lifefit | group

LifeFit Group

Q1/FY2020 - Quarterly interim unaudited report

lifefit group

March 2020

Executive Summary

1 LTM Performance above FY19	▪ Operational and Financial KPIs outperformed expectations and previous year in almost all areas ▪ Turnaround of rolling LTM Total revenue and EBITDA was followed by sustainable growth ▪ LifeFit Group formation was followed by fast M&A activities resulting in seven brands at the end of the quarter
2 LTM Revenue EUR 128.9m + 0.8% vs FY19	▪ Total revenues in core business[1] increased by 0.8% vs. FY19 to EUR 128.9m, driven by continued growth in all segments ▪ The group focuses on membership dues showing significant improvement in its driving KPI joiner yield (EUR 46.5 LTM vs. 45.8 in FY19) which is caused by the implementation of a new pricing at Fitness First ▪ After excessive increase in FY19, which was favored by contract model change 2 years ago, retention now stays stable at 73.2%. ▪ As expected side revenues slightly declined while aggregator income continuously increased
3 LTM EBITDA adj. EUR 17.9m + 2.9% vs FY19 Margin 13.9% + 0.3 ppt vs FY19	▪ Jan-20 LTM Adjusted EBITDA in core business increased by 2.9% vs. FY19 to EUR 17.9m ▪ In addition to revenue growth over all segments the group was able to reduce costs further ▪ HO (driven by group synergies) and LFL employment efficiencies continue to martialise ▪ Cost efficiency program successfully progressed, still in ramp-up (e.g. cleaning, electricity)
4 Q1/FY20 Net Cash Flow EUR -7.3m	▪ Q1/FY20 Net cash flow follows the investment strategy and is primary characterised by capex of EUR 4.2m spend for conversion of Fitness First into smile X clubs and on upgrading existing portfolio ▪ The group additionally stepped into a joint venture witch Xponential Fitness, a US based curator of boutique fitness brands, to set up a franchise organisation ▪ Strong cash position at quarter end with >EUR 15.0m free cash at hand ▪ EUR 10m Revolving credit facility in place
5 Outlook	▪ LifeFit Group has implemented a broad set of initiatives to mitigate the covid-19 crisis implications ▪ In this context capex program and new brand openings will be partly postponed, seeking for attractive M&A opportunities continues

1) Core business excludes all clubs/services, which already have been divested/closed or will not be continued.

Multi-Brand Strategy and Status of Exceution

1 Multi-Brand strategy	▪ Multi-brand fitness offering in distinct market segments and their execution was successfully initiated ▪ Smooth transition to newly formed senior field management at Fitness First enabled creation of strong Group & Studio format brands senior teams ▪ Installation of group functions well under way with focus on future process & systems set up
2 Fitness First	▪ Operational and Financial KPIs outperformed expectation and previous year in mostly all areas ▪ Implementation of new pricing in Dec 19 has simplified pricing model and increased joiner yield distinctively and follows focus on membership dues ▪ Positioning towards quality provider underpins this approach as new member integration and member support tools introduced simultaneously ▪ Digital strategy further improving prospect experience and flow well under way with more than >20% online joiners in January ▪ Started investment program in reception concept focuses on smaller desks as well as reduced and simplified processes resulting in more member interaction on the floor
3 smile X	▪ SmileX integration into the group leads to broad exchange of experience and best practice sharing in either direction ▪ Conversion of 6 Fitness First clubs into SmileX clubs completed, but was challenged by higher demand and delay of conversion processes, esp. on construction work, staffing, adoption of operational processes and implemenatation of systems/tools
4 elbgym	▪ Elbgyms three existing clubs have outperformed membership growth and were on track overachieving 2020s revenue targets ▪ First franchise club opened in Hamburg in October, a second is planned in Munich planned for fall, a third in Hamburg in winter
5 Studio	▪ Barry´s Bootcamp: one studio under construction (postponed opening due to covid-19 impacts to fall) and a second lease signed for winter opening ▪ GymSociety: The new joint venture (since October) will see a first studios open in Cologne this summer (next to a FF and targeting ex-FF members, so well positioned despite covid-19 ▪ Mind & Body brands: In November a joint venture with the worlds biggest and most succesful curator of franchise boutique offerings US based Xponential Fitness was formed and with Pure Barre and Club Pilates two leading concepts in their fields with significant franchise growth opportunities were secured

Covid-19 | Measures initiated by Management

- Status quo: Following government orders, all of our clubs are currently closed until 20^{th} to 30^{th} of April
- Installation of Covid-19 crisis management strategy including diagnosis, empowerment, execution, evolution and turnaround strategy
- Daily senior management update and decision call enabled us to move fast, effective and aligned across brands initiating a broad set of measures and initiatives to mitigate the economic impact while supporting staff and members
- Group Finance in close relationship with the brands has created a detailed driver based cash forecast model, which consist of three scenarios (1, 2 or 3 month closure) with three different cases each (upside, base case, downside)
- Learning and interaction from and with other Oaktree Capital Management portfolio companies
- Experienced legal advise to maximise liquidity, especially with regards to
  - state related economic relief programs (employees put on zero or 50% hours (“Kurzarbeit”), postponement of various tax etc.)
  - third party supplier reductions
  - withholding/deferral of rent payments (no legal grounds but assumed government program/regulation to commence soon)
- Paused or postponed capex initiatives including openings of new format studios
- Industry in general continues to bill for recurring membership dues (widely supported by German media) and early results are promising demonstrating members go along as reimbursement options have been made available (ad time at end of membership, bring a friend vouchers, upgrade to national club network among others). In addition, members are provided with a comprehensive range of online courses for their training at home.
- Teams have reacted above expectations utilizing the time upgrading clubs and skill sets before going on zero hours

