

## Viva announces fully underwritten \$30 million equity raising to pursue future growth opportunities.

27 November 2020

- \$30 million fully underwritten equity raising to pursue future growth opportunities
- Recently announced increase in CBA Debt Facility for acquisitions providing \$17m of additional liquidity and when matched with available equity provides up to \$34m of acquisition capacity
- All existing clubs are now open for business following the closure induced by COVID-19.
- Record Viva Leisure membership levels of 103,000 members. When including the 175,000 Plus Fitness network members, total members account for ~278,000.
- Estimated revenue run rate of ~\$80.4 million based on October 2020.
- 20+ locations are expected to be opened between now and the end of FY2021.
- Robust and deep pipeline of acquisition opportunities including small health club groups.
- Advanced discussions with multiple Plus Fitness franchisees to purchase locations.
- Further acceleration of the roll-out of greenfield locations for Club Lime and boutique offering such as hiit republic and Groundup.
- Viva Leisure's 2025 target is to have a network of 400+ corporate owned locations.

Viva Leisure Limited (**Viva Leisure**) (ASX:VVA) is pleased to announce that it has launched a fully underwritten \$30 million equity raising to enhance its overall financial strength by providing balance sheet flexibility in relation to pursuing accretive and strategic future acquisition opportunities, accelerate refurbishment of recently acquired locations and new site roll-outs.

### Trading Update

With all existing clubs now re-open for business following the closure induced by COVID-19, member visitations have recovered to pre-COVID levels.

- Since 30 June 2020, memberships have grown by 8,764.
- As at 23 November 2020, all members are off 'COVID' suspensions.
- As at 24 November 2020, there are 6,175 members on requested suspension and this is down from 15,000 in September 2020.

Revenues in October 2020 were higher than pre-COVID shutdown levels, despite nearly 12,000 members still being suspended and excluding revenue from Victoria which only re-opened (with restrictions in place) on 9 November 2020. The October 2020 revenue run rate is ~\$80.4 million.

### Growth Initiatives

Viva Leisure has identified the following growth initiatives:

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## Acquisition of health club groups and locations

- The robust and deep pipeline of acquisition opportunities range from single club operators to large established health club groups.
- These potential acquisitions will allow Viva Leisure to strengthen its presence in under served locations and regions. There are strong acquisition synergies available for each opportunity and there is a preference for complementary overlap with existing locations.
- The purchase price for these sites are expected to be commensurate of EBITDA multiples paid for previous health club groups (~3x).
- With the majority of gym operators observed to be performing well post 'opening-up' following the COVID-19 induced shutdown, this represents a significant opportunity.

## Buyback of franchisee owned Plus Fitness franchises

- Viva Leisure recently completed the acquisition of Australian Fitness Management Pty Ltd (**AFM**) Master Franchisor of Plus Fitness (**Plus**).
- This opportunity will provide a pipeline of future acquisitions which will through buy-backs convert to corporate owned locations.
- The currently identified buy-backs are within the range of \$9 - \$10 million.
- Growth in Plus Fitness is not constrained by the ability for new territories and locations to be secured and established.

## Greenfield rollouts and building the foundations for future growth

- Viva Leisure is accelerating the roll-out of greenfield locations for Club Lime and boutique offerings such as hiit republic and Groundup.
- It expects to open 20+ locations between now and the end of FY2021, 19 of which have been secured and leases executed.
- Location selection is based on data and taking into account the Hub-and-Spoke philosophy.
- The ability to accelerate and throttle growth was successfully demonstrated through the COVID-19 induced shut down across various States and Territories.

Viva Leisure has a network plan to add approximately 300 locations (including greenfield and acquisitions). This results in a 2025 Target of 400+ locations. Viva Leisure recognises the potential for additional locations nationwide, with the pipeline of franchisee owned Plus Fitness franchises representing a significant growth opportunity.

## **Equity Raising**

Viva Leisure has today announced a fully underwritten equity raising of \$30 million comprising an Institutional Placement (**Placement**). This will result in the issue of ~10.3 million new fully paid ordinary shares in Viva Leisure (**New Shares**), representing approximately ~14.5% of existing Viva Leisure shares on issue. Each New Share issued under the Placement will rank equally with existing shares on issue.

The \$30 million Placement is fully underwritten and will be offered to institutional investors at \$2.90 per share, representing a 4.3% discount to the last traded price of \$3.03 on Thursday, 26 November 2020. The Placement is being conducted today, Friday, 27 November 2020.

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## Major Shareholder Participation

Major shareholders, SHJA Management Pty Ltd (entities associated with Harry Konstantinou and Angelo Konstantinou) are not participating in the Offer to provide flexibility to introduce new institutional shareholders to the Viva Leisure share register and further improve liquidity.

SHJA Management Pty Ltd remains fully supportive of the Company.

## Equity Raising Timetable

Event	Date
Trading Halt	Friday, 27 November 2020
Completion Announcement	Pre Market Open Monday, 30 November 2020
Trading Halt Lifted, Trading Recommences	Pre Market Open Monday, 30 November 2020
Settlement of New Shares	Thursday, 3 December 2020
Allotment and Ordinary Trading of New Shares	Friday 4 December 2020

## Additional Details

Further details of the Trading Update, Growth Objectives and the Offer are set out in the Investor Presentation released to the ASX today. The presentation contains important information that shareholders and investors should consider, including information about risk factors and the foreign selling restrictions with respect to the equity raising.

ENDS

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

### For further information, please contact:

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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 within the Australian Capital Territory, New South Wales, Victoria and Queensland, with the majority operating under the Club Lime brand.

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## **No investment or financial product advice**

The information contained in this announcement does not constitute investment or financial product advice (nor taxation, accounting or legal advice), is not a recommendation to acquire Viva Leisure shares and is not intended to be used or relied upon as the basis for making an investment decision. In providing this announcement, Viva Leisure has not considered the investment objectives, financial position or needs of any particular recipients. Each recipient of this announcement should make its own enquiries and investigations regarding any investment and in relation to all information in this announcement (including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of Viva Leisure and the values and the impact that different future outcomes may have on Viva Leisure) and, before making any investment decisions, should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and should seek legal, accounting and taxation advice appropriate to their jurisdiction. Viva Leisure is not licensed to provide investment or financial product advice in respect of Viva Leisure shares. Cooling off rights do not apply to the acquisition of Viva Leisure shares pursuant to the Placement.

## **Future performance**

This announcement contains certain forward-looking statements and comments about future events, including Viva Leisure's expectations about the performance of its businesses. Forward looking statements can generally be identified by the use of forward looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target" and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements. Forward looking statements involve inherent risks and uncertainties, both general and specific, and there is a risk that such predictions, forecasts, projections and other forward-looking statements will not be achieved. A number of important factors could cause Viva Leisure's actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements, including the risk factors described under the "Key Risks" section of the investor presentation which accompanies this announcement, and many of these factors are beyond Viva Leisure's control. Forward looking statements are provided as a general guide only and should not be relied on as an indication or guarantee of future performance and involve known and unknown risks, uncertainty and other factors, many of which are outside the control of Viva Leisure. As such, undue reliance should not be placed on any forward-looking statement.

Past performance information given in this announcement is given for illustrative purposes only and is not necessarily a guide to future performance. Nothing contained in this announcement nor any information made available to you is, or shall be relied upon as, a promise, re-announcement, warranty or guarantee as to the past, present or the future performance of Viva Leisure.