

# PRESS RELEASE

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## QUARTERLY STATEMENT Q2 2020 LifeFit Group result affected by first covid-19 implications in the second quarter

**Frankfurt/Main, 29 June 2020.** LifeFit Group, a leading fitness and health platform in Germany and operator of the Fitness First, Elbgym, smile X, Barry's Bootcamp, The Gym Society Germany, Pure Barre and Club Pilates brands, has published its unaudited quarterly results<sup>1</sup> for LifeFit Group as of 30 April 2020.

### Highlights pro forma Financials and KPIs Apr-20 LTM:

- Operational KPIs went down with members from more than 250k in Q1 to 241.1k in Q2 (lack of joiner driven) due to club closures and will continue to decrease in Q3
- Financial KPIs partly temporarily increased due to fast cost saving initiatives and deferred revenue impacts out of the covid-19 crisis (only 1.5 months of club closure period in Q2)
- Total revenues in core business<sup>2</sup> decreased by 0.7% vs. FY19 to EUR 126.9m and will decrease further in future due to continued club closure and missing members
- Apr-20 LTM Adjusted EBITDA in core business increased by 0.6% vs. FY19 to EUR 17.5m
- Adjusted EBITDA margin at 13.8% (vs. 13.6% in FY19)
- Q2 Net Cash Flow of EUR +10.7m is primary characterised by draw-down of RCF (EUR 10m) and by positive deferral effects in working capital which increases operating cash flow
- Strong cash position at quarter end with >EUR 27.0m free cash at hand

"I am very pleased that all our studios have been reopened over the last weeks and that our members can train with us again. The closed clubs presented us with a unique opportunity to further upgrade our facilities and equipment while at the same time develop our teams via e-learning." says Martin Seibold, CEO of the LifeFit Group. "We have been taking transparent and decisive actions in support of our staff and members and have introduced cash preserving activities to mitigate the economic impact. In addition we are utilising state related economic relief programs and with our strong cash position we are in a good position to weather this storm and be ready for developing opportunities. Health & fitness in general and strengthening of the immune system is probably more important than ever which we anticipate will drive more people into gyms over time."

<sup>1</sup> Due to the short financial year of Lifefit Group Midco in FY19 and for a better understanding of the financial results, the group presents pro forma financial statements considering the 12 month period 1 May 2019 to 30 April 2020 and adjusted for IFRS 16 impacts.

<sup>2</sup> Core business excludes all clubs/services, which have been divested/closed or will not be continued.

### **Revenue impacted by covid-19 related club closures**

Operational and financial KPIs were significantly impacted by the covid-19 crisis and related club closures from mid of March 2020 on. Therefore total LTM revenues in core business decreased by -0.7% compared to FY19 to EUR 126.9m. The shortfall is due on the one hand to direct revenue reductions during the lockdown and on the other hand to a deferred revenue effect according to IFRS15 regarding the compensation offered (EUR 0.9m). Before club closures the group kept to focus on membership dues showing significant improvement in joiner yield (LTM EUR 47.0 vs. 45.8 in FY19) and retention stabilisation on a high level (73.1%).

### **Slight increase in EBITDA driven by fast cost saving initiatives**

Apr-20 LTM pro forma adjusted EBITDA in core business slightly increased by 0.6% compared to FY19 from EUR 17.4m to EUR 17.5m. This is mainly driven by fast cost saving initiatives across all segments which overcompensate shortfall in revenue temporarily (will turn in Q3). Adjusted EBITDA margin for Apr-20 LTM is at 13.8% compared to 13.6% in FY19.

### **EUR +10.7m net change in cash leads to a strong cash position**

Net Cash Flow for Q2/FY20 was EUR +10.7m, which is primarily characterised by draw-down of RCF (EUR 10m) and by positive deferral effects in working capital which increases operating cash flow. The group shows a strong cash position at quarter end with more than EUR 27.0m available free cash at hand.

### **Outlook**

The whole fitness industry was negatively affected by the Covid-19 outbreak. Although all clubs are re-opened in June 2020, the LFG expects further implications on future financial performance from a short/mid-term perspective. Member visitation and joiner volume started on a low level after the closing period and increases slowly. By ensuring best-in-class hygiene standards we comfort the member to work-out and come back to routine. In the long-term LFG is confident that health and fitness will be even more focused in the society. The negative financial impact of covid-19 will probably lead to a consolidation phase in the fitness industry with opportunities for growth via acquisitions. The vast experience in managing different brands in various segments combined with efficient and scalable central services qualifies LFG as a central future player in the German fitness industry. Considering the latest increasing infection rates and local lock-downs there is still a risk of closing clubs again. Thus LFG continues to focus on resolute cash-flow management to ensure a high level of liquidity.

### **ABOUT THE LIFEFIT GROUP**

The LifeFit Group is a leading fitness and health platform in Germany, uniting several fitness brands from the boutique, high-value-low-price and premium segments under one roof. The Group is committed to inspire and support its customers to live their best lives through personal, fun and focused health and fitness experiences. Fitness First is the largest fitness service provider of the LifeFit Group and offers a motivating fitness experience including innovative training concepts, relaxation in the form of wellness facilities and 20+ pools. The exclusive Hamburg performance fitness provider Elbgym stands for hard training and a strong community, while smile X positions itself in the high-value-low-price segment with a dedicated training area concept for a broad range of customer groups. The boutique fitness concepts of Barry's Bootcamp, the pioneer of high-intensity interval training indoors and The Gym Society, the innovative compact studio concept from the Netherlands, which aims to reach 80% of health-conscious people who have not yet found the right concept and now Xponential Fitness' brands Club Pilates and Pure Barre complete the diverse portfolio of the LifeFit Group. Learn more about LifeFit Group online [www.lifefit-group.com](http://www.lifefit-group.com)

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