



**lifefit** | group







# LifeFit Group

Q4/FY2020 - QUARTERLY INTERIM UNAUDITED REPORT

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Dec  
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 just over 250k in Q1 to 223k in Q4 (lack of joiner driven) due to club closures
- Financial KPIs partly temporarily increased in Q4 due to further cost saving initiatives, but especially favoured by EUR 3.1m VAT reimbursement for the 1<sup>st</sup> lockdown in spring

# 2 LTM Revenue EUR 119.6m - 6.4% vs FY19

- LifeFit was able to collect for membership dues within the club closure period and will continue
- Total revenues have been impacted negatively by frozen memberships, rejects and refunds as well as missing side 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

# 3 LTM EBITDA adj. EUR 16.5m - 5.1% vs FY19 Margin 13.8% + 0.2ppt 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 Q4/FY20 Net Cash Flow EUR -3.9m

- Q4/FY20 Net cash flow is primary characterised by deferral effects in working capital (VAT reimbursement payed in November) and capex spend of EUR 4.0m relating to existing portfolio and new studios/formats
- Strong cash position at quarter end with more than EUR 22.5m cash at bank

# 5 Covid-19 will create opportunities





- 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 were back on prior year level before 2<sup>nd</sup> lockdown was announced

KEY FIGURES <sup>1</sup>	Q4 2020	CHANGE VS. Q4 2019
TOTAL REVENUE	30.9m	-3.6%
ADJ. EBITDA BEFORE IFRS 16	4.9m	+26.3%
ADJ. EBITDA BEFORE IFRS 16 MARGIN	15.8%	+3.7ppt
CASH AT BANK	22.5m	-3.7m

LEVERAGE RATIOS	pre IFRS 16	under IFRS 16
GROSS DEBT/ PF EBITDA	3.3x	4.8x
NET DEBT/ PF EBITDA	1.9x	4.3x

## Operating brands

## To be rolled out

 24 Clubs (of which 4 Franchise)	 57 Clubs	 5 Clubs (of which 2 Franchise)	 1 Club (Cologne)	 2021 tbc	 2 to open
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## Price

