

VIVA
LEISURE



GROUNDUP

CAPITAL RAISING – INVESTOR PRESENTATION

27 NOVEMBER 2020



FNF

CLUBLIME

CLUBLIME LADIES ONLY

CLUBLIME AQUATICS

CLUBLIME SWIM SCHOOL

CLUBLIME PSYCLE LIFE

GymmyPT

hiit republic

Studio
BY CLUB LIME

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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

Table of Contents

06	Executive Summary <ul style="list-style-type: none">▪ Current Trading▪ Growth Objectives▪ Capital Raising
15	Viva Growth Initiatives <ul style="list-style-type: none">▪ Funding and Consideration▪ Acquisition Pipeline▪ Timeline of Historic Acquisitions▪ Plus Fitness Buyback▪ Near Term Plan
20	Equity Raising Overview <ul style="list-style-type: none">▪ Offer Metrics and Summary▪ Use of Funds and Timetable
23	Foreign Selling Restrictions
25	Key Risks



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LEISURE

home of hiiit

A row of exercise bikes is parked in a gym. The background is a wall with horizontal corrugated metal slats. The bikes are black and silver, with some having yellow accents. To the right, there are stacks of colorful weight plates (yellow, green, red, blue) on a rack.

Executive Summary

Executive Summary

Current Trading

- All locations across Australia open for business following periods of disruption. Currently 91 locations
 - Record Viva Leisure membership levels with 103,000 members. When including 175,000 Plus Fitness network members, total membership is 278,000 members
 - Estimated revenue run rate of ~\$80.4 million based on October 2020
 - Viva Leisure is expecting a further 20+ locations to be opened between now and end of FY2021
-

Growth Objectives

- Robust and deep pipeline of acquisition opportunities including small health club groups
 - Advanced discussions with 10 Plus Fitness franchisees to purchase locations at attractive multiples
 - 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
-

Capital Raising

- \$30 million fully underwritten capital raising
 - Increase in acquisition debt facility providing \$17 million of additional liquidity and when matched with available equity provides up to \$34 million of acquisition capacity
 - Strong balance sheet, with ~\$4 million cash at bank, and ~\$32 million post capital raising
-

The Viva Leisure business

Unique Hub & Spoke Model

- Larger clubs, supported by smaller clubs and boutiques, creating a unique Viva Leisure membership ecosystem

Fast Growing and Emerging Leader

- Fastest growing gym group in Australia by number of clubs opened in FY2020
- 2nd largest owner of health clubs in Australia
- 3rd largest health club membership in Australia
- 4th largest network of clubs (including Plus Fitness network)

Technology focused business

- CEO with extensive information technology experience
- Bespoke IT systems, built by Viva, for Viva
- Management portal with live data to assist in decision making
- Simplest online joining system in the market

Membership

- 103,000 members as at November 2020, June 2020 94,196 members
- 175,000 network members as part of Plus Fitness

Regionally and suburban metro focused

- 70% of operating costs relate to wages and rental
- Regional and suburban-metro focus helps to reduce rental expense and increase margins

Recurring revenue model

- >89% of members on 14-day direct debit payments
- All direct debits managed in-house, helping to increase business margins

Viva Leisure Brands

One size does not fit all



CLUB**LIME**



hiit
republic

Studio
BY CLUB LIME



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Viva Leisure Today

110 Viva owned locations

now secured and/or open

103k members

288k members including Plus Fitness

20.5k visits

average per day (Viva owned locations)

~\$80.4m revenue run rate

based on annualised ~\$6.7m Oct-20 revenue

12

Locations
opened FY21

20+

additional locations
to open in FY21

Note: Revenue run rate includes contribution from Viva Leisure owned locations and AFM.

