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LifeFit Group

Q3/FY2020 - QUARTERLY INTERIM UNAUDITED REPORT

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Sep
2020



EXECUTIVE SUMMARY & UPDATE MULTIBRAND STRATEGY

STATUS UPDATE ON COVID-19 BUSINESS IMPLICATIONS

PRO FORMA FINANCIALS/KPIs LIFEFIT GROUP AND BY SEGMENT

APPENDIX

1 LTM Performance affected by covid-19 impacts

- Operational KPIs went down with members from more than 250k in Q1 to 230k in Q3 (lack of joiner driven) due to club closures
- Financial KPIs partly temporarily increased during the lockdown due to fast cost saving initiatives and deferred revenue impacts out of the covid-19 crisis (cf. Q2 results), which now turns in Q3

2 LTM Revenue EUR 120.8m - 5.5% vs FY19

- LifeFit was able to collect for membership dues within the club closure period
- Total revenues have been impacted negatively by frozen memberships, rejects and refunds as well as missing sides revenues (e.g. PT income, F&B, aggregator income) during the lockdown and will decrease further in future due to missing members out of the lockdown and forthcoming compensations
- Deferred revenue re. membership dues compensations for Jul-20 YTD amounts to EUR 1.1m

3 LTM EBITDA adj. EUR 15.7m - 9.6% vs FY19 Margin 13.0% - 0.6 ppt vs FY19

- LTM Adjusted EBITDA is affected by above mentioned revenue impacts out of the covid-19 club closures
- Initiated cost actions during the lockdown (esp. short-time work) were able to overcompensate revenue shortfall short-term (cf. Q2 increase in EBITDA)
- In light of these developments, further cost-saving measures were implemented in all cost areas, which will cushion the negative effects in the short term and overcompensate for them in the long term.

4 Q3/FY20 Net Cash Flow EUR -3.2m

- Q3/FY20 Net cash flow is primary characterised by positive deferral effects in working capital which increases operating cash flow and capex spend of EUR 6.2m into existing portfolio and new studios/formats
- Strong cash position at quarter end with more than EUR 26.4m cash at hand

5 Covid-19


- LifeFit Group has implemented a business transformation program to mitigate the covid-19 crisis implications and which gives the chance for sustainable increase in profitability long-term
- In this context capex program and new brand openings are partly postponed, seeking for attractive M&A opportunities continues
- Driving KPIs like visitation and joiners are (almost) back on prior year level

KEY FIGURES ¹	Q3 2020	CHANGE VS. Q1 2020
TOTAL REVENUE	26.7m	-17.7%
ADJ. EBITDA BEFORE IFRS 16	3.1m	-21.5%
ADJ. EBITDA BEFORE IFRS 16 MARGIN	11.5%	-0.6 ppt

LEVERAGE RATIOS	pre IFRS 16	under IFRS 16
GROSS DEBT/ PF EBITDA	3.5x	4.0x
NET DEBT/ PF EBITDA	1.8x	3.4x

Operating brands

To be rolled out

 24 Clubs (of which 4 Franchise)	 56 Clubs	 5 Clubs (of which 2 Franchise)	 2021 TBC	 1 Club (Cologne)	 2 to open
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Price

Mid-range

Upper range

Premium

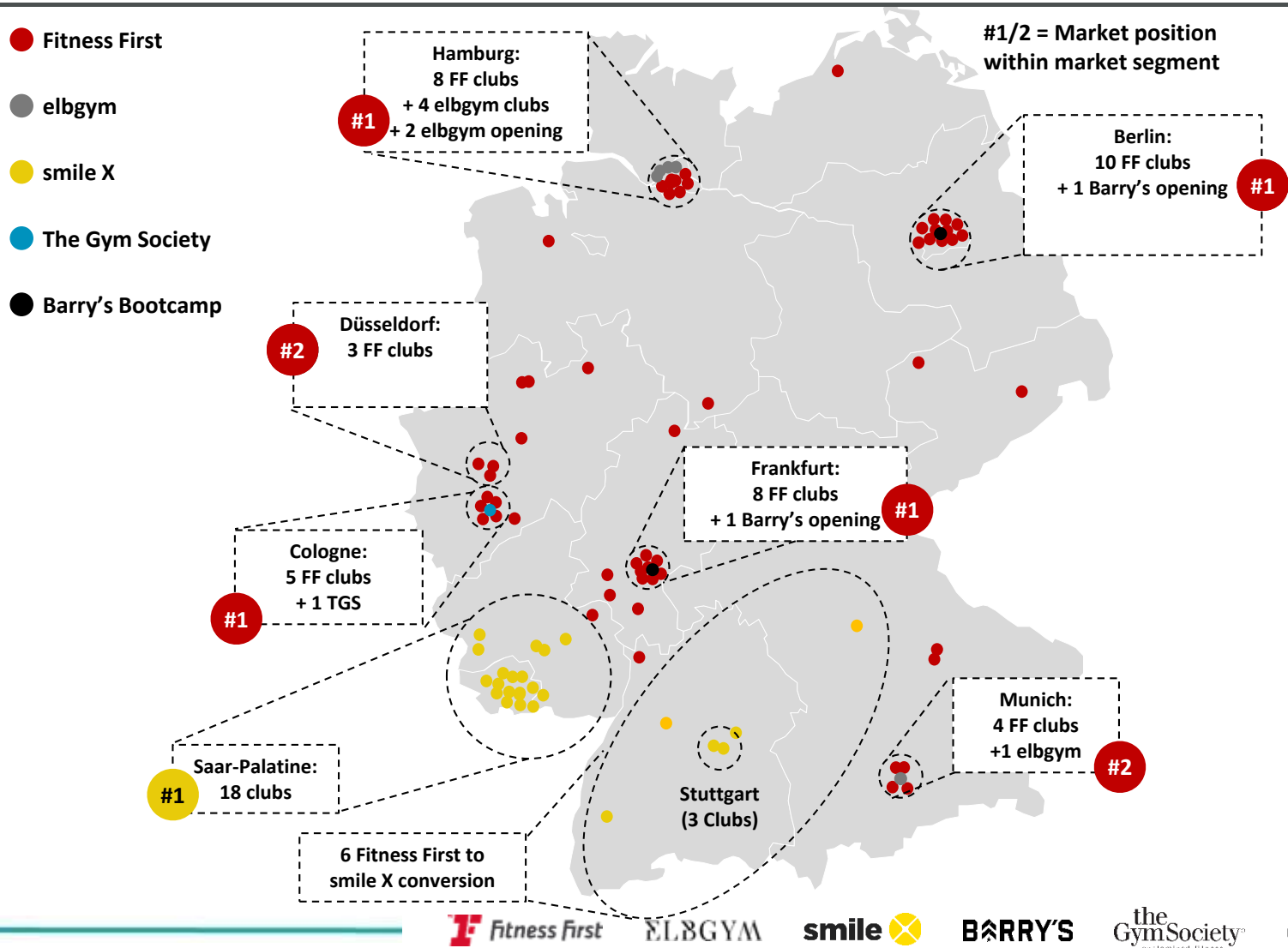
Studio / Boutique

Offering/focus	<ul style="list-style-type: none"> Modular, smaller towns 	<ul style="list-style-type: none"> Wellness & full service 	<ul style="list-style-type: none"> Performance, strength 	<ul style="list-style-type: none"> Boutique fitness 	<ul style="list-style-type: none"> Boutique fitness / PT 	<ul style="list-style-type: none"> Boutique fitness
Description	<ul style="list-style-type: none"> Leading value fitness chain in the Saar-Palatinate region with focus on offering young customers high value for money 	<ul style="list-style-type: none"> #1 premium health and fitness club operator in Germany with strong nationwide brand awareness 	<ul style="list-style-type: none"> Premium chain in Hamburg and Munich offering high-intensity fitness courses with state-of-the-art machines as well as cross-fit 	<ul style="list-style-type: none"> US-based leading boutique brands in pilates and barre with 1.000+ studios in USA 	<ul style="list-style-type: none"> Personalized, high-quality, digitally supported workout with permanent access to lifestyle coaches 	<ul style="list-style-type: none"> US-based pioneer of indoor high-intensity interval training combining cardio and strength training
Avg. retention	<ul style="list-style-type: none"> 70%+ 			<ul style="list-style-type: none"> ~ 55% 	<ul style="list-style-type: none"> ~ 70% 	<ul style="list-style-type: none"> PAYG
# of members	<ul style="list-style-type: none"> ~230,000 			<ul style="list-style-type: none"> N/A 		
Expansion in 2020/21	<ul style="list-style-type: none"> 1 Franchise 	<ul style="list-style-type: none"> 1 Re-location (Regensburg) 	<ul style="list-style-type: none"> 2 Franchise (Hamburg) 	<ul style="list-style-type: none"> 2021 TBC 	<ul style="list-style-type: none"> tbc 	<ul style="list-style-type: none"> Frankfurt Nov 20, Berlin 2021



7 Fitness First studios have already been successfully converted into smile X high value for money clubs

LifeFit Group combines successful fitness brands from the boutique, „high-value-low-price” and premium segments under 1 roof:



- Fitness First, elbgym & boutique studios focus on the high-end of the market and the metropolitan areas
- SmileX is more versatile and will expand with corporate and franchise gyms
- Obtaining leading positions in several key cities has helped to be at the fore front of federally sequenced re-openings
- Germany’s set up with independent federal states meant we had to close all gyms within 10 days beginning mid-March, gradually re-opened them until mid June
- Regulations vary by state resulting in mixed bag of operational procedures
- Given the geographic dispersion in different federal states, LFG is less likely to experience another national lockdown. If any, future lockdowns will most likely happen on a regional basis
- The diversity of LFG’s portfolio helps to capture positive dynamics of all market segments



