

Viva Leisure expands wellness offering with the acquisition of eight Pilates and Yoga studios.

13 December 2021

- Viva Leisure has completed the acquisition of eight Rebalance Pilates & Yoga studios (“Rebalance”) located in Queensland, Victoria and NSW.
- Annual EBITDA contribution of ~\$1.0 million
- Strategically compelling acquisition in line with Viva Leisure’s stated strategy of expansion
- Strengthens Viva Leisure’s reach in Queensland
- Transaction funded using 50% debt and 50% equity from cash reserves
- Acquisition multiple of 2.9 times FY21 normalised EBITDA¹ before synergies
- Expands Viva Leisure’s presence in the high growth Pilates & Yoga boutique segment
- Viva Leisure now operating 130 locations

Acquisition of Rebalance

Viva Leisure Limited (“Viva Leisure” or “the Company”), a leading, technology-focused Australian health club owner, is pleased to announce it has completed the acquisition of eight Rebalance Pilates & Yoga studios and the Master Franchisor of the business (the **Acquisition**) as announced on 12 October 2021

Rebalance started as one studio in 2013 and quickly grew to 11 locations under a franchise arrangement. Viva Leisure has acquired eight of the locations with the remaining three locations in the process of de-franchising. This will allow Viva Leisure to re-establish the franchising systems and grow the brand as it will own all the locations.

One of the founders of the business has agreed to continue with Viva Leisure to manage the studios.

130 Locations now operating

With the Rebalance acquisition now complete, 130 corporate owned locations are operated by Viva Leisure, an increase of 101 locations since listing on the ASX in June 2019.

Viva Leisure has opened or acquired a new location every 9 days since listing, including the periods during COVID lockdowns making the business one of the most unique and fastest growing health club groups in the world.

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

Rebalance and GroundUp

The Acquisition is complementary to the existing GroundUp strategy by targeting a slightly lower cost offering (\$40-\$45 per week) that is exclusively Pilates and Yoga, compared to the GroundUp target market (\$40-\$60 per week) at the premium end of the market and offers the unique Club Lime and hiit republic 'add on option'.

The Rebalance brand will be franchised as part of the strategy of providing comprehensive offerings.. The GroundUp brand is expected to remain corporate owned locations only.

Future growth likely fuelled by boutiques

Viva Leisure expects its next round of growth to be fuelled by boutiques which now represent 26% (34 locations) of the portfolio. The Boutique portfolio comprises the hiit republic (22), GroundUp (1), Rebalance (8), Psyche Life (2) and Studio by Club Lime (1) brands.

The Studio by Club Lime in the ACT is currently being reconfigured as a Rebalance studio and is expected to open in early January 2022. This will increase the Rebalance studio network to 9 locations and will represent the first of many Rebalance locations to open in the ACT.

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

"The acquisition of the Rebalance Pilates & Yoga studios as well as the Master Franchisor represents an exciting opportunity for Viva Leisure to continue expanding into the wellness health market. The Rebalance brand is a well-respected offering throughout its target markets in Queensland and with Viva's backing will continue its expansion and presence in other States and Territories.

The expansion of Viva's wellness and boutique portfolio of offerings and the increase in locations creates a great spring-board into 2022."

ENDS

This announcement has been approved for release by the Board.

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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 130 locations within the Australian Capital Territory, New South Wales, Victoria and Queensland, together with the master franchise for the Plus Fitness group of approximately 200 clubs.