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CAPITAL RAISING – INVESTOR PRESENTATION

4 JUNE 2020

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Important Notice and Disclaimer

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This presentation is dated 4 June 2020 and has been prepared by Viva Leisure Limited ("Viva Leisure") and includes information regarding a fully underwritten accelerated non-renounceable pro rata entitlement offer of new fully paid ordinary shares in Viva Leisure ("New Shares") to be made under section 708AA of the Corporations Act 2001 (Cth) ("Corporations Act") ("Entitlement Offer") as notionally modified by the ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 ("ASIC Instrument") and institutional placement of New Shares to institutional investors ("Placement") (the Entitlement Offer and Placement are collectively the "Capital Raising").

The Entitlement Offer will be made available to eligible institutional shareholders of Viva Leisure ("Institutional Entitlement Offer") and eligible retail shareholders of Viva Leisure ("Retail Entitlement Offer").

Summary information

This presentation contains summary information about Viva Leisure (and their associated entities) and their activities current as at the date of this presentation. The information contained in this presentation is for information purposes only. The information contained in this presentation is of general background and does not purport to include or summarise all information that an investor should consider when making an investment decision. It should be read in conjunction with Viva Leisure's other periodic and continuous disclosure announcements lodged with the ASX, which are available at www.asx.com.au.

This presentation is not and does not contain all of the information which would be required to be disclosed in a prospectus, product disclosure statement or any other offering document under Australian law or any other law (and will not be lodged with ASIC or any foreign regulator).

Not an offer

The Placement will be conducted under section 708 of the Corporations Act and will be made available to certain persons whom a prospectus is not required to be given under Chapter 6D of the Corporations Act. The Entitlement Offer will be made under section 708AA of the Corporations Act (as notionally modified by the ASIC Instrument). This presentation 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 presentation nor any of the information contained herein shall form the basis of any contract or commitment. In particular, this presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. This presentation may not be distributed or released in the United States. The securities referred to in this presentation have not been, and will not be, registered under the US Securities Act of 1933 ("US Securities Act") or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States unless the securities have been registered under the US Securities Act or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable securities laws. The distribution of this presentation in jurisdictions outside Australia may be restricted by law and you should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. By accepting this presentation, you represent and warrant that you are entitled to receive such presentation in accordance with the above restrictions and agree to be bound by the limitations contained herein.

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Financial data

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, "FY20" refers to the financial year ending 30 June 2020.

Investors should note that this presentation includes both audited and unaudited financial information for various periods. This presentation also includes pro-forma financial information. Pro-forma adjustments have been made which assume the completion of the Capital Raising (net of transaction costs). 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. Investors should also note that the pro-forma historical balance sheet is for illustrative purposes only and should not be relied upon as, and is not represented as, being indicative of Viva Leisure's future financial condition and/or performance.

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Effect of Rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation.

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Presenting Today



Harry Konstantinou
Managing Director & Chief Executive Officer



Kym Gallagher
Chief Financial Officer

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Executive Summary

Executive Summary

Pre COVID-19

- 1H-FY20 results from PCP:
 - Revenue up 52.7%
 - EBITDA up 79.8%
 - NPAT up 121.2%
- On track to achieve significant growth in FY20, exceeding 100k members

COVID-19 Impact

- 10 week closure in ACT market (50% of VVA's club located) - clubs now open
- 10 week closure in QLD market (13%) – opened 2 June 2020
- 12 week closure in NSW market (30%) – opening 13 June 2020
- ~13 week closure in VIC market (7%) – opening 21 June 2020
- 100% reduction in revenue over the period from April to May 2020

Outlook & Strategy

- Strong balance sheet, with ~\$6m cash at bank, and ~\$30m post Capital Raising
- Lease incentives in place to assist with recovery
- Revenue starting to flow with ACT clubs open from 30 May 2020, and QLD clubs from 2 June 2020 with restrictions
- Acceleration of refurbishments and roll-out of new locations will provide improved facilities and product offering on re-opening

1H FY20 Performance Highlights

REVENUE

\$23.0m

PCP 52.7% ↑

EBITDA*

\$5.61m

PCP 79.8% ↑

NPAT*

\$2.81m

PCP 121.2% ↑

EBITDA MARGIN*

24.4%

PCP 20.7%

MEMBERS

70,886

PCP 40,073 ↑

CLUB m2

49,373

PCP 26,381 ↑

LOCATIONS[^]