## Mid-range

## Upper range

## Premium

## Studio / Boutique

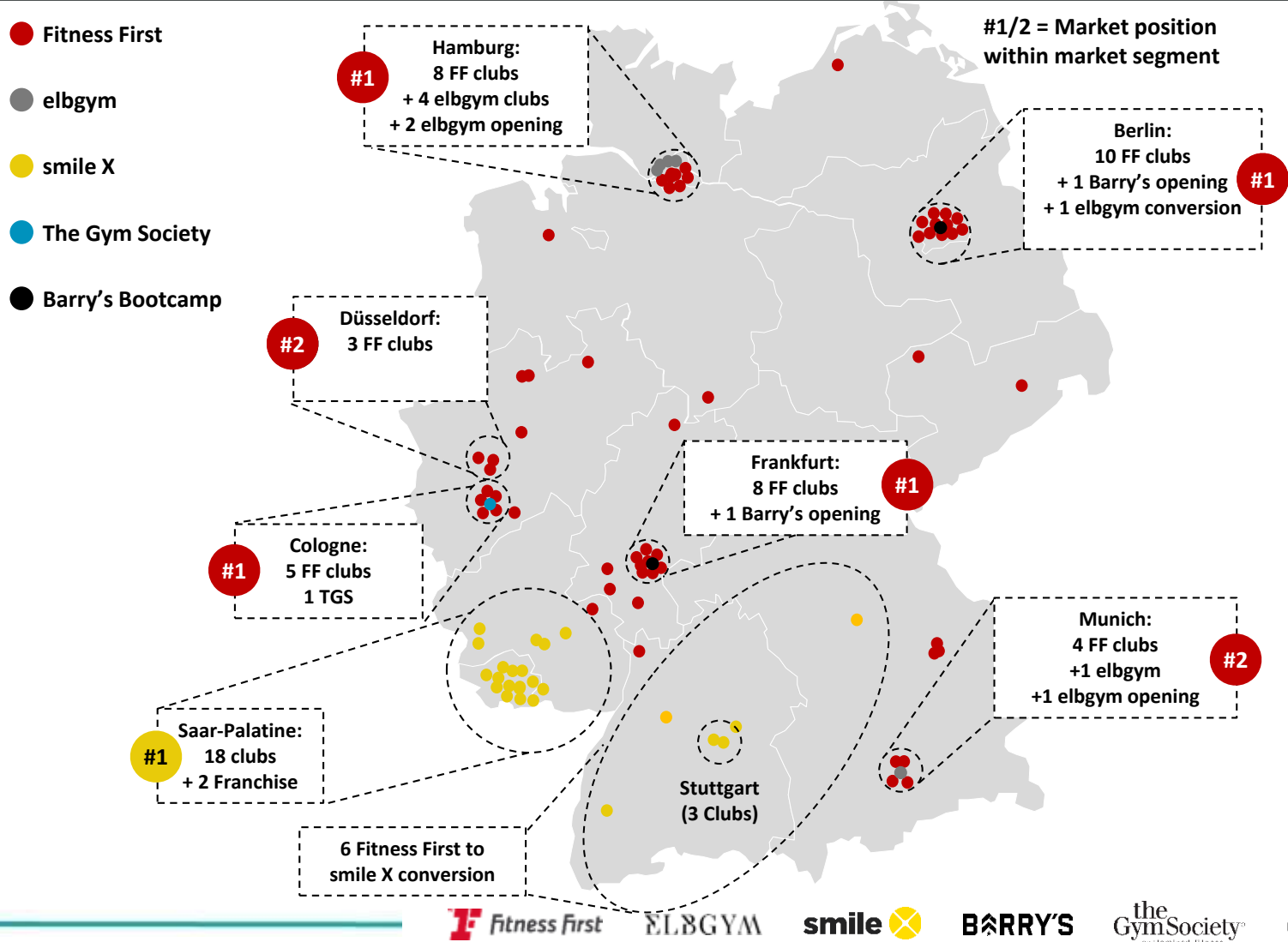
Offering/focus	<ul style="list-style-type: none"> <li>Modular, smaller towns</li> </ul>	<ul style="list-style-type: none"> <li>Wellness &amp; full service</li> </ul>	<ul style="list-style-type: none"> <li>Performance, strength</li> </ul>	<ul style="list-style-type: none"> <li>Boutique fitness / PT</li> </ul>	<ul style="list-style-type: none"> <li>Boutique fitness</li> </ul>	<ul style="list-style-type: none"> <li>Boutique fitness</li> </ul>
Description	<ul style="list-style-type: none"> <li>Leading value fitness chain in the Saar-Palatinate region with focus on offering young customers high value for money</li> </ul>	<ul style="list-style-type: none"> <li>#1 premium health and fitness club operator in Germany with strong nationwide brand awareness</li> </ul>	<ul style="list-style-type: none"> <li>Premium chain in Hamburg and Munich offering high-intensity fitness courses with state-of-the-art machines as well as cross-fit</li> </ul>	<ul style="list-style-type: none"> <li>Personalized, high-quality, digitally supported workout with permanent access to lifestyle coaches</li> </ul>	<ul style="list-style-type: none"> <li>US-based leading boutique brands in pilates and barre with 1.000+ studios in USA</li> </ul>	<ul style="list-style-type: none"> <li>US-based pioneer of indoor high-intensity interval training combining cardio and strength training</li> </ul>
Avg. retention	<ul style="list-style-type: none"> <li>70%+</li> </ul>			<ul style="list-style-type: none"> <li>~ 70%</li> </ul>	<ul style="list-style-type: none"> <li>~ 55%</li> </ul>	<ul style="list-style-type: none"> <li>PAYG</li> </ul>
# of members	<ul style="list-style-type: none"> <li>~225,000</li> </ul>			<ul style="list-style-type: none"> <li>N/A</li> </ul>		
Expansion in 2020/21	<ul style="list-style-type: none"> <li>2+ Franchise</li> </ul>	<ul style="list-style-type: none"> <li>1 Re-location (Regensburg)</li> </ul>	<ul style="list-style-type: none"> <li>3 Franchise (Hamburg, Munich, Augsburg)</li> <li>1 Conversion from FF</li> </ul>	<ul style="list-style-type: none"> <li>TBC</li> </ul>	<ul style="list-style-type: none"> <li>2021 TBC</li> </ul>	<ul style="list-style-type: none"> <li>Frankfurt/Berlin ready to open when lockdown lifted</li> </ul>



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
- Smile X 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 before had to close again since Nov
- 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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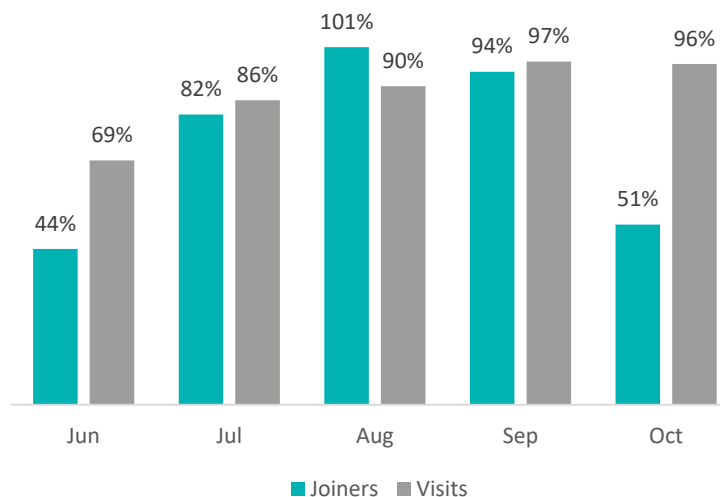
**APPENDIX**