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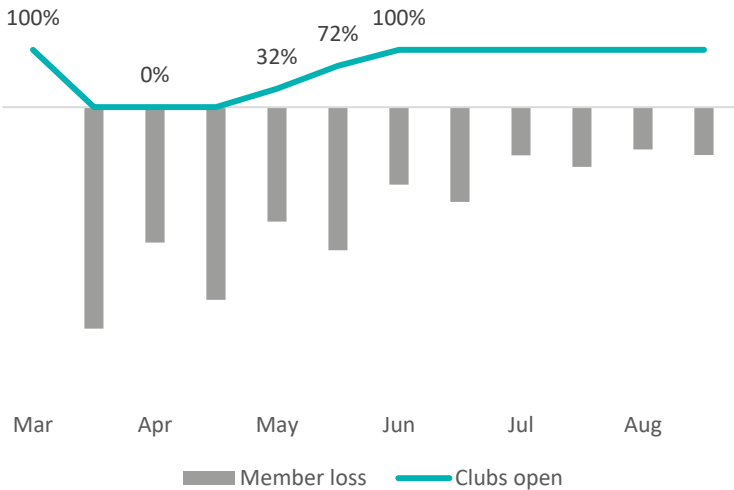
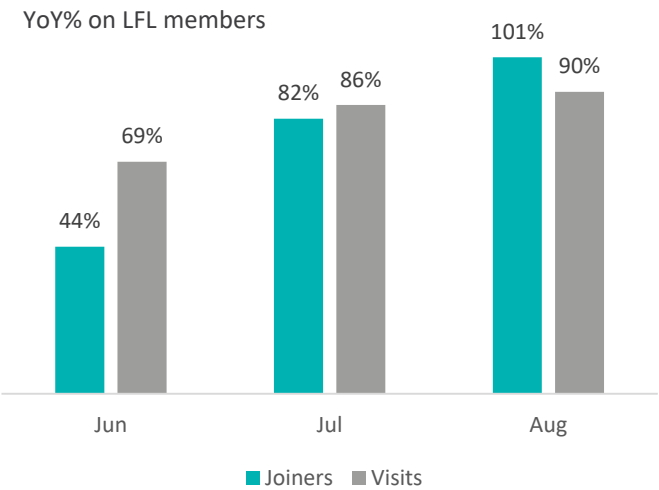
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Reopening timeline

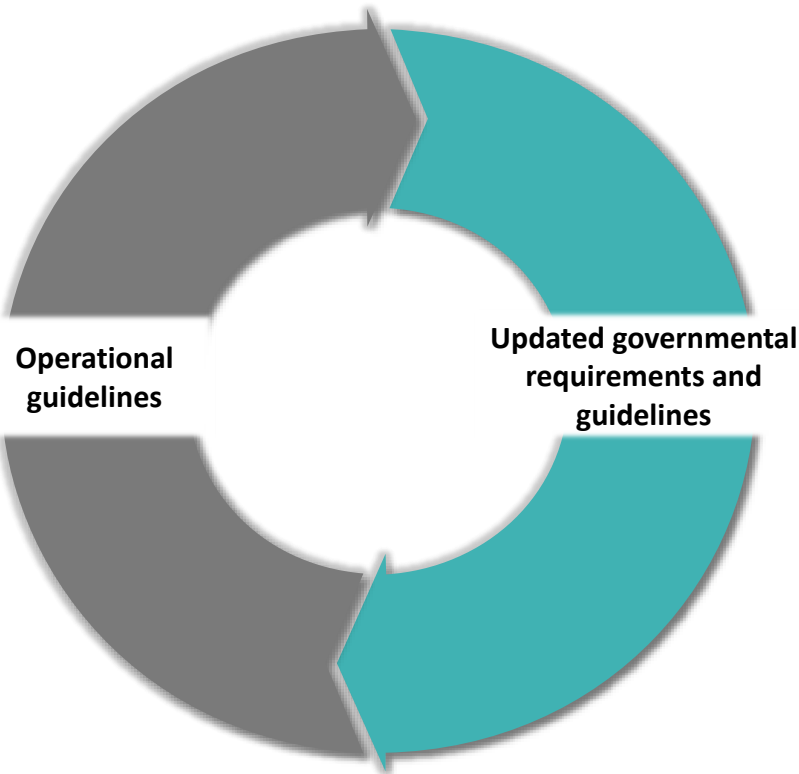
- Studios stay open (i.e. no studio is affected by further regional lockdown and no known corona case so far)
- Due to low infection numbers government eases restrictions, no online booking for gym visit required by mid of June
- Re-Opening in some federal states with limited members allowed per sqm, online class booking is mandatory
- Preparation for re-opening
- Engagement with industry associations and politics to discuss re-opening scenarios
- Mid of April refurb in clubs accelerated (concierge project)
- Club teams and part of head office in short-time work
- Website & Social Media as central communication tool
- Augmented digital offering
- Governmental nation wide lockdown in Germany (22.03.2020)
- 17th of March first closure of gyms

Driving KPIs coming back after significant loss of member base



- Visitation came back earlier, with male members training more often than female members
- Joiner numbers recovered slower, but are now above prior year
- Joiners mix records a shift towards younger male members
- Studios have been closed for 10 weeks on average and remain to stay open since mid of June
- Member loss is primary related to missing joiners out of lockdown period as well as recovery phase
- Any additional cancellations will become effective over the next 12 months, delaying the short-term impact

Continuous adjustment of our operations required due to changing government restrictions




Examples of adjustments in our operations in order to be able to open gyms in a clean and safe environment

CLUB OPERATIONS	<ul style="list-style-type: none">▪ Number of simultaneous training members limited per m²▪ Mandatory disinfection of hands for members before entering and after leaving the gym▪ Increased cleaning by staff during the day; deep clean at night
GROUP EXERCISE	<ul style="list-style-type: none">▪ Mandatory online registration for class attendance▪ Mandatory adherence to min. 1.5m+ physical distance▪ Reduced offering of classes with avoidance of sweat inducing workouts e.g. H.I.I.T.
STAFF	<ul style="list-style-type: none">▪ Protection of staff is priority e.g. instalment of plexiglas▪ Hygiene online training mandatory before returning to work▪ Staff also cleans parts of the gym▪ Reduced staff due to less traffic in the gyms
OTHERS	<ul style="list-style-type: none">▪ Strong advancement and focus of digitalization to enable safe Re-Opening for members and staff (e.g. online booking system)▪ Free upgrades between tiers for members in order to avoid dense traffic in gyms and to support retention



Bitte komme nur gesund ins Studio, um deine und die Gesundheit anderer zu schützen.



Deinen persönlichen Platz im Kurs kannst du dir direkt über deine [Clubseite](#) buchen. Für das freie Training im Club ist kein Termin mehr notwendig.




Die Schwimmbäder, Saunen und Dampfbäder sind teilweise noch geschlossen. **Hier** erfährst du mehr zur aktuellen Situation in deinem Studio.



Die Kinderbetreuungen sind teilweise noch geschlossen. Ob der KidsClub in deinem Studio schon geöffnet hat, erfährst du [hier](#).



Bringe bitte ein eigenes, großes Handtuch als Unterlage für dein Training mit.



Die Umkleiden und Duschen sind teilweise noch geschlossen. Falls sie bei dir noch nicht verfügbar sind, bitten wir dich bereits in Sportkleidung zu kommen und separate Trainingsschuhe mitzubringen. Wechsle deine Turnschuhe bitte vor Betreten des Clubs. Alle Infos zu deinem Studio findest du **hier**.




Das Tragen einer Maske beim Training ist in fast allen Clubs freiwillig. Ausnahmen: In Berlin und Bayern trage bitte eine Maske auch auf der Trainingsfläche (während der direkten Sportausübung musst du keine Maske tragen).



Halte bitte genug Abstand zu anderen (mind. 3 Meter)




Bitte verzichte vorerst auf besonders schweißtreibendes oder hoch-intensives Training.



Bitte wasche dir regelmäßig und lange (mind. 20 Sek.) deine Hände.

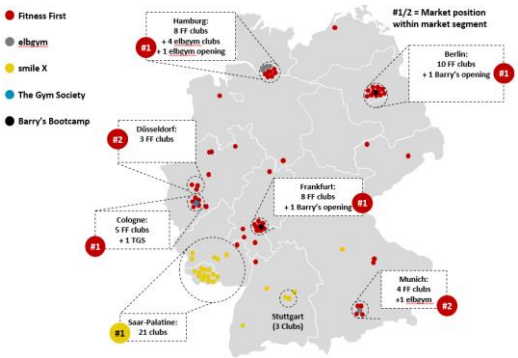


Achte bitte darauf, nur in die Armbeuge zu husten oder zu niesen.

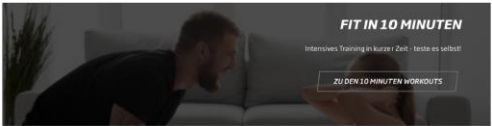


Bitte reinige die Geräte nach dem Benutzen gründlich.