60

PCP 25 ↑

UTILISATION

71.0%

Based on 2 members
per square metre

* Excluding impacts of AASB16

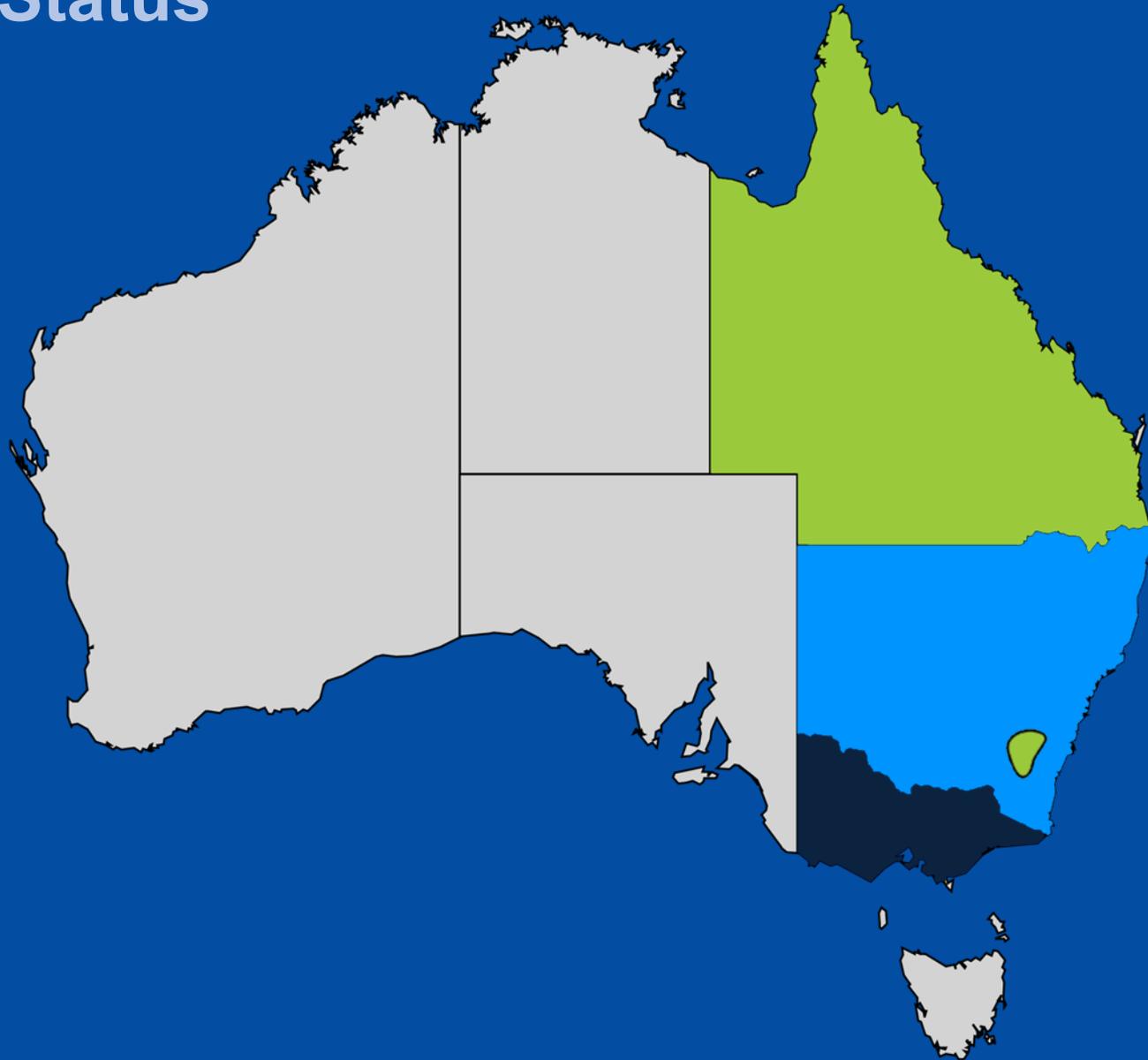
* Results for HY2019 refer to the same Group under common control

[^] Opened Locations as at 31 December 2019

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Location Status



63% 
OPERATING

30% 
OPENING
13 JUNE

7% 
OPENING
21 JUNE

79
Locations
(June 2020)



Locations *Reaching more Australians*

79

Locations
Open/about
to Open

Our Club Lime and hiit republic brands continue to expand into new markets

21

New locations
opening soon

Our pipeline of new locations already secured will continue to grow our brands into new markets

11

Locations under
negotiation for
lease

Our pipeline never stops growing as we enter new markets and deploy our unique hub and spoke model into existing markets.

With our recent acquisitions, the opportunities for hiit republic locations has increased

10+

Locations under
negotiation to
acquire

Building on our strong experience of acquiring and integrating new strategic locations

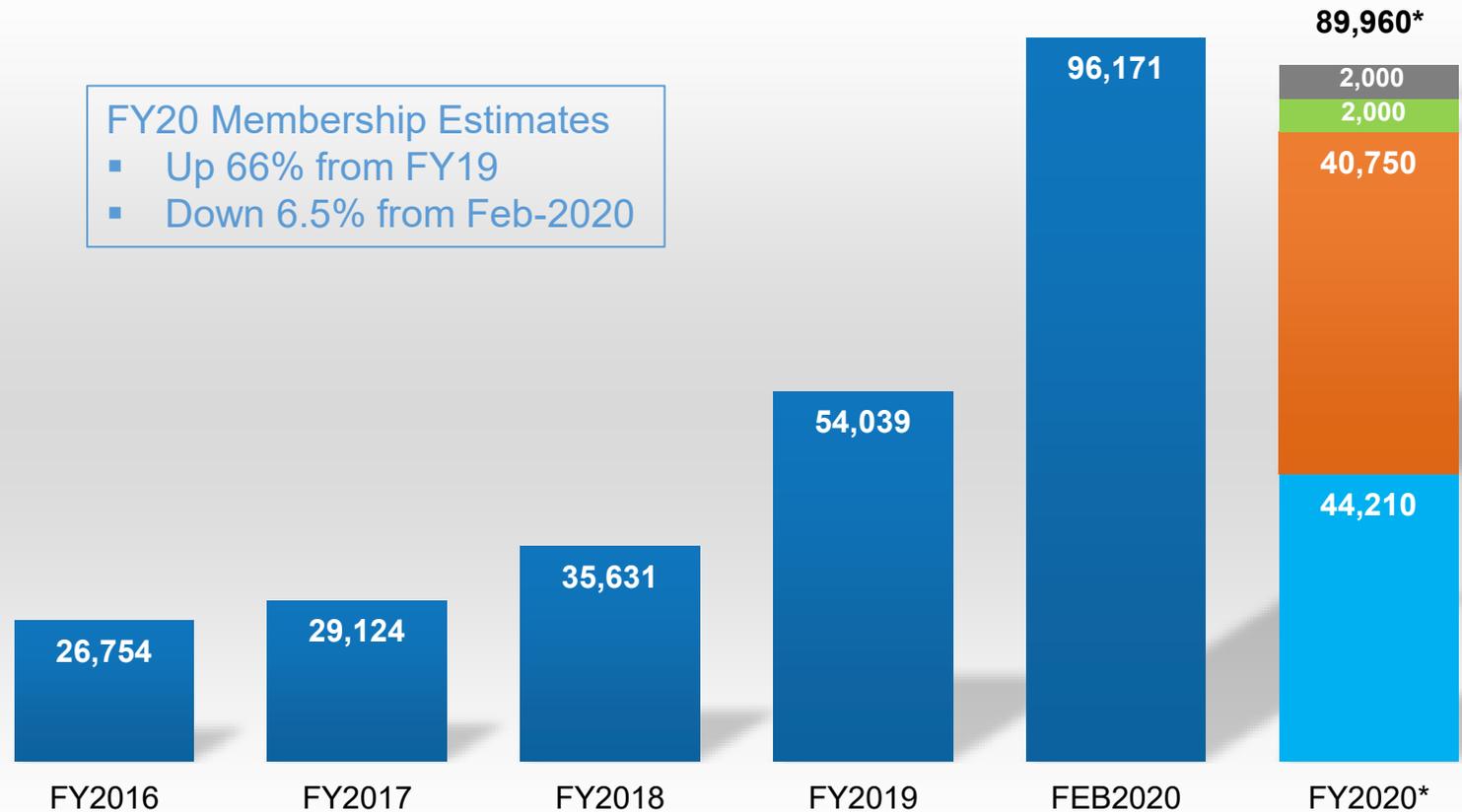
**100 locations
now secured and/or open**