Note: Revenue run rate excludes contribution from Victorian clubs which were shut (due to COVID-19) and re-opened in November 2020



OUR BRANDS AND LOCATIONS

hiit
republic



QLD
11

NSW
29

ACT
43

VIC
8

91
Locations
Now Open

19
Additional
locations
secured

110
Total locations
open or
opening soon
(excluding future
acquisitions)

CLUBLIME
AQUATICS

CLUBLIME
SWIM SCHOOL

GROUNDUP

CLUBLIME
CARDIO TRAINING

CLUBLIME
LADIES ONLY

CLUBLIME
PSYCLE LIFE

Studio
STUDIO

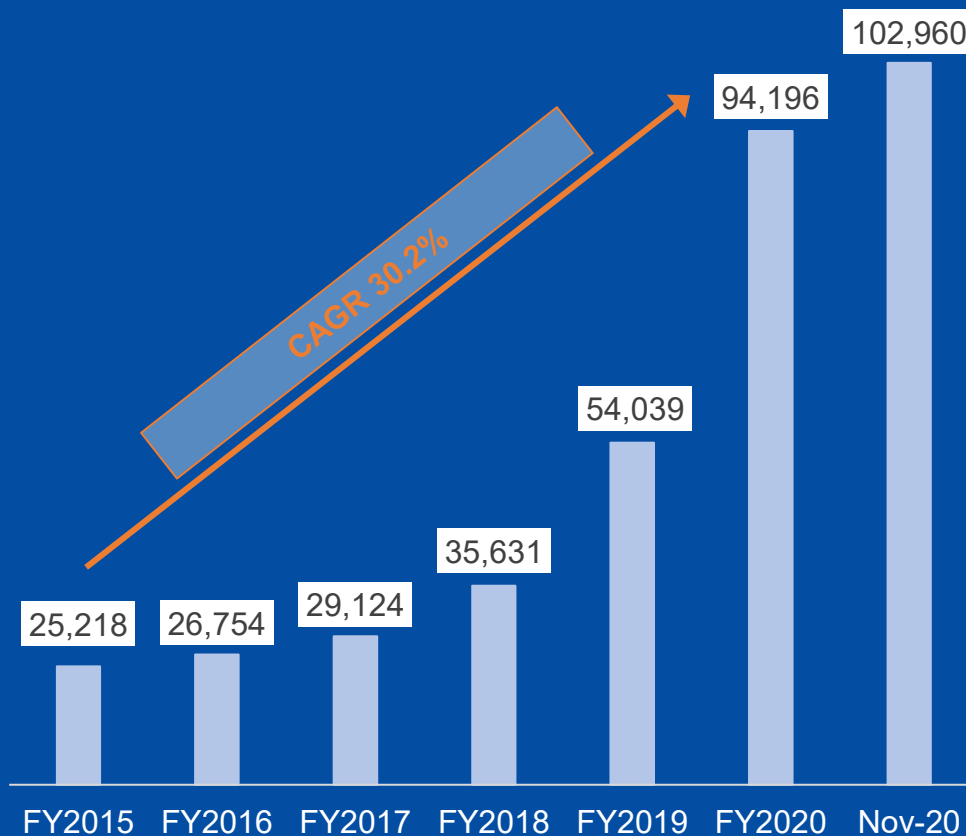
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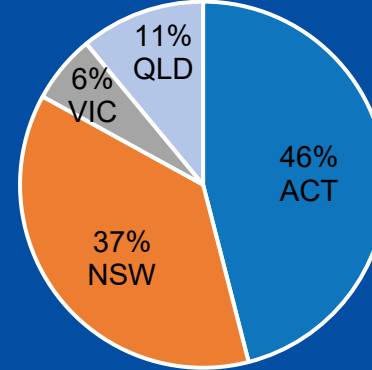
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Member Snapshot