STRONG CLUSTERS



ONLINE TRAINING



DIGITAL CAPABILITIES

Fitness First Hamburg - Stephansplatz

Adresse

Gorch-Fock-Wall 1a
20354 Hamburg
Germany

Anfahrt: 04018210810
Probetraining

Öffnungszeiten

Montag	6:00 - 22:00
Dienstag	6:00 - 22:00
Mittwoch	6:00 - 22:00
Donnerstag	6:00 - 22:00
Freitag	6:00 - 22:00
Samstag	9:00 - 21:00
Sonntag	9:00 - 21:00

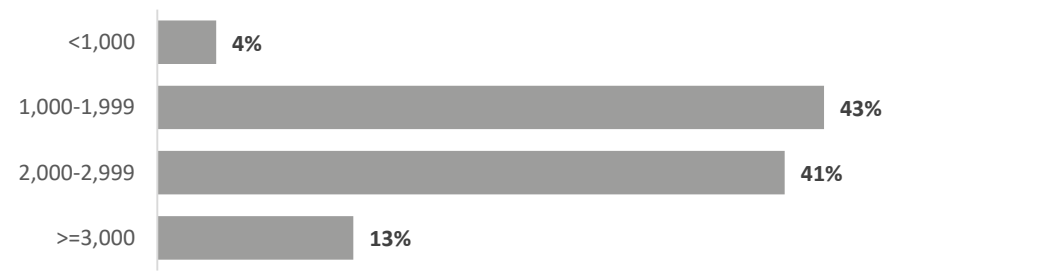
aktuelle Club-Auslastung in %

14%



LARGE CLUBS

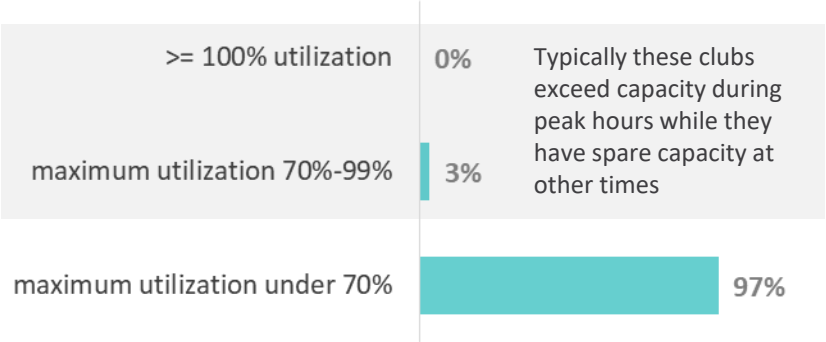
Share of LifeFit studios by size (in sqm)



COVID-19 | EXCEPT FOR PEAK TIMES IN THE HIGHLY FREQUENTED CLUBS, DISTANCING MEASURES ARE UNLIKELY TO CREATE CAPACITY CONSTRAINTS

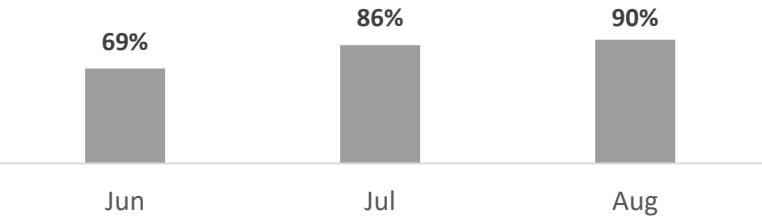
Only a small number of clubs need to redirect visits

Share of clubs by estimated percentage of max. utilization according to the regulations

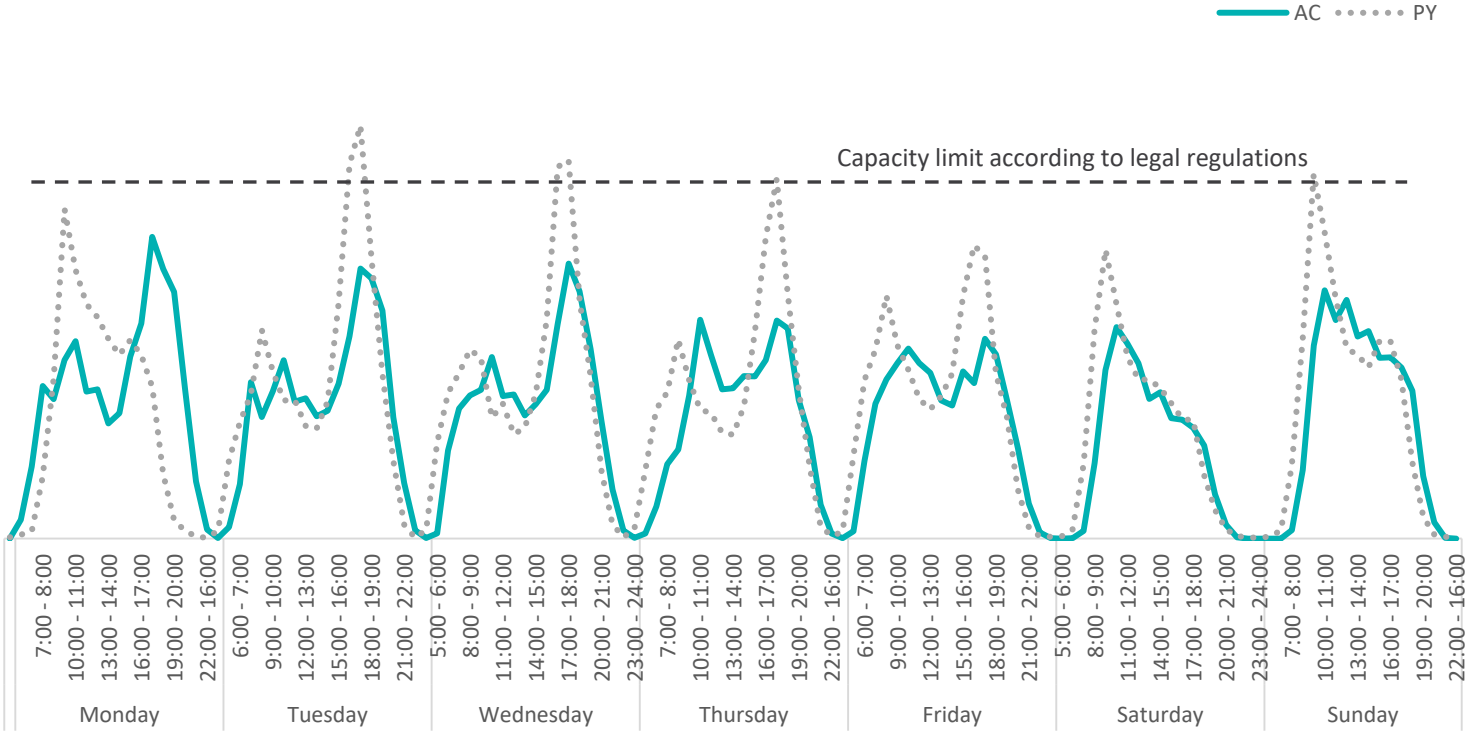


Visitation volumes gradually increase from month to month

Percentage of prior year volumes for LFL Clubs, which follow international pattern



Visitation and capacity under distancing measures after reopening compared to previous year



Membership fees collected during lockdown can be compensated. For members requesting compensation, the following options have been offered so far:

German Covid-19 voucher regulation from 20th of May 2020:

- Operators can offer members vouchers for alternative reimbursement for the time gyms have been closed. If member does not redeem voucher until end of 2021 each member can request the reimbursement of the membership for the time of the lockdown beginning of 2022 until end of 2023.

Since 15th OF MARCH

> Option 1 (Free upgrade)

Free Tier upgrade (e.g. Tier 1, unlimited national training) after Re-Opening for six months.

> Option 2 (Voucher Family & Friends)

2 x X weeks (based on club closed time)
training voucher for family & friends.

> Option 3 (Club support)

Support your club without reimbursement.

MAY 2020

➤ **Option 4 (Membership voucher I)**

Free membership equal to weeks of closure. Voucher will be activated the following month. Membership will be extended according to the free weeks.

➤ **Option 5 (Membership voucher II)**

Similar to option 3 but with voucher activation at the end of membership contract including a 1:1 training session and a free Tanita scale analysis.

➤ **Option 6 (Tanita scale voucher)**

Four Tanita scale analysis 1:1 sessions with a trainer and information on how to boost the immune system.

JUNE 2020

> Option 7 (Limited access)

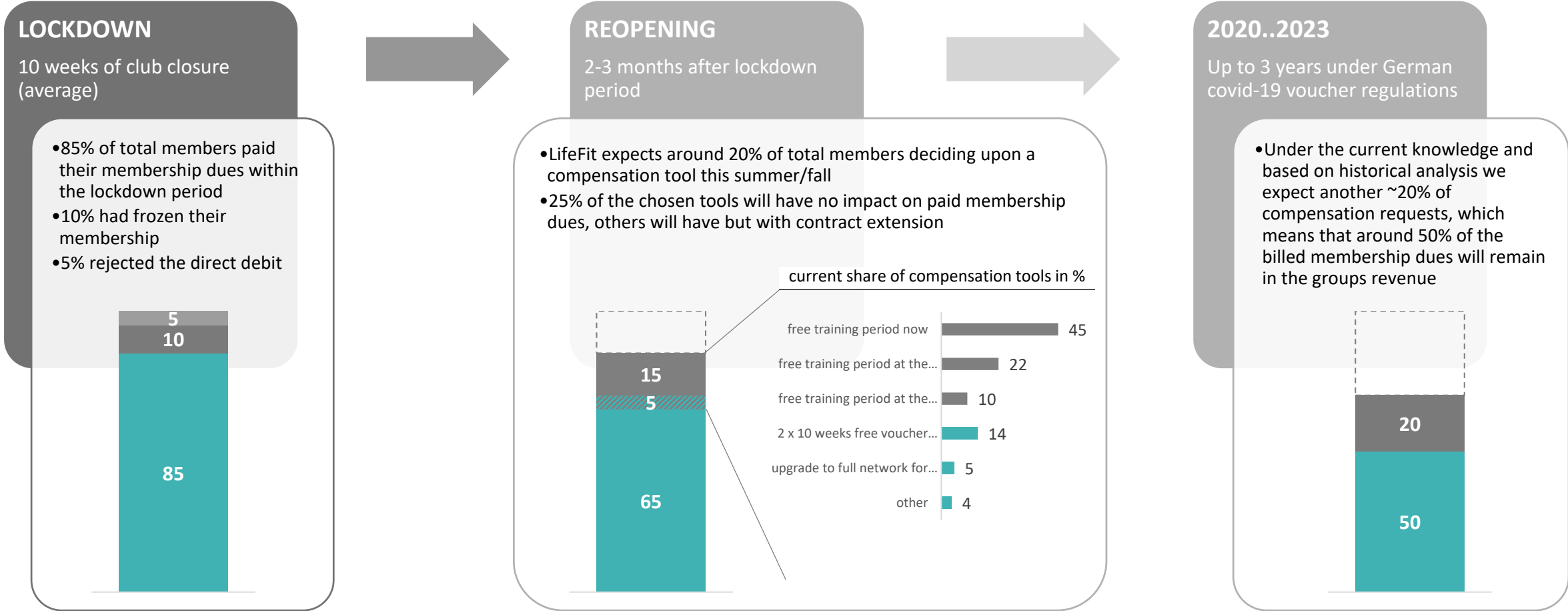
50% reduction of membership fee with limited access to gym (4x/month) for 1-3 months. Membership duration will be prolonged accordingly.

