years, and we expect to exceed all previous milestones with the support and systems now available from Viva. It is a fantastic opportunity to work with Harry and the Viva team to take World Gym Australia to be the number one, large format full service offering in Australia.”

Leveraging Viva’s technology for significant growth

A key attractive element of this acquisition is the opportunity to integrate Viva’s innovative technology across WGA’s network, driving operational efficiencies and new revenue streams. Highlights include:

- **The Hub:** member management platform to streamline franchisee operations.
- **Viva Pay:** expected to handle over **\$140 million** in annual transactions¹, reducing costs and improving franchisee payment processing.
- **Viva Pass:** launching later in FY2025, this multi-brand access solution will enhance the member experience and provide additional revenue opportunities into new markets, especially the corporate market.

¹ Anticipated date of commencement early 2027

VIVA LEISURE

MARKET ANNOUNCEMENT

These integrations align with Viva's commitment to delivering a seamless, technology-enabled fitness experience.

Retail and franchise synergies

The WGA acquisition also strengthens Viva's retail and franchise operations:

- **Retail sales expansion:** WGA's annual retail sales of **>\$26 million** (including merchandise and supplements) will enhance Viva's retail options.
- **Proven integration expertise:** Viva's track record of integrating acquisitions, such as Plus Fitness, highlights its ability to align operations, deploy technology, and extract synergies. The WGA acquisition will build on that experience, creating a seamless transition and enabling the growth of WGA's franchise network.

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

"Once complete, the WGA acquisition will create the largest and most diversified fitness network and community in Australia. With a pipeline of over 100 additional corporate and franchisee network locations already secured, the existing Viva network is expected to expand to over 583 locations, with a membership base across exceeding 587,000 members, underscoring the scale and reach of our growing fitness community."

Additional Details:

Further details of the strategic investment into WGA are set out in the Investor Presentation released to the ASX today.

ENDS

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

For further information, please contact:

Investor & Media Relations:

Simon Hinsley

E: simon@nwrcommunications.com.au

P: +61 401 809 653

VIVALEISURE

MARKET ANNOUNCEMENT

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.

The Viva business connects the operations of gyms, franchising, technology, payments and other revenue sources at scale.

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/>

About World Gym

The iconic World Gym® brand was founded in 1976 by Joe Gold during the glory days of Muscle Beach in Venice, CA when serious fitness collided with the world of Hollywood celebrities.

Since then, World Gym has evolved into an internationally recognized brand that has captured the imagination of fitness lovers around the globe. World Gym is dedicated to creating ultimate workout destinations. With its headquarters located in sunny southern California, World Gym currently has over 230 franchised locations on 6 continents and in 17 countries, including Australia, Brazil, Canada, Egypt, India, Mexico, Russia, Taiwan, and the United States.

The World Gym Australia franchise was secured in 2006 with the first location opening in 2008. Today there are 47 open World Gym locations in Australia with approximately 170,000 members.

For further information, please visit:

- <https://www.worldgym.com.au/>