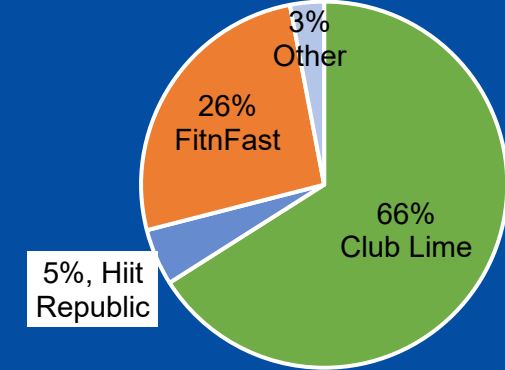
Growth in members ¹



Members by State



Members by Brand



- Member numbers +8,764 above 30 June 2020
- +7,000 new members since 1 September 2020
- All members off 'COVID' suspension on 23 November 2020
- ~6,175 members on requested suspension ²
 - Returning Members: 915 (Nov), 2254 (Dec), 2186 (Jan)
 - Down from ~15,000 in September 2020
 - Figures as at 24 Nov 2020

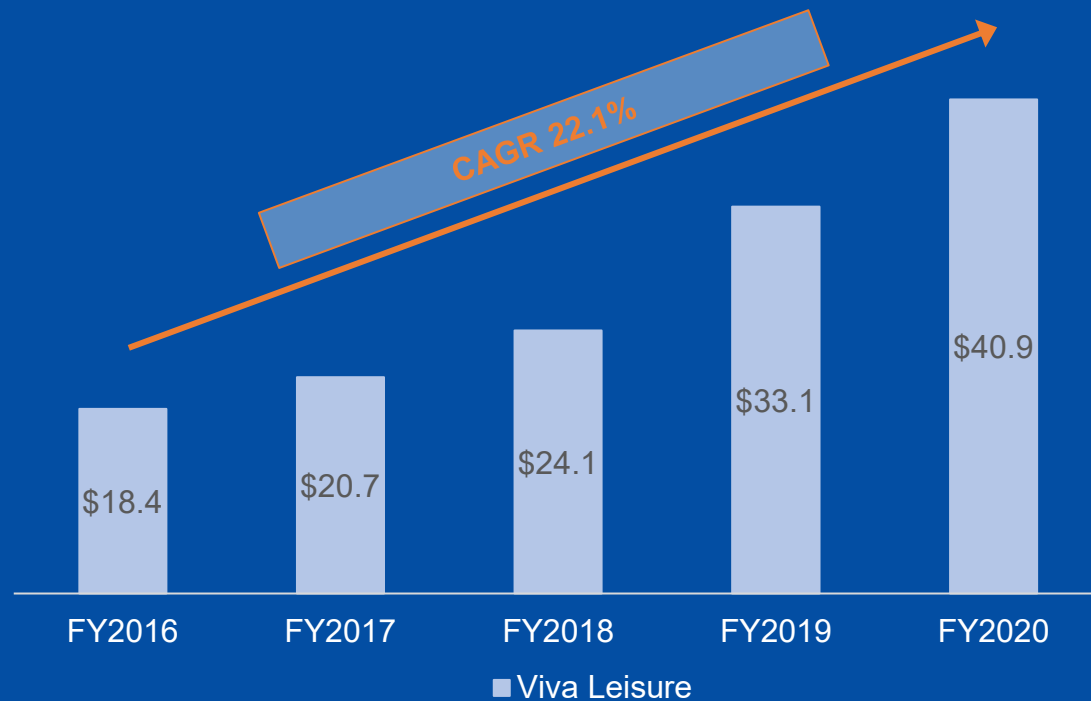
Note:

1. Excludes AFM (Plus Fitness) members

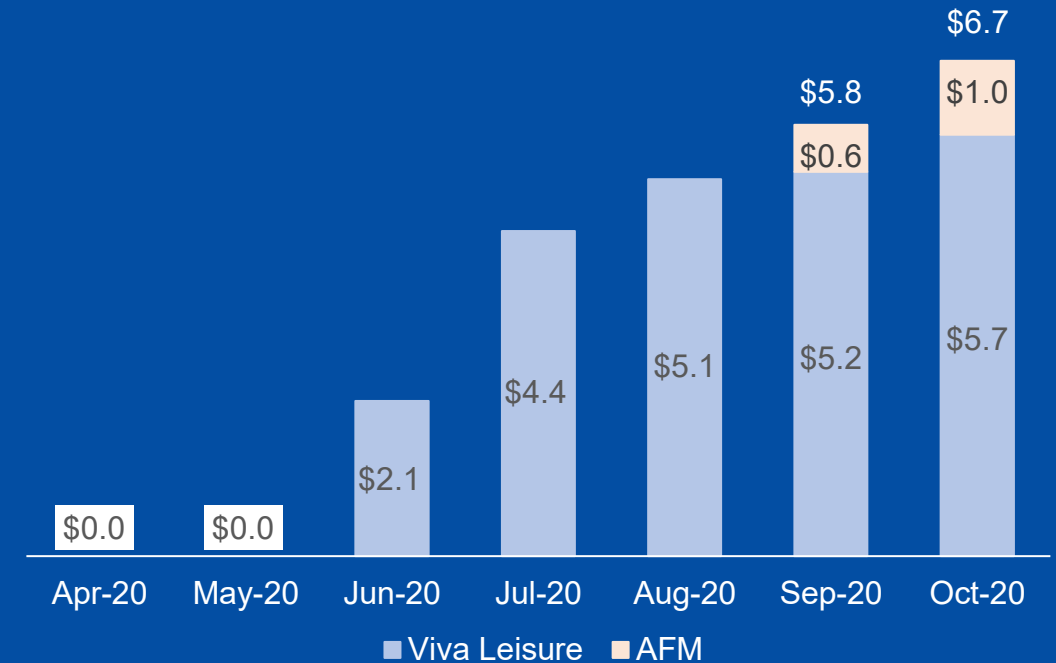
2. Approximately 2,000 above normal suspension levels

Revenue

Full Year Revenue (\$m)



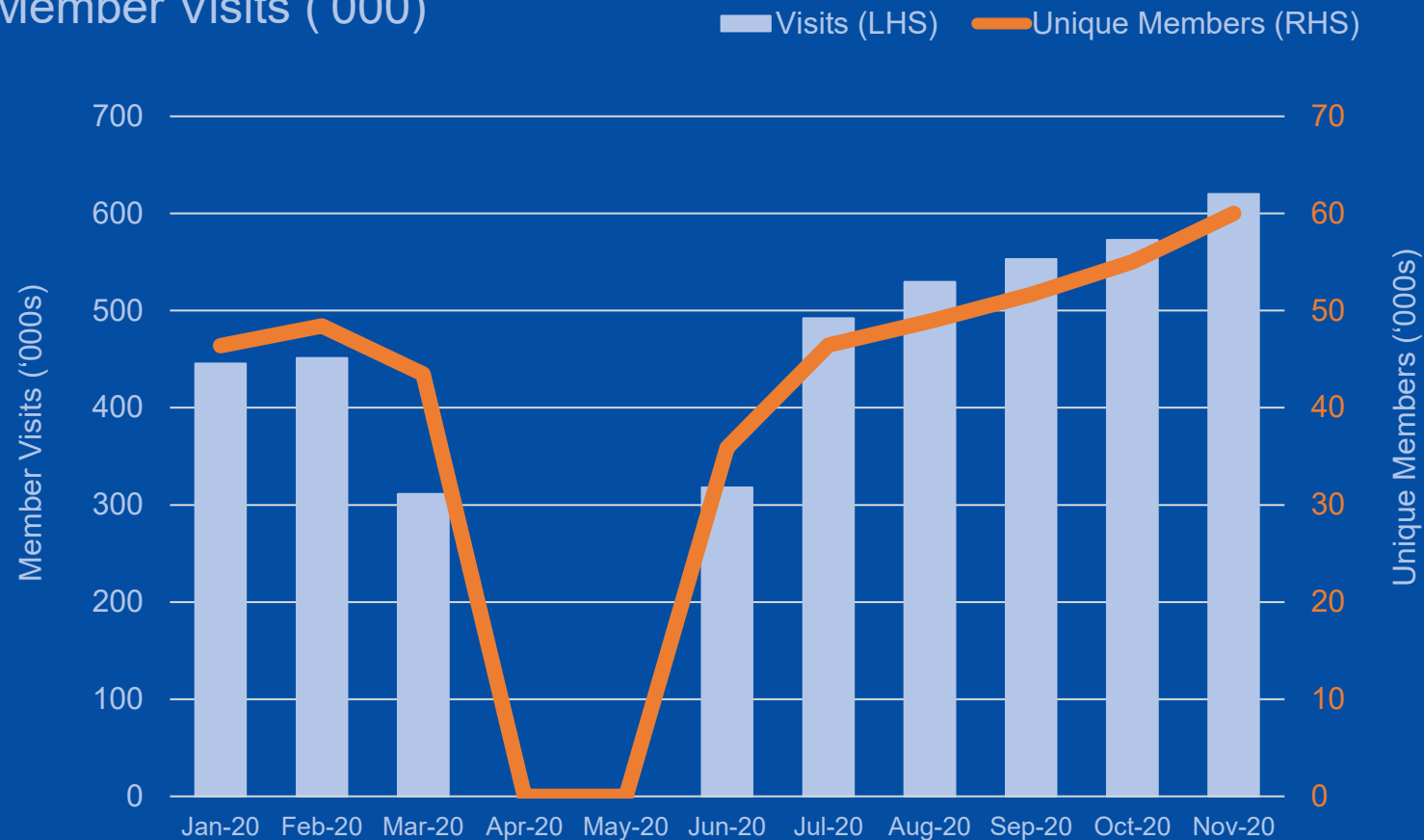
Revenue by Month (\$m)