> Option 8 (Limited access)

25% reduction of membership fee with limited access to gym (2x/month) for 1-3 months. Membership duration will be prolonged accordingly.

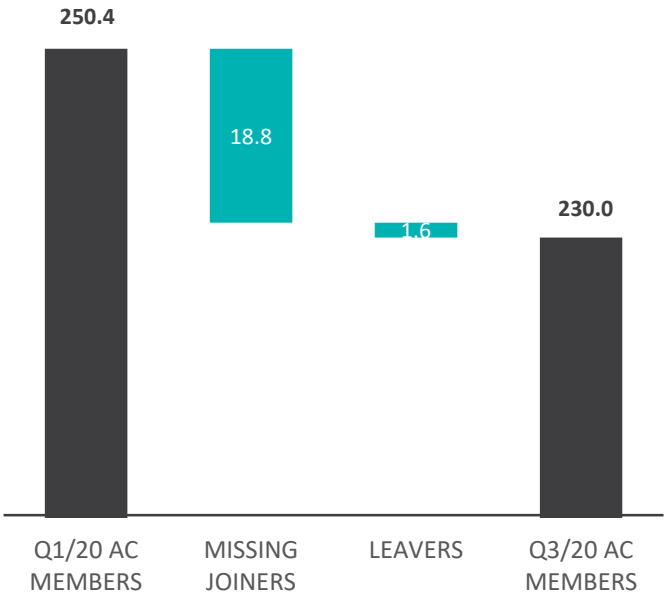
➤ Option 9 (Membership break)

1-3 month membership break. Digital offering remains, no access to gyms. Membership duration will be prolonged accordingly.

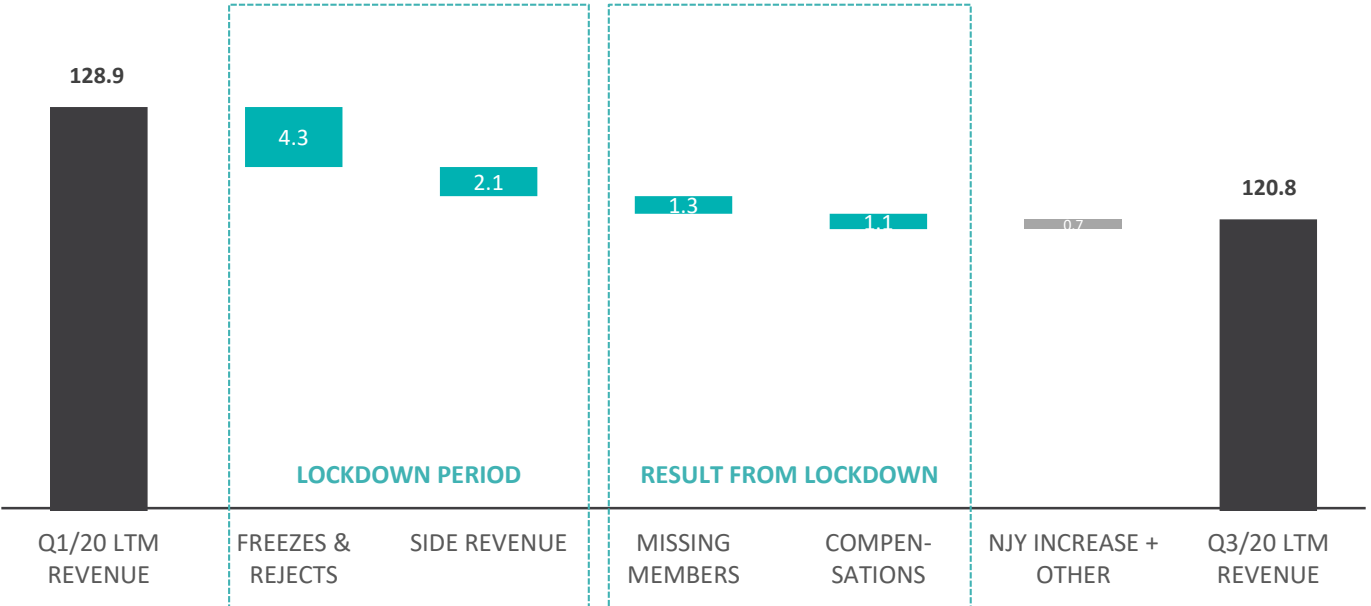


MEMBER/REVENUE SHORTFALL AS A RESULT OF COVID-19 LOCKDOWN...

Members shortfall driven by joiners



Revenue impacted by covid-19 lockdown and related compensations



...ENFORCES SIGNIFICANT COST INITIATIVES TO MITIGATE SHORT-TERM EBITDA IMPACT

Member shortfall driven by joiners...



...and need for business transformation

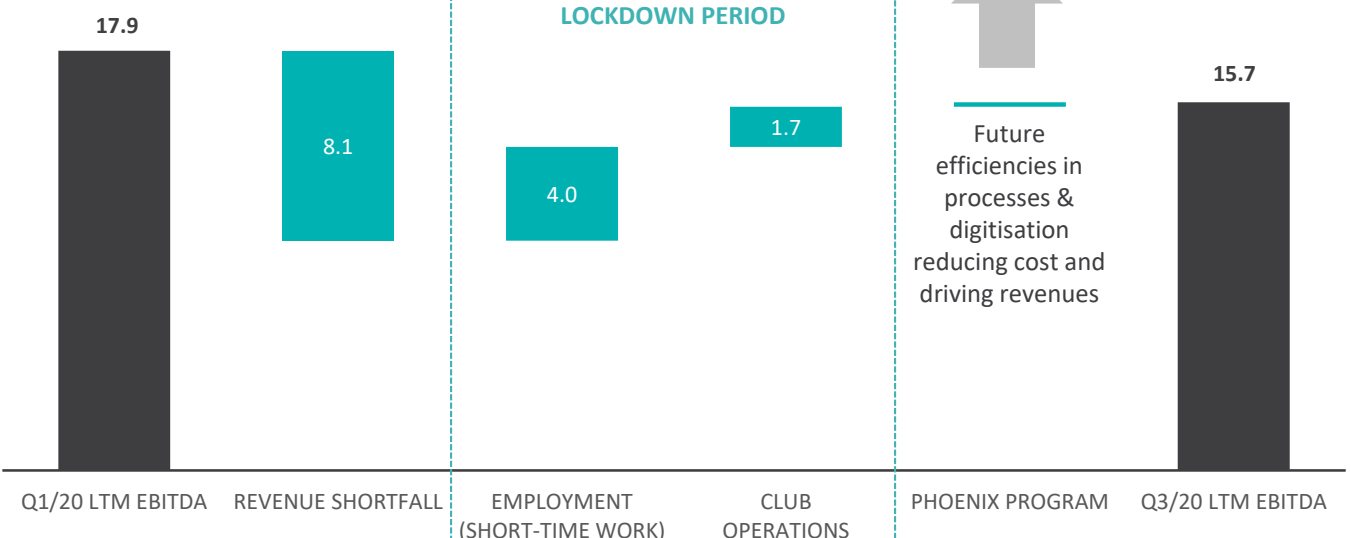
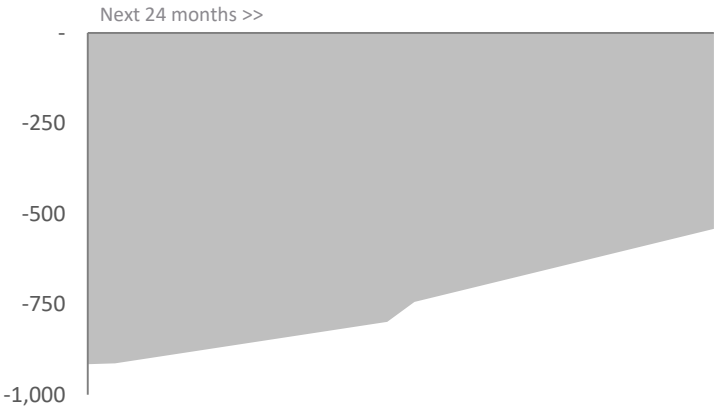
Phoenix program mitigates short-term EBITDA impact and gives the chance for sustainable increase in profitability long-term



