

VIVALEISURE

MARKET ANNOUNCEMENT

12 August 2024

VIVA SECURES EXPANDED BANKING FACILITIES UNLOCKING SIGNIFICANT FREE CASH FLOW

Viva Leisure Limited (ASX: VVA) (“Viva Leisure” or “Viva” or “Company”) is pleased to announce that it has received a Credit Approved Term Sheet for additional banking facilities from Commonwealth Bank of Australia.

The new facilities are expected to release significant additional free cash flows through more favourable repayment terms, providing significant opportunities to reinvest in growth and strategic initiatives.

Key Highlights:

- **New Banking Facilities:** An increase from a combined \$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
- **Free Cash Flow:** Free cash flow is expected to improve significantly per annum from the New Banking Facilities

Key Facility Terms:

- **Syndication:** Facilities are to be syndicated
- **Facility A headroom:** The expected headroom in the new Facility A is approximately \$70 million based on existing balances as at 30 June 2024.
- **Repayment Terms:** Facility A is Interest Only (subject to a cash sweep mechanism above certain leverage) and principal reductions have been removed, removing a significant burden on cash resources.
- **Margins and Fees:** The new facilities provide a margin reduction (approximately 74 bps) for Facility A, with a slight increase (approximately 44 bps) for Facility B from current facility rates, and a new 3-year term.
- **Covenant Testing:** all facilities are subject to covenant testing, including a Net Leverage Ratio of <2.25x and Fixed Charges Cover Ratio >1.3x.
- **Permitted Uses:** Acquisitions, equipment finance, greenfield site funding and bank guarantees.
- **Available for use in:** Australia and New Zealand

The new facilities, which will replace the Company’s existing facilities, have been increased from \$118 million to \$165 million. Additionally, a \$50 million accordion facility is available (subject to certain conditions), bringing the total potential financing to \$215 million, significantly enhancing Viva Leisure's financial flexibility.

These new facilities provide an additional \$70 million of headroom from current borrowings (as at 30 June 2024), excluding the \$50 million accordion facility. This expanded capacity further strengthens Viva Leisure's ability to pursue growth opportunities with confidence.

The enhanced facilities can be utilised for acquisitions, equipment, and fit-out purposes, aligning perfectly with Viva Leisure's growth strategy. Furthermore, the facilities are now available in New Zealand Dollars, opening up new opportunities for potential acquisitions and expansion into the New Zealand market.

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In addition to the increased facility size, the new terms also include reduced fees, an extension of the facility for an additional three years, and the removal of mandatory principal reductions.

The quantum of the free cash to be available from the facilities will depend upon any cash used for future acquisitions as well as any triggers of the cash sweep requirements.

Harry Konstantinou, CEO and Managing Director of Viva Leisure, commented:

"The support and validation from Commonwealth Bank is a major milestone for Viva Leisure, particularly with the significant increase in free cash flow, which will be instrumental in driving our strategic growth. The improved terms and expanded facilities position us exceptionally well to capitalise on future opportunities, including potential expansion into New Zealand."

The Company has signed off its "Credit Approved Term Sheet" and will now proceed to finalising the long form loan agreements.

Further details will be provided at the Full year results release on 14 August 2024.

ENDS

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

For further information, please contact:

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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/>