Covid-19 | Evaluation of Business Impacts

Segment	Status quo	Assumed covid-19 impact
Revenue		
Membership Dues	Business model is based on >90% recurring, subscription based revenues (i.e. 12/24 month membership)	• Industry in general continues to bill for recurring membership dues • Attrition rates will increase by 15-20%, which means churn of ~3% instead of 2,5% p.m. • Short-term increase in freezes more than likely and additional free periods at the end of membership • Some increase in rejects assumed based on first direct debits taken • Should clubs stay closed longer than mid/end of April risk increases
New joiner related income	New joiners in general pay one-time fees at the beginning of their membership and monthly/bi-weekly/weekly recurring membership dues	• We assume no new members within the club closure period • This will have more mid/long-term impact (based on missing monthly membership dues) then short-term (besides one-time/joining fees) • Current monthly joiners account for <2% of total members • Mgmt sees opportunities for rebound effects after reopening • Should clubs stay closed longer than mid/end of April loss of new joiners continues
PAYG income and other side revenues	PAYG income and side revenues are primary related to club visits, but only account for <8% of total revenues	• Revenues will go down while clubs are closed, but cost of sales as well • LifeFit assumes that visit related income will be impacted by reduced attendance after reopening (normalisation likely in autumn)

lifefit group

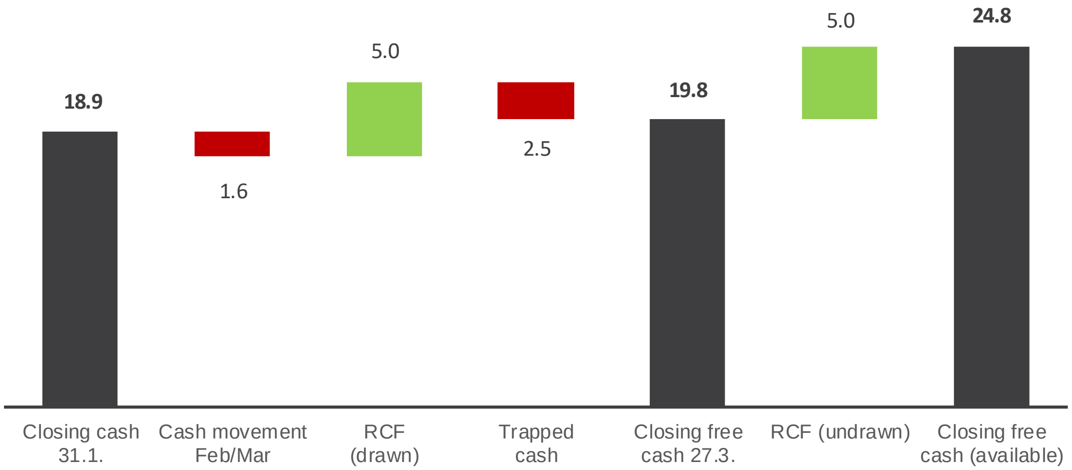
Covid-19 | Evaluation of Business Impacts

Segment	Status quo	Assumed covid-19 impact
Costs		
Employment costs	Club employment costs account for ~30% of total revenues	• German government has installed extensive program on short-time working • LifeFit will fully implement short-time working in club and partly in head office and will top up state by 13% to 80% (if revenue declines further due to length of closures top up seizes) • Company has to pay in advance and will receive refunds in some months time
Rent	Rent accounts for approx. 20% of total revenues and are based on long term contracts (10+ years)	• LifeFit is seeking for partial deferral (50% in April) of monthly rents to create win/win situations leaving option of shared burden open • If closure period is to be extended, government is expected to implement additional measures (already in place: landlord can not cancel contract next 6 months)
Club operating costs	Major items are cleaning, utitlities, R&M	• Mgmt is focused to take down any cost as much as possible which are directly linked to operations and which won't have positive impact after reopening • In addition LifeFit has installed initiatives to save further Opex
Capex	Capex consists of new club capex, refurbishments, equipment, maintenance and IT	• Mgmt paused any initiative which has not started yet, but will continue to spend on already started ROI initiatives • New business postponement to be evaluated (new brands, greenfields)
Cash/Liquidity		
Cash position	LifeFit currently is in a very good free cash position of EUR >15m	• Short-term revenue implications will be partly offset by cost saving initiatives and governmental support, on the longer term missing joiners will lead to negative impact on CF • We have evaluated scenarios between 1-3 month club closure, depending depend on churn, rejects and freezes • Scenarios confirm that (under current circumstances) cash balance stays positive for at least 12 months time
RCF	LFG has drawn EUR 5m of the EUR 10m RCF, which will increase current cash position	
Governmental support	Government has installed various support programs	• LifeFit intensively evaluates opportunities to utilize governmental financial support besides short-time work (e.g. KfW loans)

Fitness First ELBGYM smile BARRY'S the GymSociety pure barre CLUB PILATES

Covid-19 | Evaluation of Business Impacts

Cash Balance Bridge Jan-20 to Mar-20 Free Cash to Available Cash



Covid-19 | Evaluation of Business Impacts

- The segment has traded through the 2008/09 financial crisis and demonstrated resilience
- LifeFit has gone through a turnaround and has well proven processes and a track record to manage under challenging circumstances

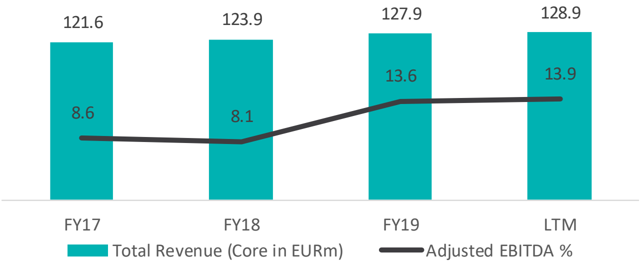
- We expect mid-term market development positive with a higher focus on lifestyle and activity given being fit increases immune system
- Our staffing model will help us with the recovery, as we will be able to introduce health measures that perhaps other competitors won't. Having staff gives us more options to provide a safe and supportive environment vs. not having staff. Furthermore it secures one of our USP`s to interact with and motivate our members which differentiates us from other competitors and strengthens our position in the upper market segment.