Membership

Members

FY20 Membership Estimates

- Up 66% from FY19
- Down 6.5% from Feb-2020



Cancellation Win-backs*
New Member Net Growth*

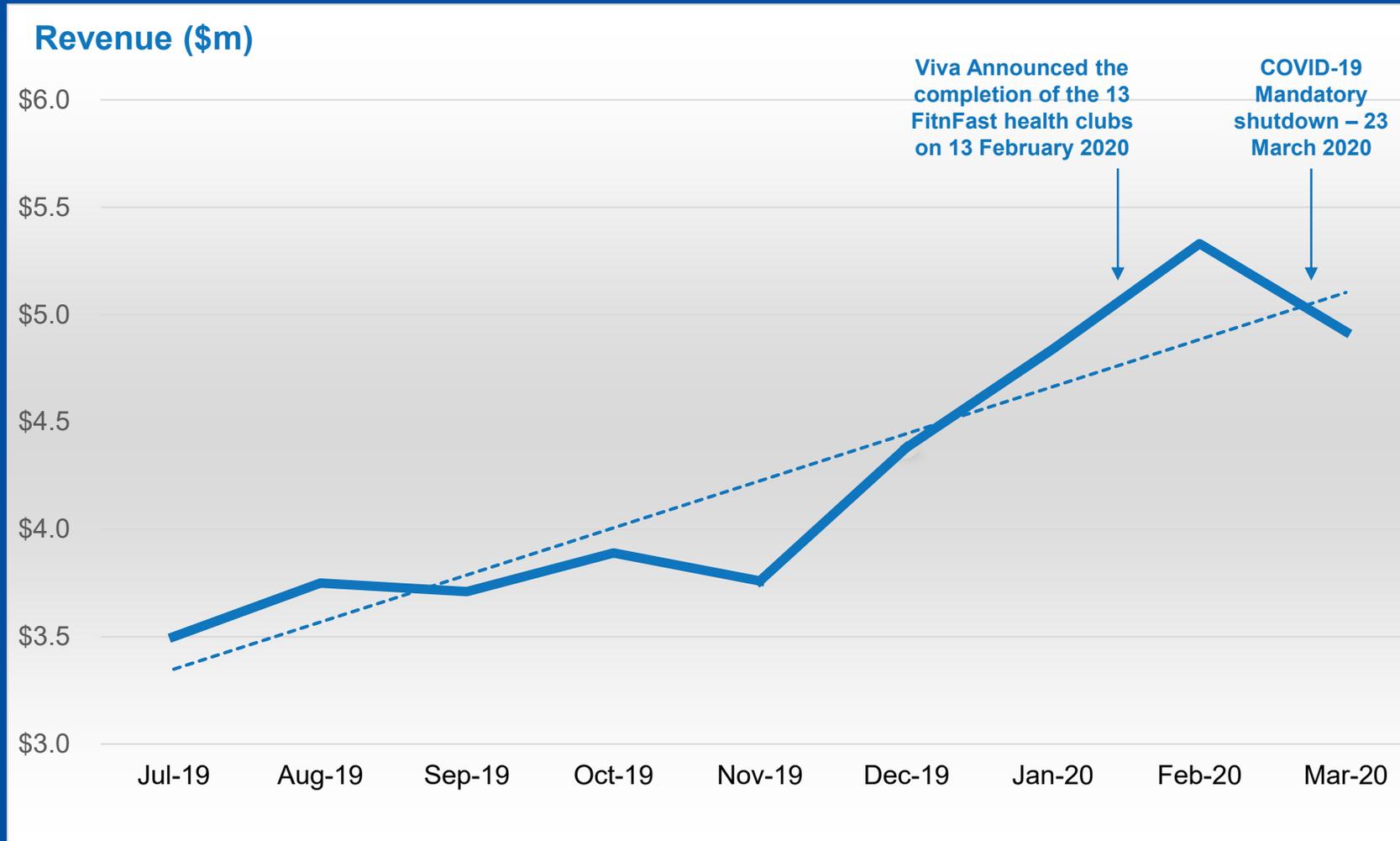
On Suspension[±]
(80% from NSW and VIC)

Active Members[±]

* Management Estimates

± As at 4 June 2020

Revenue (pre COVID-19)