- October 2020 and prior excludes revenue from Victoria which opened (with restrictions in place) 9 Nov 2020. Approximately 6,000 members.
- Revenues in October 2020 higher than pre-COVID shutdown despite nearly 12,000 members still suspended

Member Visitation

Member Visits ('000)



- Increasing member visits provides a good source of data on member willingness to attend facilities post COVID
- Member visits in July exceeded and continue to exceed pre-COVID visit totals
- Member visit data excludes Plus Fitness locations
- Nov-20 estimate. Actual to 23 Nov-20 481k visits, 57k unique members

Note: Member visitation is month to date as at 23 November 2020



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Viva Growth Initiatives

Funding and Consideration

EQUITY RAISING

- \$30 million fully underwritten Placement to sophisticated and institutional investors
- Placement will be undertaken at a price of \$2.90 which represents a discount of 4.3% to the closing price on 26 November 2020 and a 3.9% discount to the 10-day VWAP

DEBT FACILITY

- Previously announced CBA Market Rate Loan facility, used for Acquisitions (50% debt / 50% equity) increased from \$10 million to \$25 million.
- Limits have been increased to accommodate the growing Viva Leisure business and future opportunities
- \$17 million of debt funding available for acquisitions, and when matched with equity provides up to \$34 million of acquisition capacity

CONSIDERATION

- Viva Leisure has identified several accretive acquisition opportunities that it intends to pursue following completion of the equity raising
- Identified buy-backs of Plus Fitness franchisees for approximately \$9 million to \$10 million.
- Acceleration of fit-outs and rollout of greenfield locations of \$10.8 million
- Intention to deploy funds by the end of CY2021

A Pipeline of Compelling, Strategic & Accretive Opportunities

ACQUISITION OF HEALTH CLUB GROUPS AND LOCATIONS

- Viva Leisure has a robust and deep pipeline of acquisition opportunities ranging from single club operators to large established health club groups
- Potential acquisitions will allow Viva Leisure to strengthen its presence in under served locations and regions
 - Strong acquisition synergies available for each opportunity
 - Preference for complementary overlap with Viva Leisure's existing location footprint
- Purchase price for sites expected to be commensurate of EBITDA multiples paid for previous health club group acquisitions (~3x)
- Observation that majority of operators are performing well post 'opening-up' following the COVID shut down

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**).
 - Acquisition provided a pipeline of future acquisitions through buying back Plus franchises and converting to corporate owned locations
 - Identified buy-backs of Plus Fitness franchisees for approximately \$9-10 million.
- Plus growth not constrained with ability for new territories and locations to be secured and established