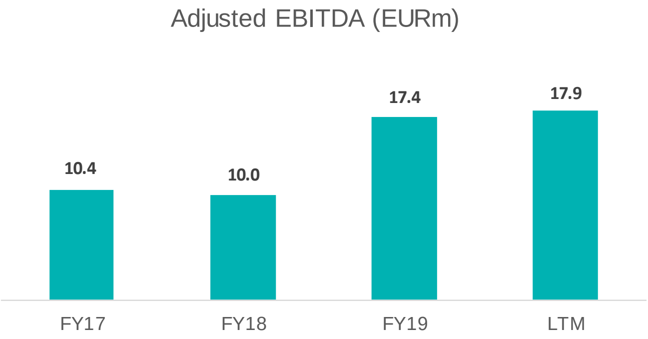
- Free cash position of EUR >15m (+ EUR 5m RCF) will give us sufficient liquidity for current shut-down scenarios
- Furthermore we see interesting M&A opportunities coming our way

- At present executing and evolving our measures taken to mitigate the revenue decline remains our No 1 focus

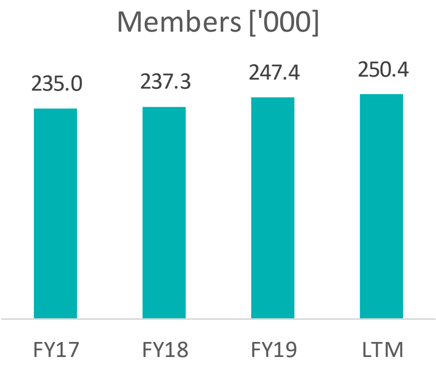
LifeFit Group Pro Forma at a Glance (Core Business[1])

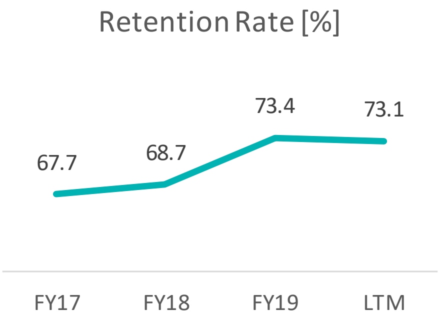
Pro forma key financials

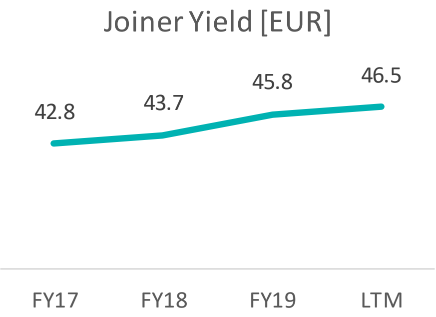


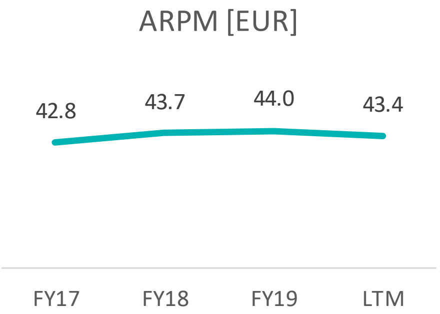


Key performance indicators





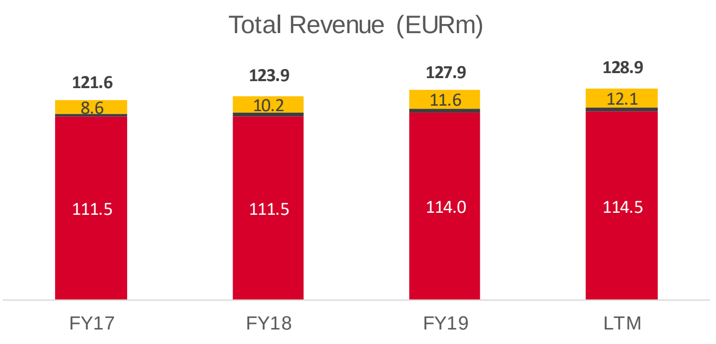


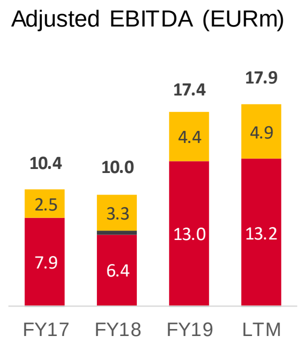


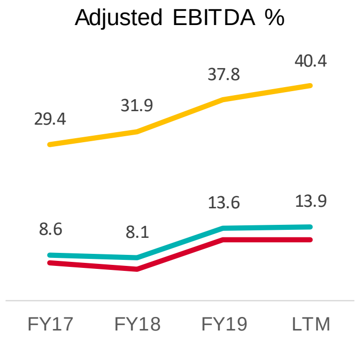
1) Core business excludes all clubs/services, which already have been divested/closed or will not be continued.

Key Financials and KPIs by Segment (Core Business[1])

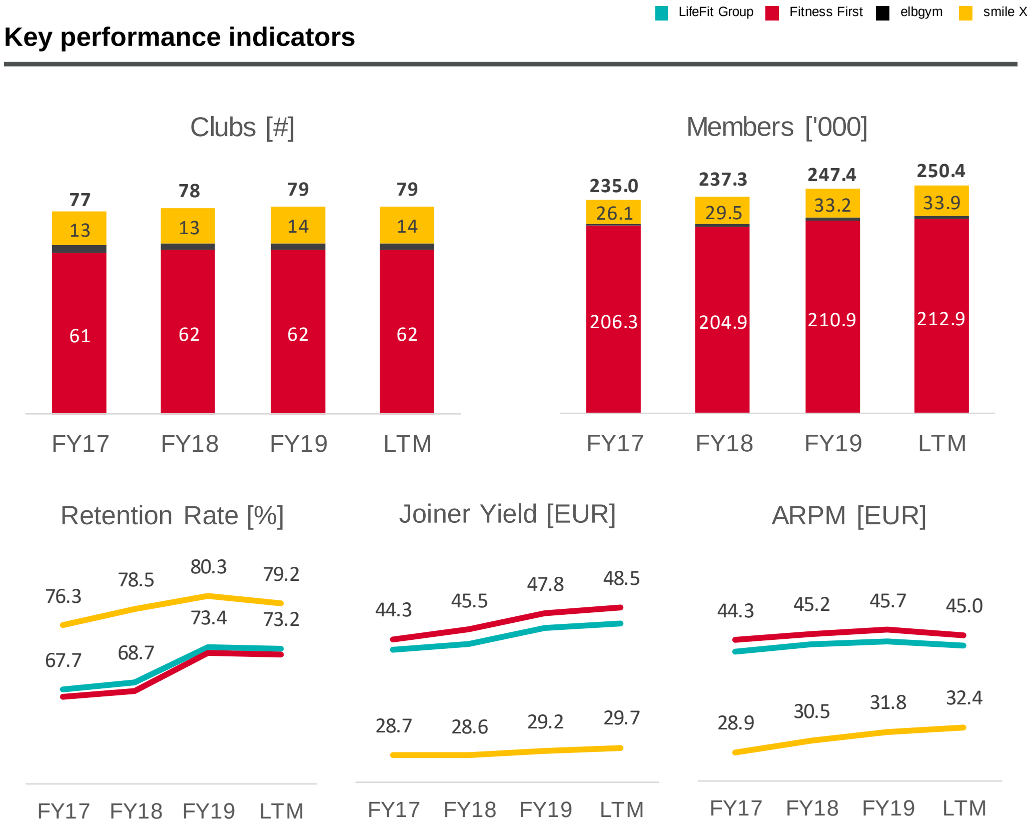
Pro forma key financials







Key performance indicators



1) Core business excludes all clubs/services, which already have been divested/closed or will not be continued.