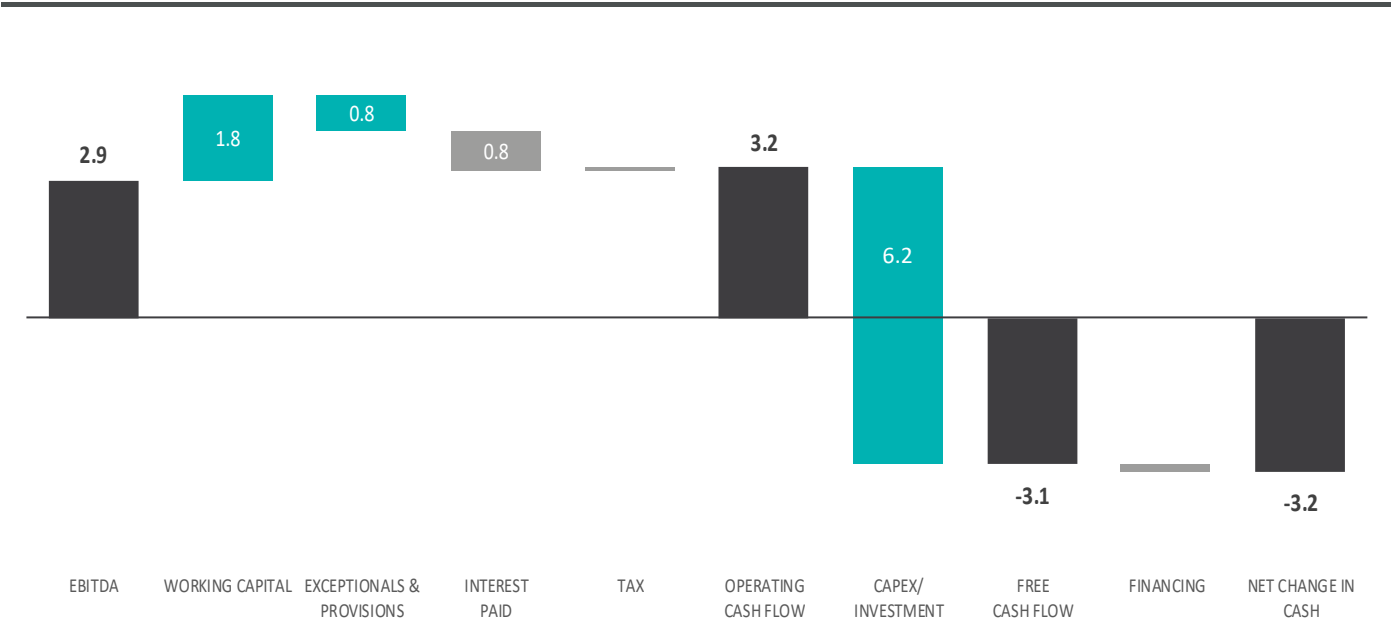
PEOPLE	PORTFOLIO	PRODUCT & MEMBER EXPERIENCE	PRICE & MARKETING	PROCESSES & FINANCES
Club team reduction @ FF	Leases 2.0	Enhance studio & club lighting @ 1.5m	Sales Teles	Brand benchmarking driving efficiency & revenues
Inhouse daytime cleaning @ FF	Postpone boutique brands	Future digital & other offerings/ post pandemic gym model	App incl. class booking, tailored CRM, visit rating	Monetary government support & insurances
Senior, brands & central support team reduction	Accelerate SX franchise	Technology supported functional training	Intensify aggregator partnerships	OCM short term cash funding
M&A opportunities (members)				
E-learning & cross functional	Essential maintenance only @ 1.5m & 1m CBC	Essential equipment exchange @ 0.75m	Web group platform	IT accelerated roadmap
M&A opportunities		Infrequent user focus	Churnbot	Additional Risks/Opportunities
		Retail simplified	Compensation options	

...will impact future revenues...

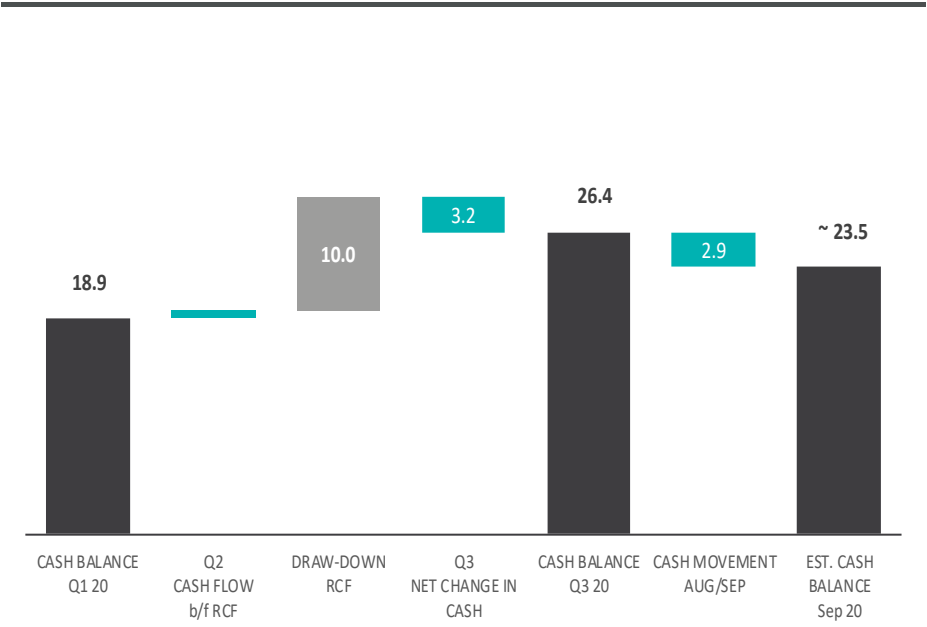
Estimated impact from missing members on next 24 months revenue in kEUR b/f revenue initiatives



Net Change in Cash in Q3 / FY2020 (EURm)



Liquidity position (EURm)



- Positive deferral effects on working capital increases operating cash flow extended into Q3 but will impact cash negatively in future
 - Deferred payments primary for rent/service charges, social security, VAT, electricity, insurances
 - Opposite direction for short-time work compensation (“Kurzarbeit”), which will be refunded 3 approx. 3 month later from government
 - IFRS 15 impact on deferred revenue (EUR +0.2m) vs. EBITDA
 - Exceptionals and provisions primary refer to club closure costs, onerous lease and redundancy costs
- EUR 10m draw-down of RCF to secure available liquidity improves cash position to EUR 26.4m at the end of Q3
 - Continuous liquidity management results in more than EUR 23.5m estimated cash balance per end of September



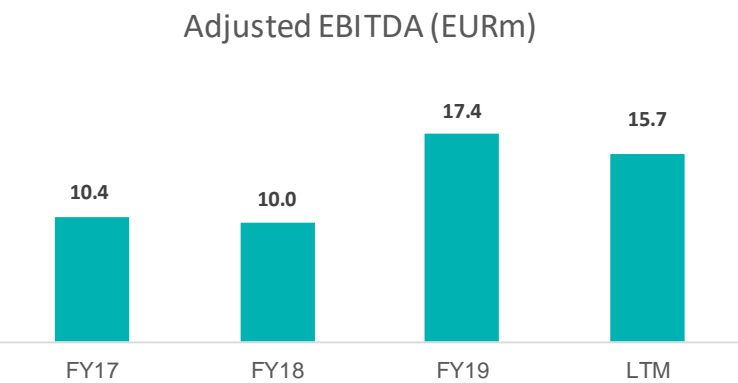
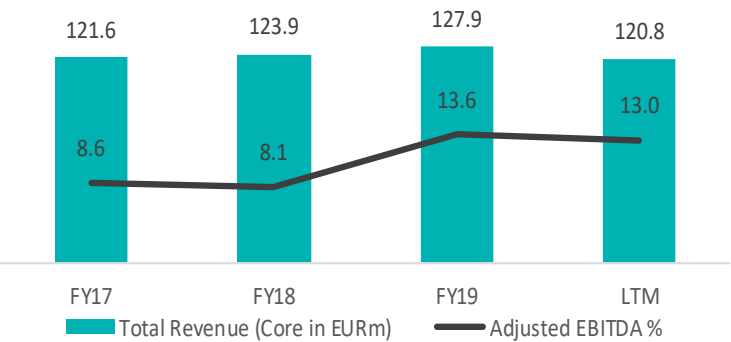
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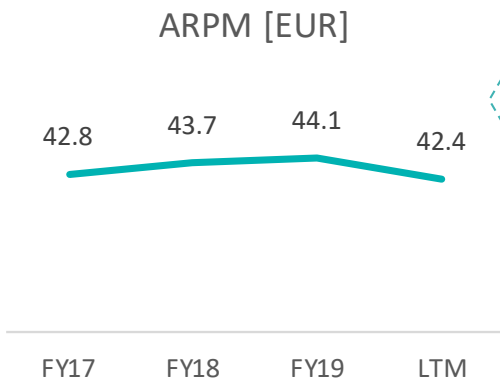
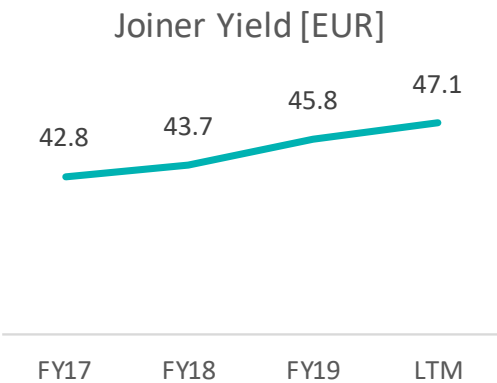
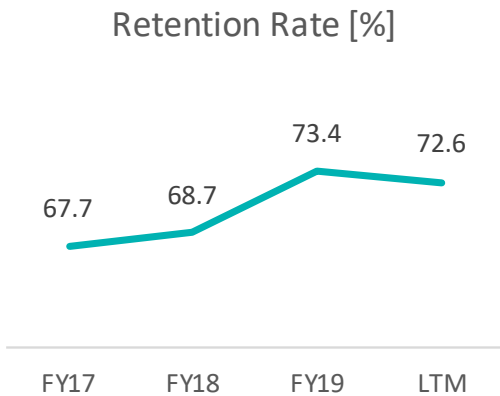
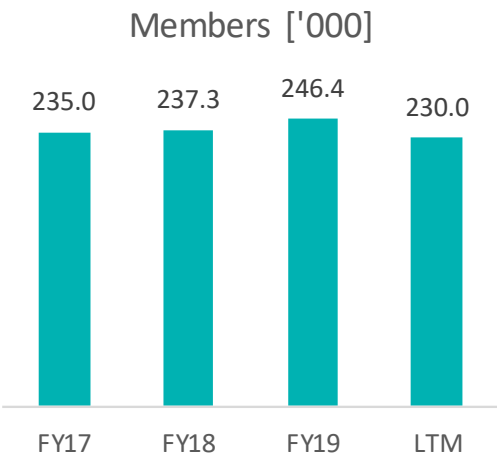
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Pro forma key financials