Equity Raising Overview

Equity Raising Overview

Offer Size & Structure

- A fully underwritten Equity Raising of approximately \$25.0 million ("**Equity Raising**" or "**Offer**") via:
 - an Institutional Placement of \$2.9 million;
 - a 1 for 6 pro-rata accelerated non-renounceable entitlement offer of approximately \$22.1 million, comprising an Institutional Entitlement Offer of approximately \$18.7 million and a Retail Entitlement Offer¹ of approximately \$3.3 million
- Approximately 11.4 million new fully paid ordinary shares in Viva Leisure ("**New Shares**") to be issued under the Equity Raising, representing approximately 18.9% of existing Viva Leisure shares on issue

Offer price

- All shares under the Placement and Entitlement Offer will be issued at a fixed price of \$2.20 per New Share ("**Offer Price**"). This Offer Price represents a:
 - 15.4% discount to the last traded price of \$2.60 on 3 June 2020
 - 13.3% discount to TERP² of \$2.54

Placement and Institutional Entitlement Offer

- The Placement and Institutional Entitlement Offer will be conducted by way of a bookbuild process on Thursday 4 June 2020
- Entitlements under the Institutional Entitlement Offer that are not taken up and entitlements of ineligible institutional shareholders under the Entitlement Offer will be offered for sale in the bookbuild

Retail Entitlement Offer

- The Retail Entitlement Offer will open on Friday, 12 June 2020 and closes on Tuesday, 23 June 2020
- Eligible retail shareholders who take up their entitlement in full can also apply for additional shares in excess of their entitlement up to a maximum of 50% of their entitlement under a 'top up' facility

Settlement

- Settlement of the Placement and Institutional Entitlement Offer expected on 15 June 2020, with the Retail Entitlement Offer expected to settle on 29 June 2020

Ranking

- New Shares will rank equally with existing fully paid ordinary shares from their time of issue
- New Shares issued under the Placement will not be entitled to participate in the Entitlement Offer

Record Date

- Entitlement Offer is open to existing Viva Leisure shareholders on the register as at 7.00pm (Sydney, Australia time) on the Record Date of Tuesday, 9 June 2020

Notes:

¹ The Retail Entitlement Offer is only available to eligible retail shareholders with a registered address in Australia or New Zealand on the Record Date –see the Retail Offer Booklet for further details on eligibility once available.

² Theoretical ex-rights price ("TERP") includes the shares issued under the Placement, Institutional Entitlement Offer and the Retail Entitlement Offer. TERP is the theoretical price at which Shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Shares trade on ASX immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to the closing price of Viva Leisure's Shares as traded on ASX on 3 June 2020, being the last trading day prior to the announcement of the Offer.



Equity Raising Overview (continued)

Major Shareholder Participation

- Major shareholders, SHJA Management Pty Ltd (entities associated with Harry Konstantinou and Angelo Konstantinou) and Mera Vale No. 1 Pty Ltd (entities associated with Mark McConnell) are not participating in the Offer to provide flexibility to introduce new institutional shareholders to the Viva Leisure share register and further improve liquidity
- Both SHJA Management Pty Ltd and Mera Vale No. 1 Pty Ltd remain fully supportive of the Company

Director Participation

- Non-Executive Director, Susan Forrester is subscribing for her full entitlement in the Retail Entitlement Offer

Underwriting

- The Offer is fully underwritten by Ord Minnett Limited
- Proceeds of the Offer will be used to enhance Viva Leisure's overall financial strength by providing balance sheet flexibility in relation to pursuing accretive and strategic future acquisition opportunities, accelerate refurbishment of existing locations, accelerate new site roll-outs and pay Offer costs

Use of Funds

- As previously disclosed to the market, Viva Leisure's long-term business strategy includes pursuing acquisition opportunities. Viva Leisure's potential acquisition pipeline is strong, with the recent impact of COVID-19 creating opportunities. At any time, the group is actively considering and evaluating a range of opportunities and holding confidential discussions with potential vendors. However, there can be no assurance that any of these opportunities will eventuate.

Sources	\$m	Uses	\$m
Cash on Hand*	6.0	Working Capital / Liquidity for Potential Acquisition Opportunities	25.4
Available Market Rate Loan	2.0	Acceleration of Fit-outs and Greenfields	6.5
Equity Raising	25.0	Transaction Costs	1.1
Total Sources	33.0	Total Uses	33.0

*As at 31 May 2020



Pro forma Balance Sheet

Balance Sheet (\$'000's)	April 2020*	Transaction	Pro-Forma
Assets			
Cash at Bank and On Hand	9,092	23,900	32,992
Deferred Tax	1,699	303	2,002
Other Assets	228,531	-	228,531
Total Assets	239,322	24,203	263,525
Total Liabilities	195,830	-	195,830
Net Assets	43,492	24,203	67,695
Equity			
Share Capital / Reserves	41,395	24,275	65,670
Total Retained Earnings	2,097	(72)	2,025
Total Equity	43,492	24,203	67,695

*The April 2020 balance sheet is an unaudited management accounts balance sheet and includes AASB-16 Right of Use Assets and Lease Liabilities