LifeFit Group Pro Forma Historical Performance (Core Business)

Key Financials

EURm	FY17 AC	FY18 AC	FY19 AC	LTM AC	Δ% LTM-19
Total Revenue	**121.6**	**123.9**	**127.9**	**128.9**	**+0.8%**
thereof: Fitness First	111.5	111.5	114.0	114.5	
elbgym	1.5	2.2	2.3	2.4	
smile X	8.6	10.2	11.6	12.1	
EBITDA	**10.3**	**10.2**	**15.6**	**16.0**	**+2.5%**
thereof: Fitness First	7.7	6.7	11.3	11.3	
elbgym	0.0	0.3	-0.1	-0.2	
smile X	2.5	3.3	4.4	4.9	
EBITDA margin [%]	**8.4**	**8.3**	**12.2**	**12.4**	**+1.7%**
thereof: Fitness First	7.0	6.0	9.9	9.9	
elbgym	-1.2	13.3	-3.7	-6.9	
smile X	29.4	31.9	37.8	40.4	
Adjustments	**0.1**	**-0.2**	**1.7**	**1.9**	
thereof: Fitness First	0.1	-0.2	1.7	1.8	
elbgym	0.0	0.0	0.1	0.0	
smile X	0.0	0.0	0.0	0.0	
Adjusted EBITDA	**10.4**	**10.0**	**17.4**	**17.9**	**+2.9%**
thereof: Fitness First	7.9	6.4	13.0	13.2	
elbgym	0.0	0.3	0.0	-0.1	
smile X	2.5	3.3	4.4	4.9	
Adj. EBITDA margin [%]	**8.6**	**8.1**	**13.6**	**13.9**	**+2.1%**
thereof: Fitness First	7.1	5.8	11.4	11.5	
elbgym	-1.2	13.3	-0.2	-5.9	
smile X	29.4	31.9	37.8	40.4	

Key Performance Indicators

	FY17 AC	FY18 AC	FY19 AC	LTM AC	Δ% LTM-19
# of Clubs[1]	**77**	**78**	**79**	**79**	
thereof: Fitness First	61	62	62	62	
elbgym	3	3	3	3	
smile X	13	13	14	14	
Members ['000]	**235.0**	**237.3**	**247.4**	**250.4**	**+1.2%**
thereof: Fitness First	206.3	204.9	210.9	212.9	
elbgym	2.6	2.9	3.3	3.6	
smile X	26.1	29.5	33.2	33.9	
Joiner Yield [EUR]	**42.8**	**43.7**	**45.8**	**46.5**	**+1.5%**
thereof: Fitness First	44.3	45.5	47.8	48.5	
elbgym	65.9	66.8	70.0	70.7	
smile X	28.7	28.6	29.2	29.7	
ARPM [EUR]	**42.8**	**43.7**	**44.0**	**43.4**	**-1.3%**
thereof: Fitness First	44.3	45.2	45.7	45.0	
elbgym	55.2	65.9	60.2	59.3	
smile X	28.9	30.5	31.8	32.4	
Retention %	**67.7**	**68.7**	**73.4**	**73.2**	
thereof: Fitness First	66.8	67.6	72.6	72.4	
elbgym	76.8	68.7	64.1	69.5	
smile X	76.3	78.5	80.3	79.2	

- LifeFit has implemented a new pricing for its brand Fitness First in Dec 19, which is primary characterized by
  - Weekly pricing instead of monthly
  - Reduced price points by only offering multiclub usage
  - Implementation of a 6 month revolving training fee
  - Immediate contract start
- Q1/FY20 joiner yield increased by EUR +2.2 vs. last year to EUR 47.8 and will grow further as new pricing affects Q1 only partly and January offer lowers yield slightly
- The 6 month revolving training fee will have additional positive impact on revenue in month 6 of the membership (revolving every 6 month)
- FY19 retention benefited from contract model change 2 years ago at Fitness First, thus we have seen a peak in cancellations in Jan 20 (Feb already back to normal), but overall retention stays stable at high level
- Fitness First's numbers exclude clubs/services, which have been divested/closed over time or will not be continued (see next page for bridge to total pro forma)

Fitness First ELBGYM smile X BARRY'S the GymSociety pure barre CLUB PILATES

1) Excluding franchise clubs

Non-Core Business Financials / Bridge to Total Pro Forma

Key Financials

EURm	FY17 AC	FY18 AC	FY19 AC	LTM AC
Total Revenue	**141.4**	**135.6**	**133.9**	**133.3**
thereof: core	121.6	123.9	127.9	128.9
non-core	19.8	11.7	6.1	4.4
EBITDA	**11.8**	**11.7**	**14.8**	**15.4**
thereof: core	10.3	10.2	15.6	16.0
non-core	-0.5	-0.7	-0.8	-0.7
EBITDA margin [%]	**8.3**	**8.6**	**11.1**	**11.5**
thereof: core	8.4	8.3	12.2	12.4
non-core	-2.6	-6.2	-13.4	-15.1
Adjustments	**1.0**	**1.0**	**2.4**	**2.5**
thereof: core	0.1	-0.2	1.7	1.9
non-core	0.8	1.2	0.7	0.7
Adjusted EBITDA	**12.8**	**12.7**	**17.3**	**17.9**
thereof: core	10.4	10.0	17.4	17.9
non-core	0.3	0.5	-0.1	0.0
Adj. EBITDA margin [%]	**9.0**	**9.4**	**12.9**	**13.4**
thereof: core	8.6	8.1	13.6	13.9
non-core	1.6	4.4	-2.2	0.2

