

PRESS RELEASE

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QUARTERLY STATEMENT Q4 2020 LifeFit Group result affected by covid-19 implications in the fourth quarter

Frankfurt/Main, 30 December 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 results¹ for LifeFit Group as of 31 October 2020.

Highlights pro forma Financials and KPIs Oct-20 LTM:

- Operational KPIs went down with members from more than 250k in Q1 to 223k in Q4 (lack of joiner driven) due to club closures in spring 2020
- Total revenues in core business² decreased by 6.4% vs. FY19 to EUR 119.6m and will decrease further in future due to missing members resulting from the lockdown and forthcoming compensations
- Oct-20 LTM Adjusted EBITDA in core business decreased by 5.4% vs. FY19 to EUR 16.5m
- Adjusted EBITDA margin at 13.8% (vs. 13.6% in FY19)
- Q4 Net Cash Flow of EUR -3.9m is primary characterised by deferral effects in working capital (EUR 2.8 VAT reimbursement paid in November 20) and capex spend of EUR 4.0m relating to existing portfolio and new studios/formats
- Strong cash position at quarter end with EUR 22.5m cash at bank

I am very pleased that we have made so much progress in all the different areas over the last months which has brought us in a position to very quickly response to the recently announced second lockdown." 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."

¹ Due to the short financial year of Lifefit Group Midco in FY19 and FY20 and for a better understanding of the financial results, the group presents pro forma financial statements considering the 12 month period 1 November 2019 to 31 October 2020 and adjusted for IFRS 16 impacts.

² 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 to mid of June 2020. Therefore total LTM revenues in core business decreased by -6.4% compared to FY19 to EUR 119.6m. The shortfall is due on the one hand to direct revenue reductions during the lockdown and on the other hand to missing members and a deferred revenue effect regarding the compensation offered (EUR 1.3m). Nevertheless the group kept to focus on membership dues showing significant improvement in joiner yield (LTM EUR 49.5 vs. 45.8 in FY19). Six months after the first lockdown began retention is still at above 70%, but assumed to decrease in line with the second lockdown.

EBITDA decrease driven by covid-19 related revenue shortfall

Oct-20 LTM pro forma adjusted EBITDA in core business decreased by 5.1% compared to FY19 from EUR 17.4m to EUR 16.5m. This is mainly driven by membership dues compensation and missing side revenues during and as result of the lockdown as well as missing members afterwards. Initiated cost actions are not able to overcompensate revenue shortfall mid-term. Adjusted EBITDA margin for Oct-20 LTM is at 13.8% compared to 13.6% in FY19.

EUR -3.9m net change in cash as a result of deferred VAT reimbursement and continued capex

Net Cash Flow for Q4/FY20 was EUR -3.9m, which is primarily characterised by deferral effects in working capital (EUR 2.8 VAT reimbursement payed in November 20) and capex spend of EUR 4.0m relating to existing portfolio and new studios/formats. The group shows a strong cash position at quarter end with more than EUR 22.5m cash at bank.

Outlook

The whole fitness industry was negatively affected by the Covid-19 outbreak. With having all the LifeFit studios closed again in the course of the second lockdown, the LFG expects further implications on future financial performance from a short/mid-term perspective. By ensuring best-in-class hygiene standards we will comfort the member to work-out and come back to routine when clubs will reopen again. 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 there is a risk of an extended lockdown. 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

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