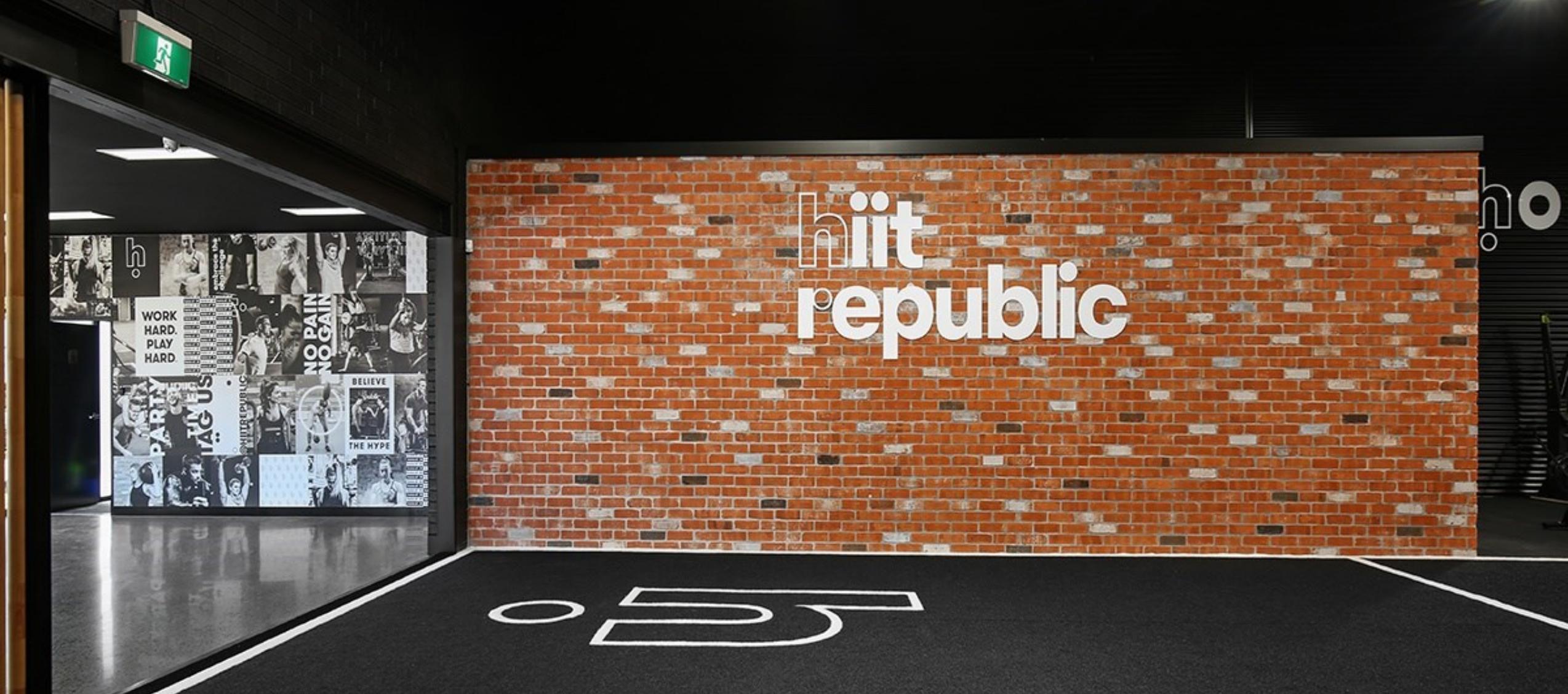
Offer Timetable

Event Date

Equity Raising announcement and Placement and Institutional Entitlement Offer opens	Thursday, 4 June 2020
Placement and Institutional Entitlement Offer closes	Thursday, 4 June 2020
Trading in Viva Leisure shares resumes on an ex-entitlement basis	Friday, 5 June 2020
Record date for determining entitlement for the Entitlement Offer	7.00pm Tuesday, 9 June 2020
Despatch of Retail Offer Booklet and Retail Entitlement Offer opens	Friday, 12 June 2020
Settlement of Placement and Institutional Entitlement Offer	Monday, 15 June 2020
Allotment of New Shares issued under the Placement and Institutional Entitlement Offer	Tuesday, 16 June 2020
Normal trading of New Shares issued under the Placement and Institutional Entitlement Offer	Wednesday, 17 June 2020
Retail Entitlement Offer closing date	Tuesday, 23 June 2020
Allotment of New Shares issued under the Retail Entitlement Offer	Tuesday, 30 June 2020
Normal trading of New Shares issued under the Retail Entitlement Offer	Wednesday, 1 July 2020
Despatch of holding statements	Wednesday, 1 July 2020

Note: 1. All dates and times 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 Sydney, Australia time.





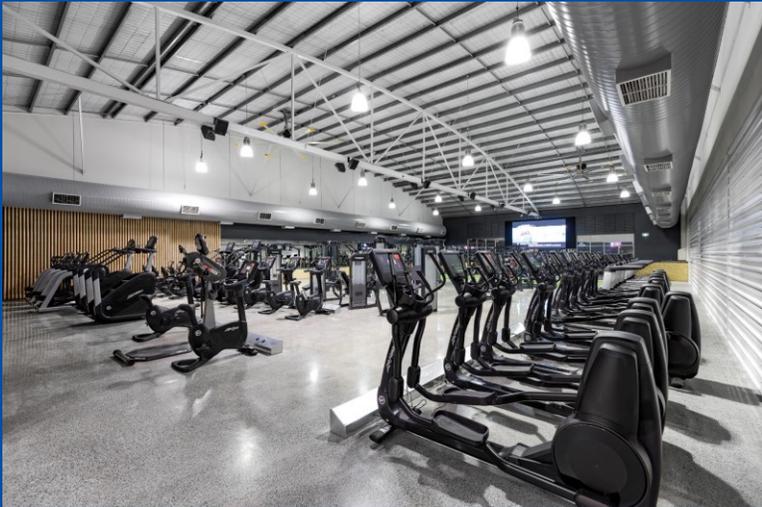
COVID-19 Refurbishment Photos

CISAC (ACT)

Before



After



WODONGA (VIC)