Key Performance Indicators

	FY17 AC	FY18 AC	FY18 AC	FY19 AC
# of Clubs[1]	**93**	**87**	**83**	**81**
thereof: core	77	78	79	79
non-core	16	9	4	2
Members ['000]	**268.1**	**255.8**	**250.8**	**253.7**
thereof: core	235.0	237.3	247.4	250.4
non-core	33.0	18.5	3.4	3.3
Joiner Yield [EUR]	**42.2**	**43.4**	**45.7**	**46.5**
thereof: core	42.8	43.7	45.8	46.5
non-core	38.7	40.3	43.3	46.1
ARPM [EUR]	**42.3**	**43.1**	**44.2**	**43.3**
thereof: core	42.8	43.7	44.0	43.4
non-core	39.6	37.7	46.1	n/a
Retention %	**67.7**	**68.7**	**73.4**	**73.2**
thereof: core	67.7	68.7	73.4	73.2
non-core	n/a	n/a	n/a	n/a

- Fitness First has gone through an portfolio optimisation process in the last years in the course of which over 18 (mostly) unprofitable clubs have been divested or closed since Nov 16
- This causes a significant decline in memberships with total revenues going down EUR -15.4m (from FY17 to Jan-20 LTM) while EBITDA is not impacted that much
- Table on the left shows the bridge from core business numbers (cf. previous page) to total pro forma
- As of Mar 20 only 1 club is left in the non-core portfolio (closure estimated in the context of lease end in winter 2021/22)

1) Excluding franchise clubs

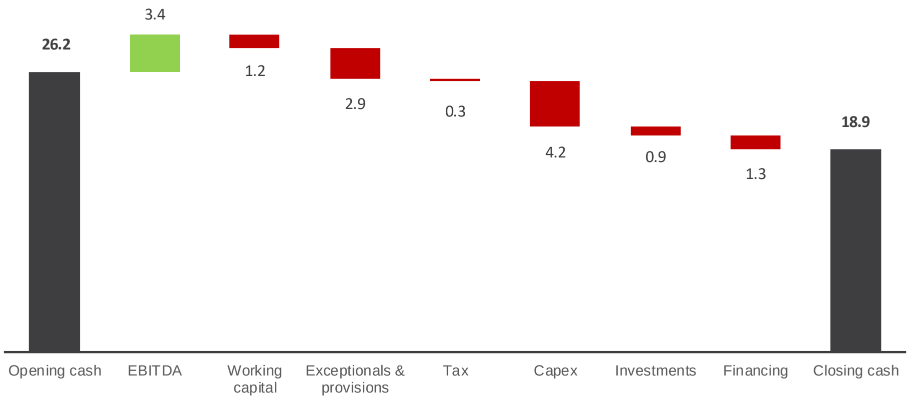
LifeFit Group Pro Forma Cash Flow

Annual cash flow (EURm)

EURm	FY17AC	FY18AC	FY19AC	Jan-20 LTM
EBITDA	11.8	11.7	14.8	15.4
Working capital	1.3	0.7	-0.6	-0.1
Exceptionals & provisions	-3.9	-1.5	-4.4	-6.4
Tax	-0.4	-0.5	-0.6	-0.3
OPERATING CASH FLOW	**8.8**	**10.4**	**9.2**	**8.5**
New club capex	-2.5	-3.2	-0.1	-0.3
Existing portfolio capex	-6.8	-10.1	-7.7	-9.4
Capex	-9.3	-13.3	-7.8	-9.6
Investments	0.0	0.0	-30.9	-28.9
Cash flow from investing activities	-9.3	-13.3	-38.7	-38.6
FREE CASH FLOW	**-0.5**	**-2.9**	**-29.5**	**-30.1**
Cash flow from financing activities	-0.5	-0.5	48.4	44.3
NET CASH FLOW	**-0.9**	**-3.4**	**18.9**	**14.2**
operating cash conversion*	42%	14%	48%	39%

*defined as (EBITDA - exiting portfolio CAPEX) / EBITDA

Cash balance bridge Oct-19 to Jan-20 (EURm)



- Jan-20 LTM Net cash flow is driven by bond issue of EUR 40.0m and shareholder loan of EUR 10.0m, which was primary used for the acquisition of smile X
- Q1/FY20 Net cash flow follows the investment strategy and is characterised by capex of EUR 4.2m (primary spend for conversion of Fitness First into smile X clubs, but as well on existing portfolio) and investment of EUR 0.9m into Xponential master franchise
- Exceptionals and provisions of EUR 2.9m primary refer to last years transaction costs, which were deferred in payment as well as to onerous lease costs, club closure costs and redundancy costs

Overview of Adjustments to PF LTM Jan-20 Group EBITDA

Segment	Item	Comment	in kEUR
Pro forma Jan-20 LTM Group EBITDA			**15,369**
FFG/LFG	Divestment club losses	refers to five clubs in reporting period	678
FFG/LFG	HO employment cost savings	Feb20 run rate vs. LTM, >25 FTE less than in Oct18	579
FFG/LFG	Saving on operational expenses	Initiatives already started and in ramp-up	433
FFG/LFG	Ramp-up losses	Two Clubs to become EBITDA positive	208
FFG/LFG	smile X conversion one off	one off costs related to club paintings and other conversion costs	196
FFG/LFG	New Business Development	HO employment costs related to new business development (Franchise, XPO)	164
FFG/LFG	Barrys set up	transaction/formation expenses	122
FFG/LFG	Year end audit fees	first time full scope IFRS consolidated accounts	100
FFG/LFG	New Moove normalisation	Carved out into a new venture which is not any longer part of the group	38
EG	Transaction costs	Add-back of transaction costs, primarily legal and other consulting fees	23
Total Adjustments			**2,542**
Adjusted PF Jan-20 LTM Group EBITDA			**17,911**

Executive Summary, Strategy and Outlook

Evaluation of Covid-19 Business Implications

Pro forma Financials/KPIs LifeFit Group and by Segment

Appendix

General Information/Preparation of Financial Statements

1 Consolidation group	▪ The newly formed Lifefit Group Midco was established 13 March 2019. The first financial year started with the entry in the commercial register on 9 April 2019 and ended on 31 October 2019. ▪ The result of the first quarter FY2020 refers to the period 1 November 2019 to 31 January 2020. ▪ Group legal structure see appendix

2 IFRS	▪ Application of IFRS 16 Leases leads
	  ▪ to the capitalization of right-of-use assets of EUR 117.1m and of lease liabilities of EUR 135.8m as of 31 January 2020
	  ▪ to a negative P/L-effect of EUR 7.2m in the quarter caused by depreciation expenses of right-of-use assets and of interest expenses on lease liabilities (compared to the discontinuation of lease expenses in a comparable amount)
	▪ The Group had total cash outflows for leases of EUR 7.0m for the period from 1 November 2019 until 31 January 2020.