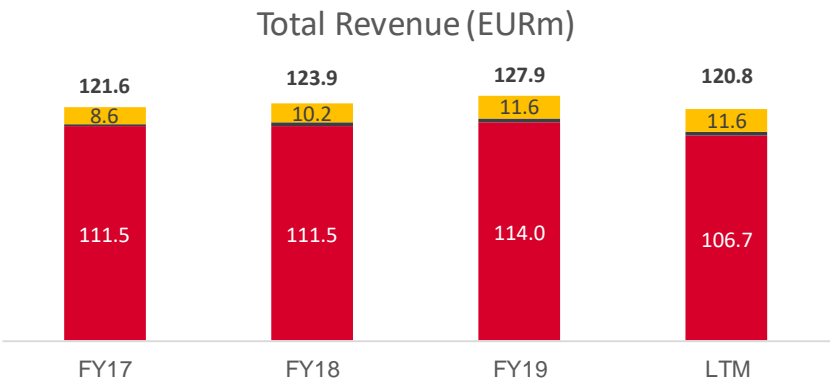
Key performance indicators



LTM ARPM is negatively affected by compensations (freezes, rejects, refunds) and missing side revenues in the course of covid-19 club closures, adjusted at around EUR 44.7

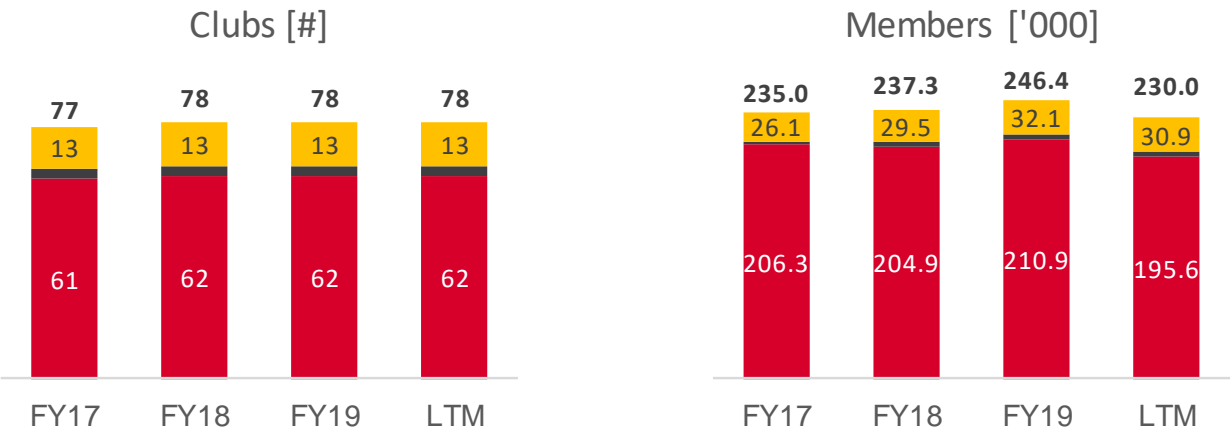
1) Core business excludes all clubs/services, which already have been divested/closed or will not be continued.

Pro forma key financials

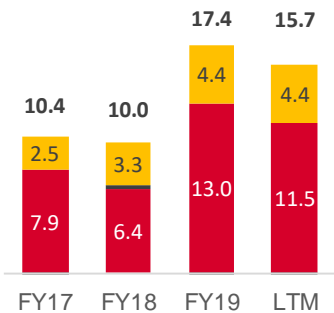


Key performance indicators

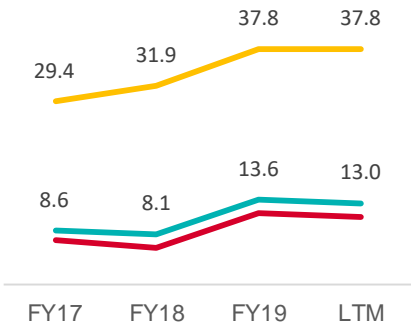
■ LifeFit Group
 ■ Fitness First
 ■ elbgym
 ■ smile X



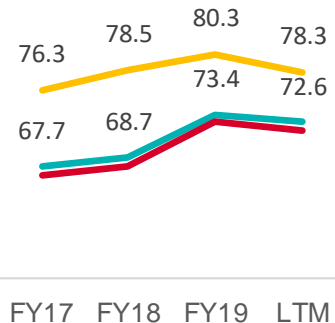
Adjusted EBITDA (EURm)



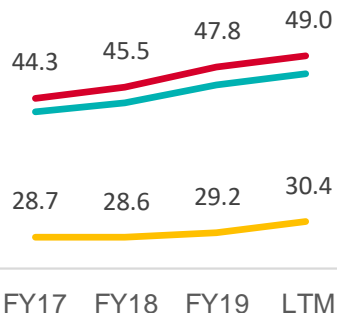
Adjusted EBITDA %



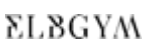
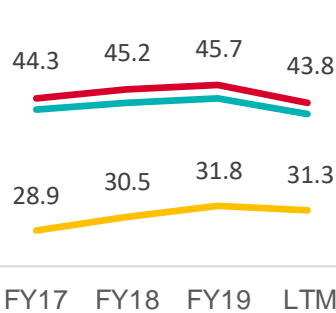
Retention Rate [%]



Joiner Yield [EUR]



ARPM [EUR]²



¹) Core business excludes all clubs/services, which already have been divested/closed or will not be continued.
²) LTM ARPM is negatively affected by compensations (freezes, rejects, refunds) and missing side revenues in the course of covid-19 club closures, adjusted at around EUR 44.7

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	120.8	-5.5%
thereof: Fitness First	111.5	111.5	114.0	106.7	
elbgym	1.5	2.2	2.3	2.5	
smile X	8.6	10.2	11.6	11.6	
EBITDA	10.3	10.2	15.6	14.3	-8.2%
thereof: Fitness First	7.7	6.7	11.3	10.1	
elbgym	0.0	0.3	-0.1	-0.2	
smile X	2.5	3.3	4.4	4.4	
EBITDA margin [%]	8.4	8.3	12.2	11.9	-2.8%
thereof: Fitness First	7.0	6.0	9.9	9.5	
elbgym	-1.2	13.3	-3.7	-7.2	
smile X	29.4	31.9	37.8	37.8	
Adjustments	0.1	-0.2	1.7	1.4	
thereof: Fitness First	0.1	-0.2	1.7	1.4	
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	15.7	-9.6%
thereof: Fitness First	7.9	6.4	13.0	11.5	
elbgym	0.0	0.3	0.0	-0.2	
smile X	2.5	3.3	4.4	4.4	
Adj. EBITDA margin [%]	8.6	8.1	13.6	13.0	-4.3%
thereof: Fitness First	7.1	5.8	11.4	10.8	
elbgym	-1.2	13.3	-0.2	-7.2	
smile X	29.4	31.9	37.8	37.8	

Key Performance Indicators

	FY17 AC	FY18 AC	FY19 AC	LTM AC	Δ% LTM-19
# of Clubs¹	77	78	78	78	
thereof: Fitness First	61	62	62	62	
elbgym	3	3	3	3	
smile X	13	13	13	13	
Members ['000]	235.0	237.3	246.4	230.0	-6.7%
thereof: Fitness First	206.3	204.9	210.9	195.6	
elbgym	2.6	2.9	3.3	3.6	
smile X	26.1	29.5	32.1	30.9	
Joiner Yield [EUR]	42.8	43.7	45.8	47.1	+2.7%
thereof: Fitness First	44.3	45.5	47.8	49.0	
elbgym	65.9	66.8	70.0	70.6	
smile X	28.7	28.6	29.2	30.4	
ARPM [EUR]	42.8	43.7	44.1	42.4	-3.9%
thereof: Fitness First	44.3	45.2	45.7	43.8	
elbgym	55.2	65.9	60.2	60.3	
smile X	28.9	30.5	31.8	31.3	
Retention %	67.7	68.7	73.4	72.6	
thereof: Fitness First	66.8	67.6	72.6	71.8	
elbgym	76.8	68.7	64.1	68.4	
smile X	76.3	78.5	80.3	78.3	

- Club closures due to the covid-19 lockdown result in missing joiners and consequently lower membership base (-20.4k members vs. Q1/20), which will be slightly impacted further in future months as clubs are faced with additional cancellations out of the lockdown period
- Corona crisis has not yet impacted retention that much, but will go down as received cancellations will come effective next months with a smaller member base
- Revenue is impacted by missing members, freezes, rejects/refunds as well as missing side revenues from Mar - Jun
- IFRS15 impact out of deferred revenue from covid-19 compensation tools amounts to EUR 1.1m at the end of Jul (YTD)
- 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
- Q3/FY20 joiner yield increased by EUR +1.2 vs. FY19 to EUR 49.0 and will grow further
- The 6 month revolving training fee will have additional positive impact on revenue in month 6 of the membership (revolving every 6 month)



EXECUTIVE SUMMARY & UPDATE MULTIBRAND STRATEGY

STATUS UPDATE ON COVID-19 BUSINESS IMPLICATIONS

PRO FORMA FINANCIALS/KPIs LIFEFIT GROUP AND BY SEGMENT

APPENDIX

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 third quarter FY2020 refers to the period 1 May 2020 to 31 July 2020.
- Group legal structure see appendix

2 IFRS

- Application of IFRS 16 Leases leads
 - to the capitalization of right-of-use assets of EUR 105.2m and of lease liabilities of EUR 126.3m as of 31 July 2020
 - to a negative P/L-effect of EUR 7.1m 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 6.1m for the period from 1 February 2020 until 30 April 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 1.6m and sales of EUR 26.0m.
- With EUR -3.2m the Cash Flow is negative in the quarter, Cash balance as of 31 July 2020 is EUR 26.4m.