Before



After

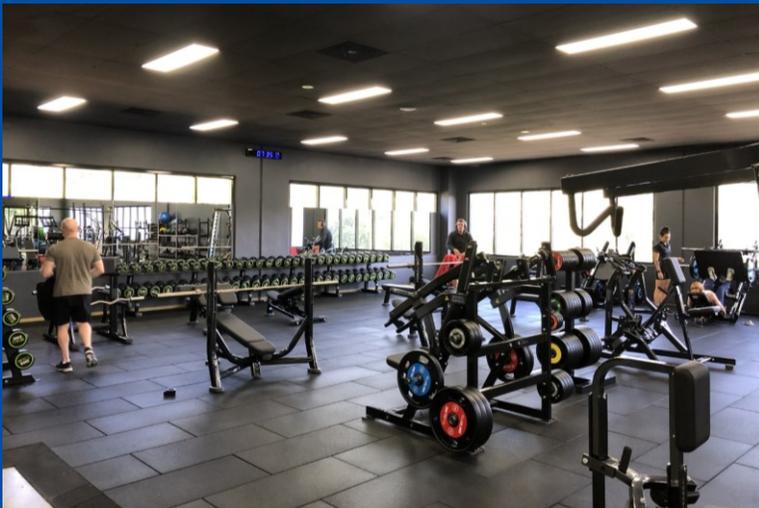


VICTORIA POINT (QLD)

Before



After





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Foreign Selling Restrictions

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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 the New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted the 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.

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- 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.

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Key Risks

Key Risks

Introduction

This section outlines some of the key risks associated with an investment in Viva Leisure shares, together with risks relating specifically to participation in the Offer. 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 Offer, 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 (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 Offer and the inherent risks.

The risks are categorised as follows:

1. Key Business Risks;
2. General Risks; and
3. Offer Risks.

References to Viva Leisure in the key risks section of this presentation include Viva Leisure and its related bodies corporate (as defined in the Corporations Act), where the context requires.

1. Key Business Risks

1.1 Effect of COVID-19

The COVID-19 pandemic has had and continues to have an impact on Viva Leisure's business and the health and fitness sector across Australia. In particular, the Federal government has implemented a mandatory closure of health clubs across Australia to assist with slowing the spread of COVID-19 with individual State and Territory governments responsible for the re-opening of health clubs and the nature of any continuing restrictions. This has materially impacted Viva Leisure's membership and physical attendance rates and its expected financial position and performance.

Viva Leisure has taken careful steps to mitigate the impact of COVID-19 on its business, including by providing alternative at-home workout options for its members, slowing the rate of club refurbishments, rollouts and capital works, reducing over 90% of total headcount (including casual staff), negotiating rent abatements or other incentives with its landlords, deferring payments on equipment finance leases, establishing a new overdraft facility to provide additional financial support and applying for the Federal government's JobKeeper payment scheme.

Despite these measures, there continues to be considerable uncertainty as to the duration and further impact of COVID-19, including (but not limited to) in relation to government, regulatory or health authority actions, work stoppages, lockdowns, quarantines, and travel restrictions. These restrictions could significantly impair Viva Leisure's ability to operate and manage its business effectively. In particular, it is possible that certain Viva Leisure facilities centres may need to close for a temporary or prolonged period if any team member or staff is suspected to have been infected or identified as a possible source of spreading infection and more generally if government and/or public health policy is updated so as to restrict the ability of health club facilities to operate. The detection of infection at certain of Viva Leisure's health club facilities could also have a material adverse impact on Viva Leisure's reputation and demand for Viva Leisure's offering.

The events relating to COVID-19 have recently resulted in significant market falls and volatility including in the prices of securities trading on the Australian Securities Exchange (ASX) (including the price of Viva Leisure's shares) and on other foreign securities exchanges. There is continued uncertainty as to the further impact of COVID-19 including in relation to governmental action, work stoppages, lockdown, quarantines, travel restrictions and the impact on the Australian economy and share markets. COVID-19 has already caused job losses in Australia and a meaningful increase in unemployment, especially over a sustained period, could reduce the demand for health and fitness services (see further below in the Macroeconomic and Socioeconomic risk factors).

The impact of some or all of these factors, which are beyond Viva Leisure's control, could cause significant disruption to Viva Leisure's operations and financial performance and result in declines in the market or fair value of assets recorded in the consolidated balance sheet.

In relation to the JobKeeper payment scheme, although Viva Leisure expects it will be eligible to meet the test in relation to its workforce, formal confirmation of the benefits from JobKeeper eligibility has yet to be determined. If Viva Leisure is ineligible for the JobKeeper payment scheme or its entitlement to the subsidies is lower than expected, this could have an adverse impact of Viva Leisure's expected financial position.

While Viva Leisure has commenced good faith negotiations with its landlords in accordance with the National Cabinet Mandatory Code of Conduct on SME Commercial Leasing and agreed to a deferral or a reduced monthly rental payment with a number of landlords, negotiations remain ongoing with a number of other landlords with certain landlords waiting for health clubs to re-open, so that any arrangement, including deferral amounts can be agreed. There is no certainty that Viva Leisure will be able to negotiate favourable outcomes with the remaining landlords. In the event that Viva Leisure is unable to agree on the terms of rent relief with its remaining landlords there is a risk that a dispute may arise which may divert management's attention and resources from Viva Leisure's day to day operations.

Key Risks (continued)

1.2 Safety, health and well-being

Health and safety incidents within members and staff could have an adverse impact on Viva Leisure's reputation and business, the most significant risk being a Viva Leisure club based transmission of COVID-19 amongst staff and club members. Viva Leisure prioritises the safety and health of its staff and members but incidents can and do arise when interacting with members in physical exercising environments.

1.3 Membership risk

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. In addition to the impact and duration of COVID-19, there are many factors which could affect Viva Leisure's membership levels, including:

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

1.4 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.

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.

1.5 Reputational damage

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.

1.6 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.