3 Reported Results	▪ The reported results as well as the presented pro forma figures are preliminary and unaudited. ▪ In the reporting period, the Group posted a loss of EUR 2.2m and sales of EUR 33.0m. ▪ With EUR -7.3m the Cash Flow is negative in the quarter, Cash balance as of 31 January 2020 is EUR 18.9m.
4 Financial KPIs	▪ LifeFit Group has updated its Financial KPIs in FY2019/20 in the course of IFRS 16 changes ▪ This mainly impacts Reported Adjusted EBITDA, which includes cash rents and excludes IAS 17 rent adjustments (see next page for previously reported results)
5 Pro Forma	▪ Due to the short financial year of Lifefit Group Midco for FY19 and for a better understanding of the financial results of the whole group LifeFit Group presents pro forma f/s considering the 12 months period 1 February 2019 to 31 January 2020 and adjusted for IFRS 16 impacts ▪ Pro forma Total Revenue of the group was EUR 133.3m (EUR 128.9m in core business[1]), while every (core) segment recorded growth ▪ Pro forma adjusted EBITDA of the group amounts to EUR 17.9m
6 Outlook	▪ LFG will publish the quarterly interim unaudited report for Q2 FY2019/2020 on 29 June 2020

Fitness First ELBGYM smile BARRY'S the Gym Society pure barre CLUB PILATES

1) Core business excludes all clubs/services, which already have been divested/closed or will not be continued.

Changes in Financial KPIs due to IFRS16 / FY17..FY19 EBITDA Bridge

FY17..FY19 Bridge to Reported Adjusted EBITDA

Core Business in EURm	FY17 AC	FY18 AC	FY19 AC
Total Revenue	121.6	123.9	127.9
- Cost of sales / controllable costs …			
- Total Rent	-21.3	-22.6	-23.0
thereof: cash rent	-23.2	-24.7	-25.1
IAS 17 rent adjustments	1.9	2.1	2.0
IAS 17 Adjusted EBITDA	**12.3**	**12.1**	**19.4**
Less: IAS 17 rent adjustments	-1.9	-2.1	-2.0
Reported Adjusted EBITDA	**10.4**	**10.0**	**17.4**

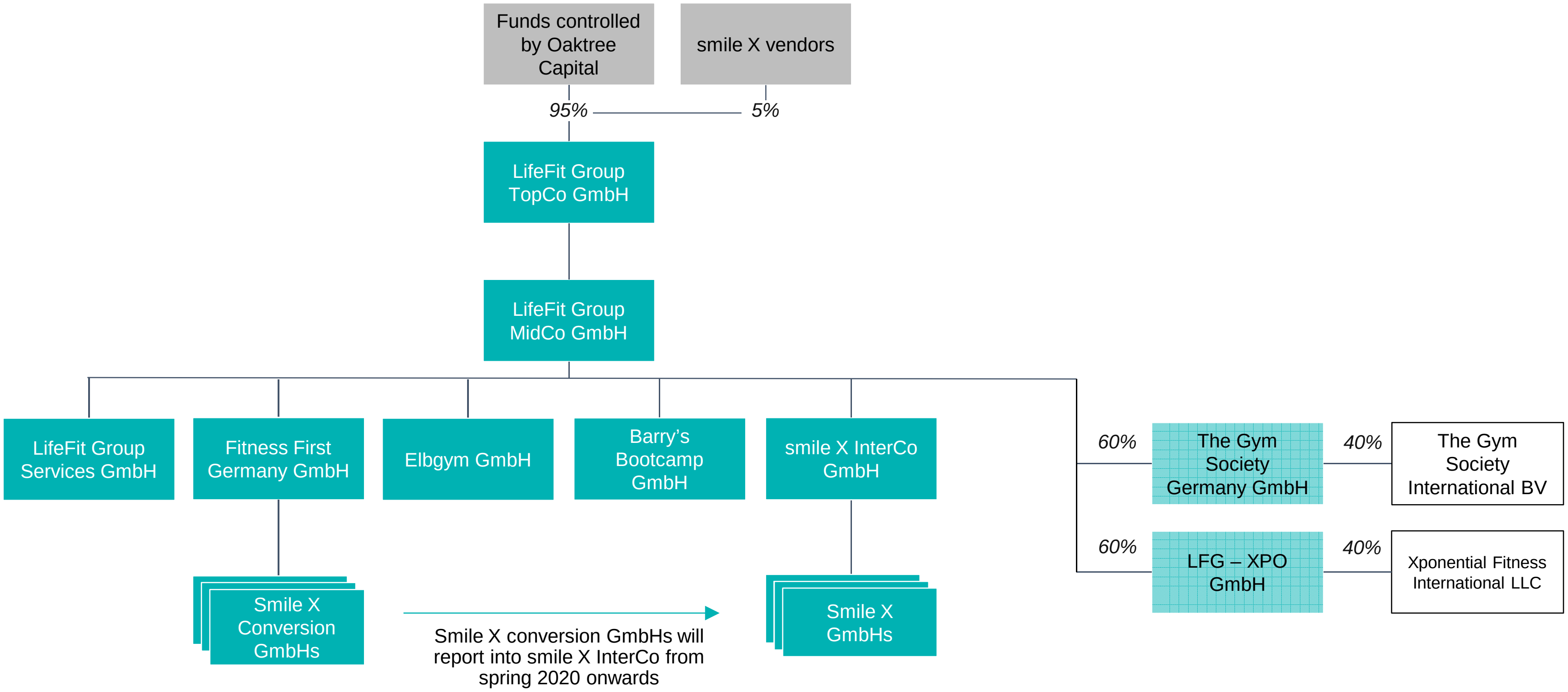
Changes in Financial KPIs

- Due to changes in accounting standards following the adoption of IFRS16, we are changing our Adjusted EBITDA definition by
  - removing the former IAS17 Rent Adjustments (Rent Control Account, which primary comprise landlord contributions and rent free periods) from EBITDA and
  - release these monthly within the depreciation (cf. depreciation of right-of-use-assets in report), but
  - keep cash rents within Reported Adjusted EBITDA for comparable reason
- Furthermore Reported Adjusted EBITDA is adjusted for exceptional items, site opening cost and negative EBITDA ramp up (new clubs/formats)
- According to this Reported Adjusted EBITDA for FY19 of EUR 19.4m is reduced by IAS17 Rent Adjustments of EUR 2.0m and amounts to EUR 17.4 under new definition

