

17 August 2021

FY2021 Full Year Results

Solid membership retention and enrolments helps in doubling of Revenue and traded EBITDA in difficult times while setting the foundations for future growth.

Canberra, Australia - Viva Leisure Limited (“Viva Leisure” or “the Company”), a leading Australian health club owner and operator, has today announced its results for the full year ended 30 June 2021.

Highlights

- Direct Members up 33.8% to 126,006;
- Locations increased by 45.5% to 115; 21 greenfield and 15 acquisitions during the year
- Revenue doubled to \$83.72 million, an increase of 104.8%;
- H2-FY2021 average revenue per month increased from ~\$6m to ~\$8m (+33%) setting a solid foundation;
- Statutory EBITDA+ increased by 97.0% to \$11.95 million;
- Strong cash balance at EOFY of \$12.94 million (after allowing for deposits against property bank guarantees), however with extended lockdowns these reserves are coming under pressure with reduced or no revenue from locked-down locations;
- Significant investment in Plant and Equipment and Acquisitions with \$54.8 million invested during the year, an increase of 56% over the PCP;
- COVID snap and extended lockdowns affecting momentum, however membership enrolment quickly rebounding once normality exists in key markets

“Despite a difficult year where all our facilities across Australia had just two months of being open at the same time, I am proud of my team for managing to achieve an increase in all key metrics being Members, Locations, Revenue, EBITDA and NPAT.

A 97% increase in EBITDA over the previous year is an outstanding result, as is doubling of revenue to over \$83 million.” said Harry Konstantinou, Viva Leisure CEO & Managing Director

Financial highlights

	12 Months (July to June)		
	FY2021 Underlying (\$million)	FY2020 Underlying (\$million)	Variance %
Revenue	83.72	40.89	104.8%
EBITDA ⁺	11.95	6.07	97.0%
EBITDA Margin ⁺	14.3%	14.8%	

The main driver of performance is membership revenue which was severely impacted with the mandatory closure of facilities at different times throughout the year. Overall, during the year there were only two months where all Viva Leisure facilities were open simultaneously for trade and without restriction. These stop-start lockdowns cause a disruption to enrolment momentum and create additional costs to re-open and re-establish the previous momentum.

Membership

Membership momentum when permitted to operate exceeds historical patterns. There were 11 months of positive net member growth for the business, with only December 2020, which seasonally generally shows a decline as the only month with a net decline in members. These results are encouraging.

During the year, Viva Leisure direct membership increased 33.84% to 126,006, including growth of our high yielding hiit republic members from 3,080 to 5,501.

	30 June 2021	30 June 2020	Variance
Membership (Viva owned)	126,006	94,196	34%
Membership (Plus Fitness Network)	174,911	Acquired August 2021	

FY2022 saw the encouraging opening of our first GroundUp location, which has already enrolled 400+ members in its first six weeks of operation, with average revenue per member higher than all other brands at over \$45 per week. For reference, 400+ members equates to over \$0.9 million of annualised run-rate revenue.

Strategic and operational achievements

- The number of operating locations increased from 79 to 115 during FY2021; made up of:
 - 21 greenfield locations; and
 - 15 acquisitions
- 309 operating locations when combining the Viva Leisure and Plus Fitness network;
- Competed nine acquisitions, totalling 15 new locations in FY2021; including four Plus Fitness franchises acquired;
- Percentage of ACT based locations now represent approximately 40% of all locations, was >70% at IPO in June 2019;
- Significant investment of nearly \$55 million in Property, Plant and Equipment (\$27.26 million) and Acquisitions (\$27.54 million).

Current trading

COVID lockdowns have significantly affected the first two months of FY2022 with lockdowns currently in operation across three of four States/Territories where Viva Leisure operates.

YTD (as at 15 August 2021), the following percentage of closures per State/Territory were calculated for this financial year:

- ACT 7% closed, and currently closed
- NSW 79% closed, and currently closed
- VIC 50% closed, and currently closed
- QLD 26% closed

It is estimated that the July/August 2021 YTD result will reflect a decline in revenue of approximately \$6.90 million and an EBTIDA impact of \$4.20 million. The closures are also utilising cash reserves as limited or no revenue from those locations is being received.

This has caused management to introduce a 'wait and see' approach to preserve cash reserves as much as possible so all future roll-outs and acquisitions are currently frozen during this period of uncertainty. The Company is ready to resume full operations instantly when the various local Governments permit.

Unfortunately, during lockdowns all direct club related, and all non-essential head office staff are stood-down as there is no work available for them. This currently means over 1,400 staff of our 1,600 strong work force are fully or partially currently stood down in the ACT, NSW and VIC.

ENDS

This announcement has been authorised for release to the ASX by the Board of Directors of the Company.

For further information, please contact:

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Results briefing

An investor conference call, including Q&A, will commence at 11:00 am AEST on Wednesday 18 August 2021.

A live link to the teleconference and results presentation will be made available via the webcast at:

<https://webcast.openbriefing.com/7752/>

Participants who may wish to ask a question will need to pre-register and dial-in to the teleconference. We recommend pre-registration at least 15 minutes before the start of the presentation using this link:

<https://s1.c-conf.com/diamondpass/10015813-115hsn.html>

Unique dial-in details will be provided upon pre-registration.

About Viva Leisure:

Founded in 2004, Viva Leisure operates health clubs (gymnasiums) within the health and leisure industry. Viva Leisure's mission is to connect health and fitness to as many people as possible and aims to provide its members with affordable, accessible and awesome facilities.

Viva Leisure offers customers several different membership options and a range of different types of facilities from big-box fitness facilities to boutique fitness facilities. The Company currently operates 100+ health clubs within the Australian Capital Territory, New South Wales, Queensland and Victoria, with the majority operating under the Club Lime brand. Viva Leisure's wholly owned subsidiary Australian Fitness Management Pty Ltd is also the master franchisor of the Plus Fitness brand of health clubs, with approximately 200 locations in Australia, New Zealand and India.

+ EBITDA and EBITDA Margin in the results are excluding the impacts of AASB16