4 Financial KPIs

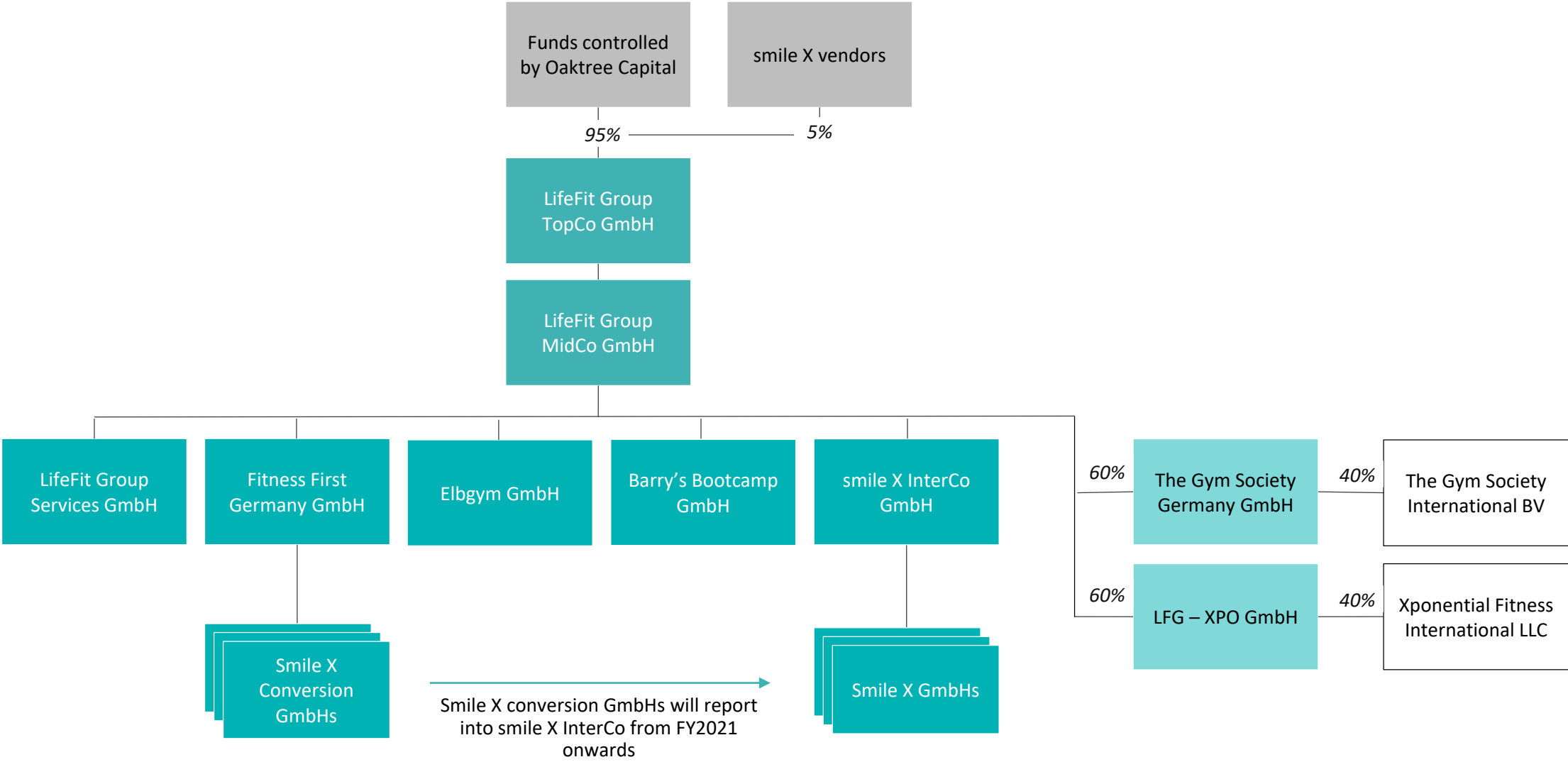
- LifeFit Group has updated its Financial KPIs in FY2019/20 in the course of IFRS 16 changes
- This mainly impacts Reported Adjusted EBITDA, which includes cash rents and excludes IAS 17 rent adjustments (see appendix for previously reported results)

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 August 2019 to 31 July 2020 and adjusted for IFRS 16 impacts
- Pro forma Total Revenue of the group was EUR 122.9m (EUR 120.8m in core business¹)
- Pro forma adjusted EBITDA of the group amounts to EUR 15.7m

6 Outlook

- LFG will publish the quarterly interim unaudited report for Q4 FY2019/2020 on 30 Dec 2020



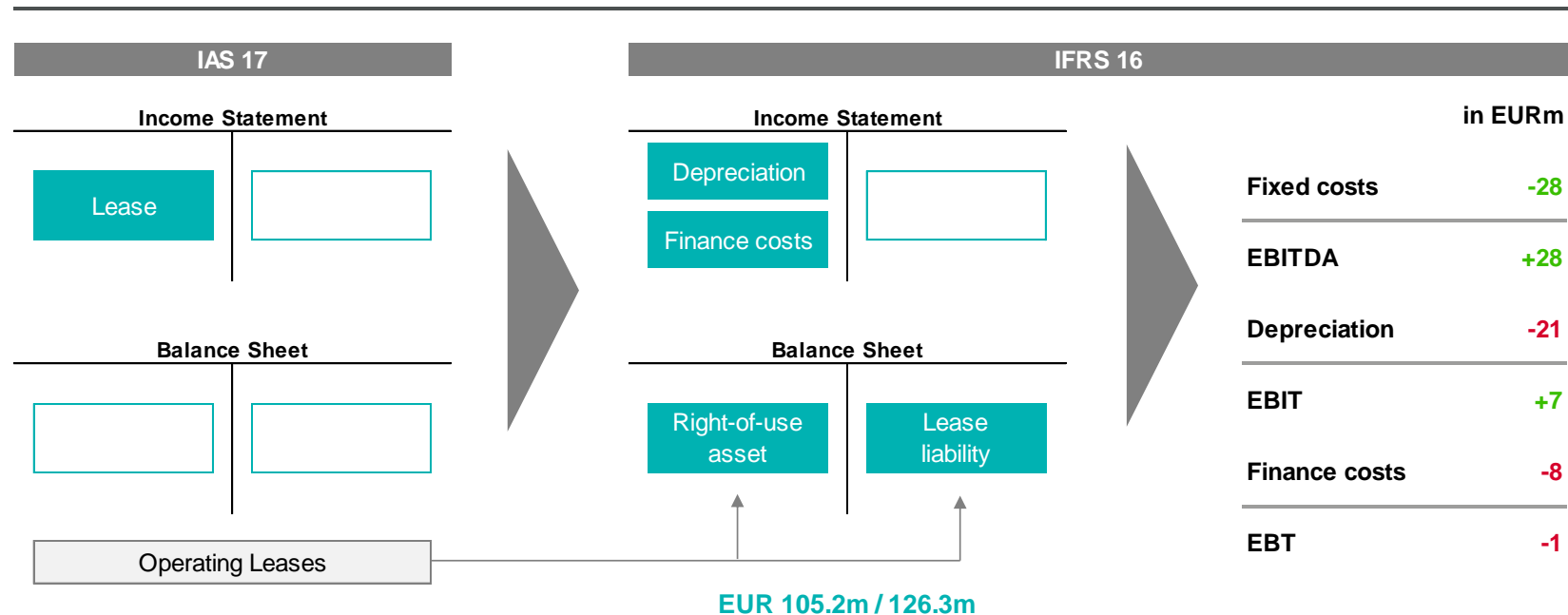
FY17..FY19 Bridge to Reported Adjusted EBITDA

	FY17	FY18	FY19
Core Business in EURm	AC	AC	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

Impact on pro forma Financial Statements



- 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 July 2020 the group recognized the following right-of-use assets and lease liabilities
 - Buildings EUR 100.2m/121.0m
 - Machinery EUR 4.6m/4.8m
 - Vehicles/IT EUR 0.4m/0.5m
- 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.

Impact on Credit Stats

	x PF adjusted EBITDA Jul-20 LTM (EUR 15.7m)	pre IFRS 16	under IFRS 16
Gross debt / PF EBITDA		3.5x	4.0x
Net debt / PF EBITDA		1.8x	3.4x

Gross debt based on EUR 40m senior secured bond, EUR 10m RCF and EUR 5.0m equipment finance leases (respectively EUR 126.3m lease liabilities under IFRS16), net debt reduced by EUR 26.4m cash at hand.

Key Financials

EURm	FY17 AC	FY18 AC	FY19 AC	LTM AC
Total Revenue	141.4	135.6	133.9	122.9
thereof: core	121.6	123.9	127.9	120.8
non-core	19.8	11.7	6.1	2.1
EBITDA	11.8	11.7	14.8	14.0
thereof: core	10.3	10.2	15.6	14.3
non-core	-0.5	-0.7	-0.8	-0.3
EBITDA margin [%]	8.3	8.6	11.1	11.4
thereof: core	8.4	8.3	12.2	11.9
non-core	-2.6	-6.2	-13.4	-15.6
Adjustments	1.0	1.0	2.4	1.7
thereof: core	0.1	-0.2	1.7	1.4
non-core	0.8	1.2	0.7	0.3
Adjusted EBITDA	12.8	12.7	17.2	15.7
thereof: core	10.4	10.0	17.4	15.7
non-core	0.3	0.5	-0.1	0.0
Adj. EBITDA margin [%]	9.0	9.4	12.9	12.8
thereof: core	8.6	8.1	13.6	13.0
non-core	1.6	4.4	-2.2	0.3

Key Performance Indicators

	FY17 AC	FY18 AC	FY19 AC	LTM AC
# of Clubs¹	93	87	82	79
thereof: core	77	78	78	78
non-core	16	9	4	1
Members ['000]	268.1	255.8	249.8	231.5
thereof: core	235.0	237.3	246.4	230.0
non-core	33.0	18.5	3.4	1.4
Joiner Yield [EUR]	42.2	43.4	45.7	47.0
thereof: core	42.8	43.7	45.8	47.1
non-core	38.7	40.3	43.3	46.1
ARPM [EUR]	42.3	43.1	44.2	42.4
thereof: core	42.8	43.7	44.1	42.4
non-core	39.6	37.7	46.1	n/a
Retention %	67.7	68.7	73.4	72.6
thereof: core	67.7	68.7	73.4	72.6
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 -17.7m (from FY17 to Jul-20 LTM) while EBITDA is not impacted that much
- Table on the left shows the bridge from core business numbers (cf. section on pro forma financials) to total pro forma
- As of Sep 20 only 1 club is left in the non-core portfolio (closure estimated in the context of lease end in winter 2021/22)