GREENFIELD ROLLOUTS BUILDING FOUNDATIONS FOR FUTURE GROWTH

- Viva Leisure is accelerating the roll-out of greenfield locations for Club Lime and boutique offering such as hiit republic and Groundup
- Plans for greenfield location roll outs
 - Viva Leisure is expecting 20+ locations to be opened between now and end of FY2021
- Location selection based on data and taking into account Hub-and-Spoke philosophy
- Ability to accelerate and throttle growth successfully demonstrated through COVID shut down in various states and territories

Viva Leisure's 2025 target is to have a network of 400+ corporate owned locations

Note: Viva Leisure has not currently progressed any acquisition opportunity that results in additional disclosure. Viva Leisure expected to progress these acquisitions, including disclosing, post completion of the Capital Raising.



Acquisition Timeline and Experience

14

Acquisitions

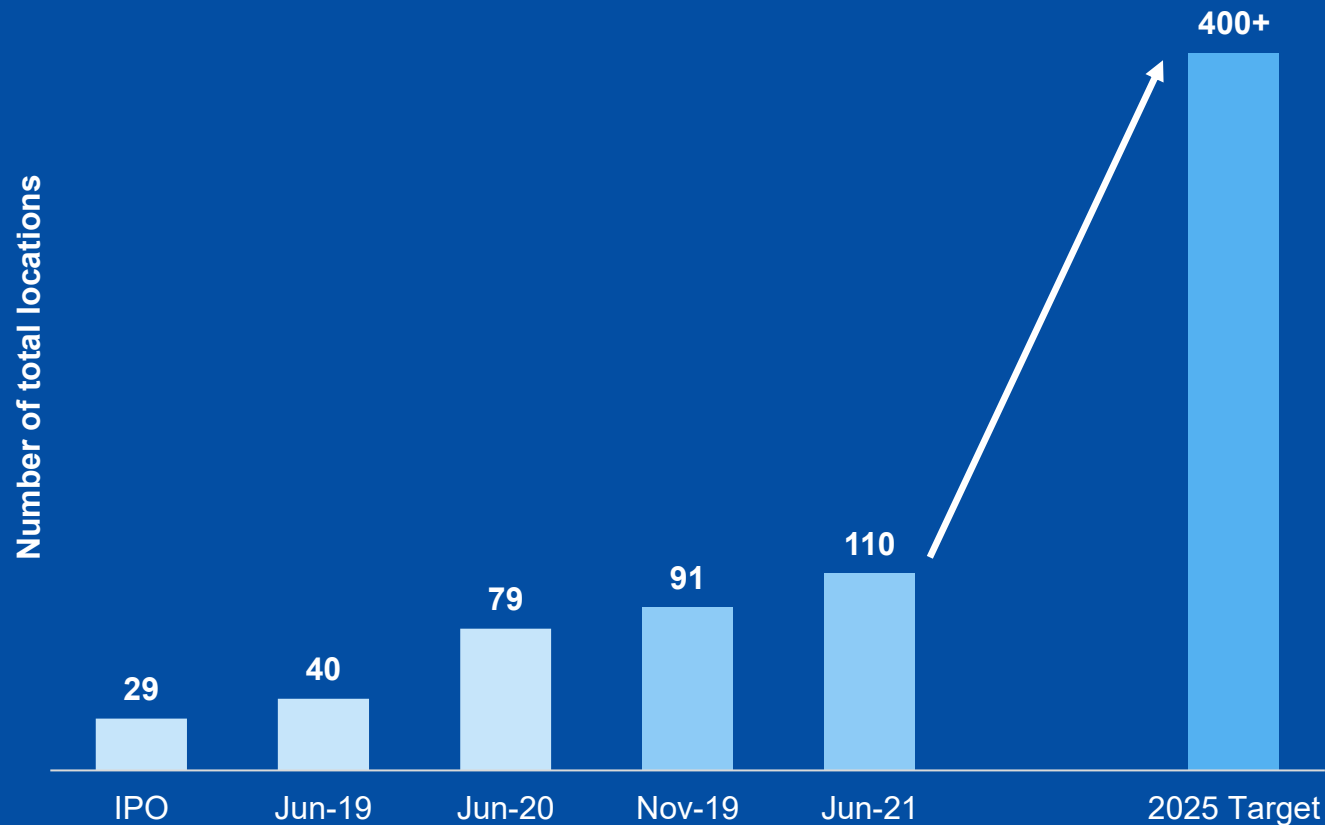
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Locations