1.7 Acquisition risks

Viva Leisure's long-term business strategy includes pursuing acquisitions. There can be no assurance that Viva Leisure will identify suitable acquisition opportunities at acceptable prices, or successfully execute those opportunities. To the extent that acquisitions are not successfully completed, Viva Leisure will need to consider alternative uses for the proceeds of the Offer or options for returning capital.

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.

1.8 Credit and financing risk

Viva Leisure is required to comply with financial covenants under its debt facilities, being a gross leverage ratio, debt service coverage ratio and revenue per average member, which are tested by reference to annual, half-yearly and quarterly financials and membership numbers. If Viva Leisure were to breach any of these covenants, the lender could cancel the facilities and declare all outstanding amounts immediately due and payable. If that action were to be taken, there is no certainty that Viva Leisure would have access to sufficient cash to meet its repayment obligations or be able to refinance the existing debt on commercially acceptable terms. In those circumstances, Viva Leisure would need to seek waivers or other forms of accommodation. Alternatively, Viva Leisure would need to procure alternative financing arrangements to refinance the existing facilities.

There is a risk that Viva Leisure's existing lender could withhold its consent to amendment or waiver of any non-compliance or, if such consent were given, that consent may be conditional on increased fees or interest or adverse terms and conditions. Viva Leisure may, in the future, require additional debt or equity capital. There is a risk that Viva Leisure may be unable to access additional debt or equity funding from the capital markets on favourable terms, or at all.



Key Risks (continued)

2. General risks

2.1 Macroeconomic and Socioeconomic factors

The performance of Viva Leisure will continue to be influenced by the overall condition of the economy in Australia and any deterioration in employment or economic growth could adversely affect Viva Leisure's business. It is currently expected that the COVID-19 pandemic will have a material adverse impact on the Australian economy and as a result, Viva Leisure's financial performance.

In light of recent Australian and global macroeconomic events, including though not limited to the impact of COVID-19, Australia may experience an economic recession or downturn of uncertain severity and duration which continue to impact on the operating and financial performance and prospects of Viva Leisure and continue to impair Viva Leisure's business and prospects.

As noted above, the macroeconomic consequences of the COVID-19 pandemic on Viva Leisure's business may be significantly mitigated by reducing costs in the short term and federal government support packages.

Other socioeconomic and macroeconomics factors could have a material adverse impact on Viva Leisure's business and financial performance, including unemployment rates, lower household income levels and lower birth rates. A localised deterioration of market conditions in the areas surrounding Viva Leisure's health club facilities may also impact the membership levels. Viva Leisure undertakes detailed data analysis modelling in relation to existing and new health club investments to ensure forecast social and economic drivers are factored into any investment decisions.

2.2 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 Offer, notwithstanding Viva Leisure's financial position or performance.

Viva Leisure's share price has fluctuated significantly as a result of COVID-19 and the general economic downturn. Government policy may also have a direct impact on the operations of entities in the health and fitness industry, such as Viva Leisure, which can impact Viva Leisure's share price to a larger extent than the share price of other companies.

2.3 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.

2.4 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.

2.5 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.

2.6 Forward-looking information

The forward-looking statements, opinions and estimates provided in this presentation rely on various contingencies and assumptions. Various factors and risks, both known and unknown, many of which are outside the control of Viva Leisure, may impact upon the performance of Viva Leisure and cause actual performance to vary significantly from expected results. There can be no guarantee that Viva Leisure will achieve its stated objectives or that forward-looking statements or forecasts will provide to be accurate.

2.7 Other risks

For further information in relation to other risks which might affect Viva Leisure, please refer to Viva Leisure's 2019 Annual Report and Viva Leisure's Prospectus dated 14 May 2019.

3. Offer Risks

3.1 Equity raising risk

Viva Leisure has entered into an Underwriting Agreement with Ord Minnett Limited ("Lead Manager") ("Underwriting Agreement"), pursuant to which the Lead Manager has agreed to fully underwrite the Offer on the terms and conditions of the Underwriting Agreement.

If certain conditions are not satisfied or certain events occur, the Lead Manager may terminate the Underwriting Agreement. Termination of the Underwriting Agreement would have an adverse impact on the total amount of proceeds that could be raised under the Offer.

The Lead Manager's obligations under the Underwriting Agreement, including to manage and underwrite the Offer, are conditional on certain matters, including the timely delivery of due diligence process sign-offs and other documents.

Key Risks (continued)

The events which may trigger termination of the Underwriting Agreement include (but are not limited to) the following:

- (a) Viva Leisure ceases to be admitted to the official list of ASX or the ordinary shares in Viva Leisure are suspended from trading on, or cease to be quoted on, ASX;
- (b) Viva Leisure indicating that it does not intend to proceed with all or any part of the Offer;
- (c) there is an event or occurrence, including any statute, order, rule, regulation, directive or request of any governmental agency, which makes it illegal for the Lead Manager to satisfy a material obligation under the Underwriting Agreement, or to market, promote or settle the Offer;
- (d) Viva Leisure is prevented from allotting and issuing the securities the subject of the Offer by virtue of the ASX Listing Rules, applicable laws, an order of a court of competent jurisdiction or a government agency;
- (e) a director, the chief executive officer or chief financial officer of Viva Leisure being charged with an indictable offence or fraudulent conduct, a director of Viva Leisure being disqualified from managing a corporation under the Corporations Act or any regulatory body commencing any public action against Viva Leisure or any director, chief executive officer or chief financial officer of Viva Leisure, or publicly announces that it intends to take any such action;
- (f) there is a change (or a change is announced) in the chief executive officer, chief financial officer or chairman of Viva Leisure, other than one which has already been disclosed to ASX;
- (g) there is an alteration to Viva Leisure's capital structure without the prior consent of the Lead Manager;
- (h) the S&P/ASX Small Ordinaries Index falls to a level which is 10% or more below the level of that index on the close of trading on the business day before the date of this presentation and closes at or below that level on:
 - (i) at least 2 consecutive business days during any time after the date of this presentation and prior to the settlement of the retail component of the Entitlement Offer; or
 - (ii) at the close of trading on the business day before the settlement of the institutional or retail components of the Entitlement Offer;
- (i) an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to the Offer or the materials of the Offer, or ASIC holds, or gives notice of intention to hold, a hearing, inquiry or investigation in relation to the Offer, the issue of shares under the Offer or any materials of the Offer under the Corporations Act or the Australian Securities and Investments Commission Act 2001 (Cth) except in circumstances where the existence of the application, hearing, inquiry, investigation or notice has not become public and has been withdrawn by the date which is the earlier of:
 - (i) the business day immediately preceding the settlement of the institutional or retail components of the Entitlement Offer (as applicable); or
 - (ii) the date that is 3 business days after the application, hearing, inquiry, investigation or notice is commenced or received;
- (j) there is an application to a governmental agency (including the Takeovers Panel) for an order, declaration (including of unacceptable circumstances) or other remedy in connection with the Offer (or any part of it), except in circumstances where the application has been withdrawn, discontinued or terminated by the date that is the earlier of:
 - (i) the business day immediately preceding the settlement of the institutional or retail components of the Entitlement Offer (as applicable); or
 - (ii) the date that is 3 business days after the application is commenced or received;
- (k) ASIC makes a determination under subsection 708A(2) or subsection 708AA(3) of the Corporations Act;
- (l) in the opinion of the Lead Manager (acting reasonably) Viva Leisure becomes required to give, or gives, in respect of a cleansing notice issued in connection with the Offer which is defective, a notice in accordance with subsection 708AA(12) or subsection 708A(9) of the Corporations Act, as the case may be, to correct that cleansing notice;
- (m) ASX refuses to grant, or withdrawals approval for, official quotation of the new shares to be issued in connection with the Offer;
- (n) certain delays in the timetable occur without the prior written consent of the Lead Manager;
- (o) the information made available by or on behalf of Viva Leisure as part of the due diligence process to the Lead Managers is misleading or deceptive;
- (p) a representation or warranty made or given by Viva Leisure under the Underwriting Agreement proves to be, or has been, or becomes, untrue or incorrect or misleading or deceptive;
- (q) legal proceedings against Viva Leisure or any of its directors in that capacity is commenced or any regulatory body commences any enquiry or public action against Viva Leisure;
- (r) Viva Leisure or any of its directors or officers engages in any fraudulent, misleading or deceptive conduct or activity in connection with the Offer;
- (s) there is an adverse change, or an event occurs that is likely to give rise to an adverse change, in the business, assets, liabilities, financial position or performance, operations, management, outlook or prospects of Viva Leisure, including as a direct or indirect result of COVID-19;
- (t) a statement contained in the materials of the Offer is false, misleading or deceptive or a matter required to be included in the materials of the Offer to comply with all applicable laws is omitted from the materials of the Offer;

Key Risks (continued)

- (u) any expression of belief, expectation or intention, or statement relating to future matters in the materials of the Offer is or becomes incapable of being met or, in the reasonable opinion of the Lead Manager, unlikely to be met in the projected timeframe;
- (v) 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 government agency adopts a policy, 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 government agency that such a law or regulation will be introduced or policy adopted (as the case may be);
- (w) any of the following occurs:
 - (i) a general moratorium on commercial banking activities in Australia, New Zealand, the United States, Japan, the United Kingdom or the Peoples Republic of China (including Hong Kong) is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries;
 - (ii) trading in all securities quoted or listed on the ASX, the London Stock Exchange, the New York Stock Exchange, the Shanghai Stock Exchange, the Hong Kong Stock Exchange or the Tokyo Stock Exchange is suspended or limited in a material respect; or
 - (iii) the occurrence of any other adverse change or disruption to financial, political or economic conditions, currency exchange rates or controls or financial markets in Australia, New Zealand, the United States, Japan, the United Kingdom or the Peoples Republic of China (including Hong Kong) or any change or development involving such a prospective adverse change in any of those markets;
- (x) in respect of any one or more of Australia, New Zealand, the United States, Japan, the United Kingdom or the Peoples Republic of China (including Hong Kong):
 - (i) hostilities not presently existing commence (whether war has been declared or not);
 - (ii) a major escalation in existing hostilities occurs (whether war has been declared or not); or
 - (iii) a national emergency is declared; or
- (y) a major terrorist act is perpetrated anywhere in the world.

The ability of the Lead Manager to terminate the Underwriting Agreement in respect of some events will depend on whether the Lead Manager has reasonable grounds to believe that the event:

- (z) had, or is likely to have, a material adverse effect on the outcome or success of the Offer (or a part of it), the likely price at which the shares to be issued under the Offer will trade on ASX, the willingness of investors to subscribe for shares under the Offer or on the ability of the Lead Manager to settle the Offer or any part of it; or
- (aa) has given or could reasonably be expected to give rise to a contravention by, or a liability of, the Lead Manager under any applicable law or regulation.

Viva Leisure also gives certain representations, warranties and undertakings to the Lead Manager and an indemnity to the Lead Manager and its affiliates subject to certain carve-outs.

3.2 Dilution

Shareholders who do not participate in the Placement and/or take up all of their entitlements under the Entitlement Offer, will have their percentage of shareholding in Viva Leisure diluted and will not be exposed to future increases or decreases in Viva Leisure's share price in respect of the new shares which would have been issued to them had they participated in the Placement or taken up their entitlement under the Entitlement Offer. Shareholders may have their investment diluted by future capital raisings by Viva Leisure.

3.3 Entitlement Offer not renounceable

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Accordingly, shareholders who do not take up their entitlement will not receive any value for those entitlements.