1) Core business excludes all clubs/services, which already have been divested/closed or will not be continued.

lifefit group

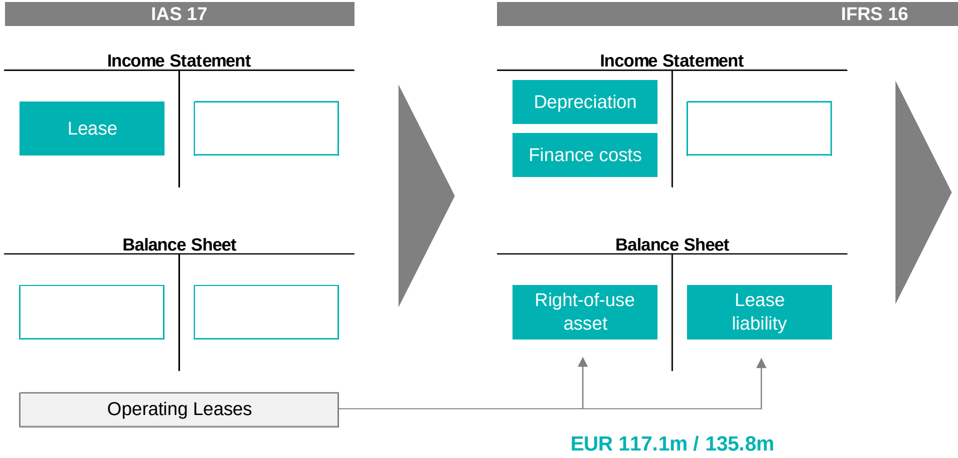
Group Legal Structure



Fitness First ELBGYM smile BARRY'S the GymSociety pure barre CLUB PILATES

IFRS 16 Impact

Impact on pro forma Financial Statements



	in EURm
Fixed costs	-28
EBITDA	+28
Depreciation	-21
EBIT	+7
Finance costs	-8
EBT	-1

Impact on Credit Stats

x PF adjusted EBITDA Jan-20 LTM (EUR 19.4m)	pre IFRS 16	under IFRS 16
Gross debt / PF EBITDA	2.5x	3.8x
Net debt / PF EBITDA	1.4x	3.4x

Gross debt based on EUR 40m senior secured bond and EUR 4.6m equipment finance leases (respectively EUR 135.8m lease liabilities under IFRS16), net debt reduced by EUR 18.9m cash at hand.

- The application of IFRS 16 leases leads to a negative effect on the profit and loss of the period
- The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets
- LifeFit has lease contracts for various items of buildings (studios, offices, and warehouses), vehicles and fitness equipment. Leases of buildings generally have a non-cancelable lease term of 15 to 20 years, while vehicle and machinery leases have a lease term of 3 to 5 years.
- As of 31 January 2020 the group recognized the following right-of-use assets and lease liabilities
  - Buildings EUR 111.9m/130.8m
  - Machinery EUR 4.7m/4.6m
  - Vehicles EUR 0.5m/0.4m
- The variance between the carrying amount of right-of-use assets and the lease liability results from deferred rent free periods, land lord contributions and impairments which are included in the business acquired.

Reported Financials Q1/FY2020 | Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

LifeFit		Q1
		01.11.19 -
(Unaudited)	Note	**31.1.20**
Revenue	3.5.3.1	32,712
Other operating income		332
Cost of materials		-1,930
Personnel expenses	3.5.3.2	-10,864
Other operating expenses	3.5.3.3	-10,119
Amortization and depreciation of intangible assets, property, plant and equipment and right-of-use-assets	3.5.3.4	-8,711
Operating profit or loss		1,419
Finance income		0
Finance costs	3.5.3.5	-3,556
Financial result		-3,556
Profit or loss for the period before taxes		-2,137
Income taxes		-69
Profit or loss for the period		-2,206
Thereof attributable to:		
- equity holders of the parent		-2,206
Profit or loss for the period		-2,206
Reconcilation to the consolidated statement of compreheensive income		
Profit or loss for the period		-2,206
Total comprehensive income		-2,206

Consolidated Cash Flow Statement

LifeFit		
		01.11.19 -
(Unaudited)	Note	31.01.20
Cash flows from operating activities		4,781
Cash flows from investing activities		-5,133
Cash flows from financing activities		-6,974
Cash flow for the period		-7,326
Beginning cash and cash equivalents		26,191
Closing cash and cash equivalents	3.5.4.5	18,865

Consolidated Balance Sheet

LifeFit			
(Unaudited)		**31 January**	**31 October**
	Note	**2020**	**2019**
Non-current assets			
Intangible assets	3.5.4.2	38,227	38,792
Property, plant and equipment	3.5.4.3	41,970	44,041
Right-of-use-assets	3.5.4.4	117,066	120,571
Investments / Joint venture		45	17
		197,308	203,421
Current assets			
Inventories		730	703
Trade receivables		3,068	2,909
Receivales from affiliated companies		2,204	633
Current income tax assets		74	74
Other non-financial assets		1,770	1,931
Cash and cash equivalents	3.5.4.5	18,865	26,191
		26,711	32,441
TOTAL ASSETS		224,019	235,862
Equity	3.5.4.6	-11,192	-8,986
Liabilities			
Non-current liabilities			
Financial liabilities	3.5.4.7	38,001	38,001
Shareholder debt	3.5.4.8	32,474	31,670
Other non-financial liabilities		28	28
Other financial liabilities		1,480	1,484
Other provisions		5,883	4,244
Lease liabilities	3.5.4.9	116,349	121,019
Deferred tax liabilities		1,898	2,048
		196,113	198,494
Current liabilities			
Trade payables		10,667	16,792
Other non-financial liabilities		4,236	5,150
Payables to affiliated companies		0	0
Other provisions		3,483	2,981
Lease liabilities	3.5.4.9	19,405	19,841
Income tax liabilities		103	310
		39,098	46,354
TOTAL LIABILITIES		235,211	244,848
TOTAL EQUITY AND LIABILITIES		224,019	235,862

- In total, the consolidated equity of the group is negative. The equity position of the group has no legal impact. With EUR 99.9m the equity of LifeFit Group MidCo GmbH is positive. If the shareholder debt of EUR 32.5m were classified as equity, the consolidated equity of the group would be positive of EUR 21,3k.
- The negative consolidated equity of the group results from the difference of the purchase price of the acquisition of shares in Fitness First Germany GmbH, Elbgym GmbH and Barry's Bootcamp GmbH by LifeFit Group MidCo GmbH and Fitness First Germany GmbH's book value of net assets. The transaction had to be accounted for as a "transaction under common control" and no hidden reserves of Fitness First Germany GmbH, such as brand name, customer contracts or goodwill were considered. Had the transaction happened under third parties, the consolidated equity of the group would be substantially positive.