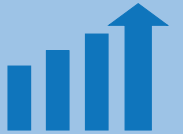


* Acquisition of the Plus Fitness brand, systems and Master Franchisor, which includes the Master Franchise Agreement and a first right of refusal on the existing 197 locations
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2025 Target Locations



- Viva Leisure has a network plan to add approximately 300 locations (including greenfield and acquisition of Plus Fitness franchises).
- This results in a 2025 Target of 400+ Viva Leisure locations
- Viva Leisure recognises the potential for additional locations nationwide, with the pipeline of franchisee owned Plus Fitness franchises representing a significant growth opportunity
- Delivery to be supported by:
 - ✓ recognised national brand which enables high performance and sales growth
 - ✓ operating synergies derived





Equity Raising Overview

Equity Raising Overview

Offer Size & Structure

- Fully underwritten Institutional Placement (“**Equity Raising**” or “**Placement**”) to professional and sophisticated investors to raise approximately \$30.0 million (the “**Offer**”)
- The Placement of approximately 10.3 million ordinary shares (“**New Shares**”) to be issued using Viva Leisure’s 15% placement capacity pursuant to ASX Listing Rule 7.1

Offer price

- New Shares will be issued at a fixed price of \$2.90 per New Share (“**Issue Price**”), representing a discount of
 - 4.3% to Viva Leisure’s last closing price on 25 November 2020 of \$3.03; and
 - 3.9% to the 10-day volume weighted average price (“**VWAP**”) of \$3.017

Ranking

- New Shares issued under the Offer will rank equally with existing Viva Leisure shares on issue

Use of Proceeds

- Proceeds from 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 and new site roll-outs and pay Offer costs

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

Lead Manager and Underwriting

- The Offer is fully underwritten
- Ord Minnett is acting as Sole Lead Manager, Bookrunner and Underwriter
- Petra Capital is acting as Co-Lead Manager



Use of Funds and Offer Timetable

Sources of Funds	(\$ millions)
Cash on Hand*	4.0
Available Market Rate Loan	17.0
Equity Raising	30.0
Total Sources	51.0

Use of Funds	(\$ millions)
Liquidity for potential acquisitions	34.0
Acceleration of fit-outs and Greenfields	10.8
General working capital	5.0
Transaction Costs	1.2
Total Uses	51.0

*As at 31 October 2020

Event	Date
Trading Halt	Friday, 27 November 2020
Announcement and Completion of Equity Raising	Monday, 30 November 2020
Trading Halt Lifted, Trading Recommences	Monday, 30 November 2020
Settlement of New Shares Issued Under the Institutional Placement	Thursday, 3 December 2020
Allotment of New Shares issued under the Institutional Placement and recommencement of normal trading	Friday, 4 December 2020

Note: 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.





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- 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. 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.

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The risks are categorised as follows:

1. Key Business Risks; and
2. General 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. While, as at the date of this presentation, all of Viva Leisure's facilities are back open for business, a number of Viva Leisure's health clubs (particularly in Victoria) are operating at a reduced capacity to assist with slowing the spread of COVID-19.

While visitations and member growth remains strong, the COVID-19 operational constraints continue to impact Viva Leisure's membership and physical attendance rates and its expected financial position and performance.

Despite an improved outlook and a significant easing of restrictions, 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.

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.



Key Risks (continued)

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.

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.

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 will continue to impact on the operating and financial performance and prospects of Viva Leisure and continue to impair Viva Leisure's business and prospects.

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.

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.

Key Risks (continued)

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 2020 Annual Report announced to market on 8 October 2020.