ADJUSTMENTS TO PF LTM JUL-20 GROUP EBITDA

Segment	Item	Comment	LTM Jul-20
Pro forma Jul-20 LTM Group EBITDA			14,021
FFG/LFG	Divestment club losses	refers to six clubs in reporting period	332
FFG/LFG	HO employment cost savings	Mar20 run rate vs. LTM, >25 FTE less than in Oct18	271
FFG/LFG	Saving on operational expenses	Initiatives already started and in ramp-up	238
FFG/LFG	smile X conversion one off	one off costs related to club paintings and other conversion costs	196
FFG/LFG	Barrys set up	transaction/formation expenses	190
FFG/LFG	New Business Development	HO employment costs related to new business development (Franchise, XPO)	202
FFG/LFG	Year end audit fees	first time full scope IFRS consolidated accounts	200
FFG/LFG	Ramp-up losses	One club to become EBITDA positive	58
EG	Transaction costs	Add-back of transaction costs, primarily legal and other consulting fees	-
Total Adjustments			1,687
Adjusted PF Jul-20 LTM Group EBITDA			15,708

Consolidated Statement of Comprehensive Income

(Unaudited)	01.11.19 - 31.07.20	01.05.20 - 31.07.20
Revenue	88,949	26,018
Other operating income	973	597
Cost of materials	-4,123	-990
Personnel expenses	-27,981	-7,511
Other operating expenses	-28,744	-8,597
Amortization and depreciation of intangible assets, property, plant and equipment and right-of-use-assets	-26,889	-7,780
Operating profit or loss	2,184	1,737
Finance income	0	0
Finance costs	-10,773	-3,459
Financial result	-10,773	-3,459
Profit or loss for the period before taxes	-8,589	-1,722
Income taxes	41	115
Profit or loss for the period	-8,548	-1,607
Thereof attributable to:		
- equity holders of the parent	-8,548	-1,607
Profit or loss for the period	-8,548	-1,607
Reconciliation to the consolidated statement of comprehensive income		
Profit or loss for the period	-8,548	-1,607
Total comprehensive income	-8,548	-1,607

Consolidated Cash Flow Statement

(Unaudited)	Note	01.11.19 - 31.07.20	01.05.20 - 31.07.20
Cash flows from operating activities		22,098	9,128
Cash flows from investing activities		-11,588	-6,224
Cash flows from financing activities		-10,287	-6,100
Cash flow for the period		223	-3,196
Beginning cash and cash equivalents		26,191	29,610
Closing cash and cash equivalents	3.5.4.5	26,414	26,414

Consolidated Balance Sheet

(Unaudited)	Note	31 July 2020	31 October 2019
Non-current assets			
Intangible assets	3.5.4.2	37,217	38,792
Property, plant and equipment	3.5.4.3	47,361	44,041
Right-of-use-assets	3.5.4.4	105,223	120,571
Investments / Joint venture		45	17
		189,846	203,421
Current assets			
Inventories		660	703
Trade receivables		2,087	2,909
Receivables from affiliated companies		2,995	633
Current income tax assets		74	74
Other non-financial assets		2,594	1,931
Cash and cash equivalents	3.5.4.5	26,414	26,191
		34,824	32,441
TOTAL ASSETS		224,670	235,862
Equity	3.5.4.6	-17,535	-8,986
Liabilities			
Non-current liabilities			
Financial liabilities	3.5.4.7	38,056	38,001
Shareholder debt	3.5.4.8	33,938	31,670
Other non-financial liabilities		28	28
Other financial liabilities		976	1,484
Other provisions		2,235	4,244
Lease liabilities	3.5.4.9	107,790	121,019
Deferred tax liabilities		1,591	2,048
		184,614	198,494
Current liabilities			
Financial liabilities	3.5.4.7	10,000	0
Trade payables		15,937	16,792
Other non-financial liabilities		7,145	5,150
Other financial liabilities		844	1,280
Other provisions		4,675	2,981
Lease liabilities	3.5.4.9	18,500	19,841
Income tax liabilities		490	310
		57,591	46,354
TOTAL LIABILITIES		242,205	244,848
TOTAL EQUITY AND LIABILITIES		224,670	235,862

- In total, the consolidated equity of the group is negative. The equity position of the group has no legal impact. With EUR 90.0m the equity of LifeFit Group MidCo GmbH is positive. If the shareholder debt of EUR 33.9m were classified as equity, the consolidated equity of the group would be positive of EUR 16.4m.
- 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	-17.5
pro forma classification Shareholder Loan as Equity	+33.9
pro forma Equity	+16.4

Pro forma Financials + IFRS 16 impacts + Reported Financials

	Jul-20 LTM			Q3/FY2020			Q3/FY2020 REPORTED
	AC pre IFRS16	Impact of IFRS16	AC under IFRS16	AC pre IFRS16	Impact IFRS16	AC under IFRS16	AC IFRS16
EURm							
KPIs							
# of Clubs ¹	79			79			
Members ['000]	231,5			231,5			
Joiner Yield [EUR]	47,0			44,8			
ARPM [EUR]	42,4			37,7			
Retention % (annualised)	72,6			72,6			
Profit/Loss							
Revenue	122,9			26,6			26,6
EBITDA ²	14,0	28,1	42,1	2,9	7,0	9,8	9,5
- Adjustments	1,7			0,2			
Adjusted EBITDA	15,7			3,1			
Depreciation & amortisation	-14,5	-20,9	-35,4	-2,6	-5,1	-7,8	-7,8
Exceptionals/One-off charges	-3,3			-0,3			
Operating Profit/Loss	-3,8		3,4	-0,1		1,8	1,7
Total Finance costs	-5,9	-8,2	-14,0	-1,5	-2,0	-3,5	-3,5
Total Tax	0,2			0,1			0,1
Net Profit/Loss	-9,5		-10,5	-1,5		-1,6	-1,6
Cash Flow							
EBITDA ²	14,0			2,9			
Working capital	1,7			1,8			
Exceptionals & provisions	-5,8			-0,8			
Interest paid	-2,6			-0,8			
Tax	-0,3			0,1			
OPERATING CASH FLOW	7,0			3,2	6,0	9,1	9,1
Cash flow from investing activities	-43,4			-6,2	0,0	-6,2	-6,2
FREE CASH FLOW	-36,5			-3,1		2,9	2,9
Cash flow from financing activities	16,4			-0,1	-6,0	-6,1	-6,1
NET CASH FLOW	-20,0			-3,2		-3,2	-3,2

Notes

¹ excluding franchise clubs

² excluding exceptionals/one-off charges

Pro forma Financials by Segment

EURm	Jul-20 LTM				Q3/FY2020 YTD			
	LifeFit Group	Fitness First	elbgym	smileX	LifeFit Group	Fitness First	elbgym	smileX
KPIs								
# of Clubs ¹	79	63	3	13	79	63	3	13
Members ['000]	231,5	197,0	3,6	30,9	231,5	197,0	3,6	30,9
Joiner Yield [EUR]	47,0	49,0	70,6	30,4	47,5	49,3	72,3	30,9
ARPM [EUR]	42,4	43,7	60,3	31,3	62,4	42,9	58,8	30,6
Retention % (annualised)	72,6	71,8	68,4	78,3	72,6	71,8	68,4	78,3
Profit/Loss								
Revenue	122,9	108,8	2,5	11,6	89,9	79,4	1,8	8,7
EBITDA ²	14,0	9,8	-0,2	4,4	10,3	7,1	-0,1	3,3
- Adjustments	1,7	1,7	0,0	0,0	1,0	1,0	0,0	0,0
Adjusted EBITDA	15,7	11,5	-0,2	4,4	11,3	8,1	-0,1	3,3
Depreciation & amortisation	-14,5	-11,6	-0,5	-2,3	-11,2	-9,0	-0,2	-2,1
Exceptionals/One-off charges	-3,3	-3,2	-0,1	0,0	-2,3	-2,1	-0,1	0,0
Operating Profit/Loss	-3,8	-5,0	-0,9	2,1	-3,2	-4,0	-0,5	1,2
Total Finance costs	-5,9	-5,8	-0,1	0,0	-4,8	-4,7	0,0	0,0
Total Tax	0,2	0,1	0,0	0,0	0,0	0,0	0,0	0,0
Net Profit/Loss	-9,5	-10,7	-0,9	2,1	-8,0	-8,7	-0,5	1,3
Cash Flow								
EBITDA ²	14,0	9,8	-0,2	4,4	10,3	7,1	-0,1	3,3
Working capital	1,7	1,2	0,1	0,4	3,8	3,3	0,1	0,4
Exceptionals & provisions	-5,8	-5,7	-0,1	0,0	-4,8	-4,7	-0,1	0,0
Interest paid	-2,6	-2,6	0,0	0,0	-2,6	-2,6	0,0	0,0
Tax	-0,3	0,0	0,0	-0,3	-0,2	0,0	0,0	-0,2
OPERATING CASH FLOW	7,0	2,6	-0,2	4,5	6,6	3,1	-0,1	3,6
Cash flow from investing activities	-43,4	-42,9	-0,1	-0,5	-13,9	-13,4	-0,1	-0,4
FREE CASH FLOW	-36,5	-40,2	-0,2	4,0	-7,4	-10,3	-0,2	3,1
Cash flow from financing activities	16,4	17,0	-0,2	-0,4	7,6	8,0	-0,1	-0,3
NET CASH FLOW	-20,0	-23,2	-0,4	3,6	0,2	-2,3	-0,3	2,8

Notes

¹ excluding franchise clubs

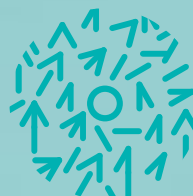
² excluding exceptionals/one-off charges



Inspiring each other
and always winning
as a team



Blowing away customer
expectations with our love for
health and fitness



Taking responsibility,
being entrepreneurial
and always keep going



Always striving
for excellence



Doing the right
thing – every time