Equity as reported	-11.2
pro forma classification Shareholder Loan as Equity	+32.5
pro forma Equity	**+21.3**

LifeFit Group Pro Forma Financials Q1/FY2020

Pro forma Financials + IFRS 16 impacts + reported Financials

EURm	Jan-20 LTM | PRO FORMA AC pre IFRS16	Jan-20 LTM | PRO FORMA Impact of IFRS16	Jan-20 LTM | PRO FORMA AC under IFRS16	Q1/FY2020 AC pre IFRS16	Q1/FY2020 Impact IFRS16	Q1/FY2020 AC under IFRS16	Q1/FY2020 REPORTED AC IFRS16
KPIs							
# of Clubs1	81			81			
Members ['000]	253.7			253.7			
Joiner Yield [EUR]	46.5			47.8			
ARPM [EUR]	43.3			44.0			
Retention % (annualised)	73.2			73.2			
Profit/Loss							
Revenue	133.3			33.0			33.0
EBITDA²	15.4	28.4	43.8	3.4	7.1	10.5	10.1
- Adjustments	2.5			0.6			
Adjusted EBITDA	**17.9**			**4.0**			
Depreciation & amortisation	-11.7	-20.8	-32.6	-3.6	-5.2	-8.7	-8.7
Exceptionals/One-off charges	-7.5			-0.4			
Operating Profit/Loss	**-3.9**		**3.7**	**-0.5**		**1.4**	**1.4**
Total Finance costs	-3.5	-8.3	-11.9	-1.5	-2.0	-3.6	-3.6
Total Tax	-0.3			-0.1			-0.1
Net Profit/Loss	**-7.8**		**-8.5**	**-2.1**		**-2.2**	**-2.2**
Cash Flow							
EBITDA²	15.4			3.4			
Working capital	-0.1			-1.2			
Exceptionals & provisions	-6.4			-2.9			
Tax	-0.3			-0.3			
OPERATING CASH FLOW	**8.5**			**-0.9**	**5.7**	**4.8**	**4.8**
Cash flow from investing activities	-38.6			-5.1	0.0	-5.1	-5.1
FREE CASH FLOW	**-30.1**			**-6.0**		**-0.4**	**-0.4**
Cash flow from financing activities	44.3			-1.3	-5.7	-7.0	-7.0
NET CASH FLOW	**14.2**			**-7.3**		**-7.3**	**-7.3**

Notes

[1] excluding franchise clubs

² exluding exceptionals/one-off charges

Pro forma Financials by segment

EURm	2020-01 LTM | PRO FORMA LifeFit Group	2020-01 LTM | PRO FORMA Fitness First	2020-01 LTM | PRO FORMA elbgym	2020-01 LTM | PRO FORMA smileX	Q1/FY2020 LifeFit Group	Q1/FY2020 Fitness First	Q1/FY2020 elbgym	Q1/FY2020 smileX
KPIs								
# of Clubs1	81	64	3	14	81	64	3	14
Members ['000]	253.7	216.1	3.6	33.9	253.7	216.1	3.6	33.9
Joiner Yield [EUR]	46.5	48.4	70.7	29.7	47.8	49.5	72.4	30.8
ARPM [EUR]	43.3	44.6	59.3	32.4	44.0	45.4	60.0	32.3
Retention % (annualised)	73.2	72.4	69.5	79.2	73.2	72.4	69.5	79.2
Profit/Loss					0.0	0.0	0.0	0.0
Revenue	133.3	118.9	2.4	12.1	33.0	29.3	0.6	3.1
EBITDA²	15.4	10.7	-0.2	4.9	3.4	2.1	0.0	1.4
- Adjustments	2.5	2.5	0.0	0.0	0.6	0.6	0.0	0.0
Adjusted EBITDA	**17.9**	**13.2**	**-0.1**	**4.9**	**4.0**	**2.7**	**0.0**	**1.4**
Depreciation & amortisation	-11.7	-8.4	-0.5	-2.8	-3.6	-2.7	-0.1	-0.7
Exceptionals/One-off charges	-7.5	-7.5	0.0	0.0	-0.4	-0.3	0.0	0.0
Operating Profit/Loss	**-3.9**	**-5.3**	**-0.7**	**2.0**	**-0.5**	**-0.9**	**-0.2**	**0.6**
Total Finance costs	-3.5	-3.5	0.0	0.0	-1.5	-1.5	0.0	0.0
Total Tax	-0.3	0.0	0.0	-0.3	-0.1	0.0	0.0	-0.1
Net Profit/Loss	**-7.8**	**-8.8**	**-0.7**	**1.7**	**-2.1**	**-2.5**	**-0.2**	**0.6**
Cash Flow								
EBITDA²	15.4	10.7	-0.2	4.9	3.4	2.1	0.0	1.4
Working capital	-0.1	0.5	0.0	-0.6	-1.2	0.0	0.0	-1.1
Exceptionals & provisions	-6.4	-6.4	0.0	0.0	-2.9	-2.9	0.0	0.0
Tax	-0.3	0.0	0.0	-0.3	-0.3	0.0	0.0	-0.3
OPERATING CASH FLOW	**8.5**	**4.7**	**-0.2**	**3.9**	**-0.9**	**-0.8**	**0.0**	**-0.1**
Cash flow from investing activities	-38.6	-38.2	0.0	-0.4	-5.1	-4.8	0.0	-0.2
FREE CASH FLOW	**-30.1**	**-33.5**	**-0.2**	**3.6**	**-6.0**	**-5.7**	**-0.1**	**-0.3**
Cash flow from financing activities	44.3	45.0	-0.2	-0.4	-1.3	-1.1	-0.1	-0.1
NET CASH FLOW	**14.2**	**11.5**	**-0.4**	**3.2**	**-7.3**	**-6.8**	**-0.1**	**-0.4**

Notes

[1] excluding franchise clubs

² exluding exceptionals/one-off charges