## Timeline

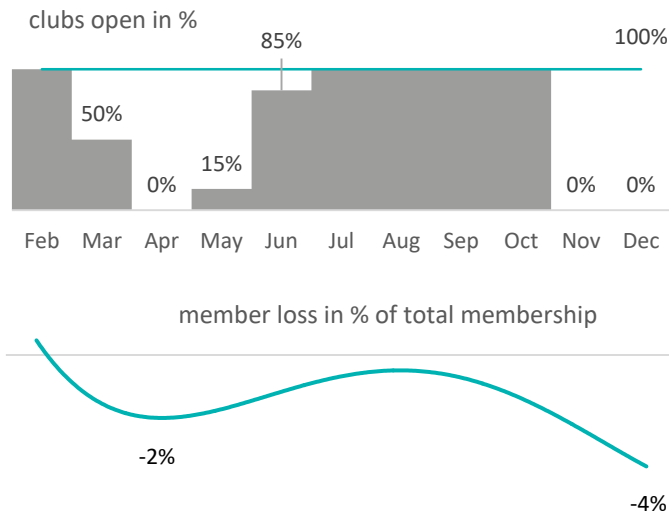
- Industry-wide cooperation accelerated
- Quick response with prepared measures (e.g. short-time work in all clubs, simplified compensation tools etc.)
- 2<sup>nd</sup> lockdown with nation wide club closures from 2<sup>nd</sup> November onwards, currently set until 10 Jan 2021
- Due to low infection 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
- 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 came back to prior year level before 2<sup>nd</sup> lockdown impacts membership base again

LFL joiners/members compared to prior year



- Visitation came back earlier, with male members training more often than female members
- Joiner numbers recovered slower, but came back stronger before 2<sup>nd</sup> wave took shape
- Joiners mix records a shift towards younger male members



- Studios have been closed for 10 weeks on average in spring, remained to stay open since mid of June and are now closed again since 2<sup>nd</sup> November
- Member loss is primary related to missing joiners out of lockdown periods
- Furthermore additional covid-19 related cancellations become effective now and over the next months



<div>Key actions during lockdown</div> <ul style="list-style-type: none"> <li>• <b>Maintain liquidity</b></li> <li>• <b>Stakeholder management</b></li> <li>• <b>Good &amp; transparent member communication</b></li> <li>• <b>Keep staff moral up</b></li> <li>• <b>Increase PR activities to reopen</b></li> <li>• <b>Seek for M&amp;A opportunities</b></li> </ul>	<div>Processes &amp; Finances</div> <ul style="list-style-type: none"> <li>▪ <b>Prepare quantification and scenarios analysis for financial lockdown impacts</b></li> <li>▪ <b>Take actions based on financial forecast with landlords, governmental support, members handling, overall cost base</b></li> <li>▪ <b>Define short, medium and long term financial milestones to be achieved</b></li> </ul>	<div>Portfolio</div> <ul style="list-style-type: none"> <li>▪ <b>Engage with LLs</b> to reduce rent payments and find long term win-win solutions</li> <li>▪ <b>Review club portfolio to optimise offering, pricing and cost base</b></li> <li>▪ Use closure period to repair &amp; maintain or to rebuild studios</li> <li>▪ Seeking for attractive M&amp;A opportunities</li> </ul>
<div>People</div> <ul style="list-style-type: none"> <li>▪ Club teams 75% furloughed, others support customer service</li> <li>▪ <b>Best practice sharing between brands</b></li> <li>▪ <b>Create driver based employment model based on customer journey</b></li> <li>▪ Empathic leadership</li> <li>▪ Employee &amp; member surveys</li> </ul>	<div>Product &amp; Members</div> <ul style="list-style-type: none"> <li>▪ <b>We were able to continue dues collection, ensured and simplified over-compensation options</b></li> <li>▪ Increased digital offering</li> <li>▪ <b>Prepare all club areas for re-opening</b></li> <li>▪ Prepare for many member requests in Customer Service and clubs</li> </ul>	<div>Price &amp; Marketing</div> <ul style="list-style-type: none"> <li>▪ <b>Website as central tool for communication with social media channels feeding traffic</b></li> <li>▪ Review pricing/membership model (flexibility)</li> <li>▪ Increase digital cut through for future searches</li> <li>▪ New marketing campaigns geared towards new situation</li> </ul>

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

Since 15<sup>th</sup> 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.

Since NOVEMBER 2020

LifeFit has continued to collect membership dues and has simplified compensation offers:

> Option 1 (free upgrade, Tanita body analysis and family & friends voucher)


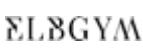



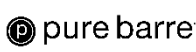

✓ free six month membership upgrade up to the highest category (free to use all LifeFit studios)

✓ voucher for a 1:1 Tanita body analysis session with a trainer and information on how to boost the immune system

✓ 2 x 4 weeks training voucher for family & friends

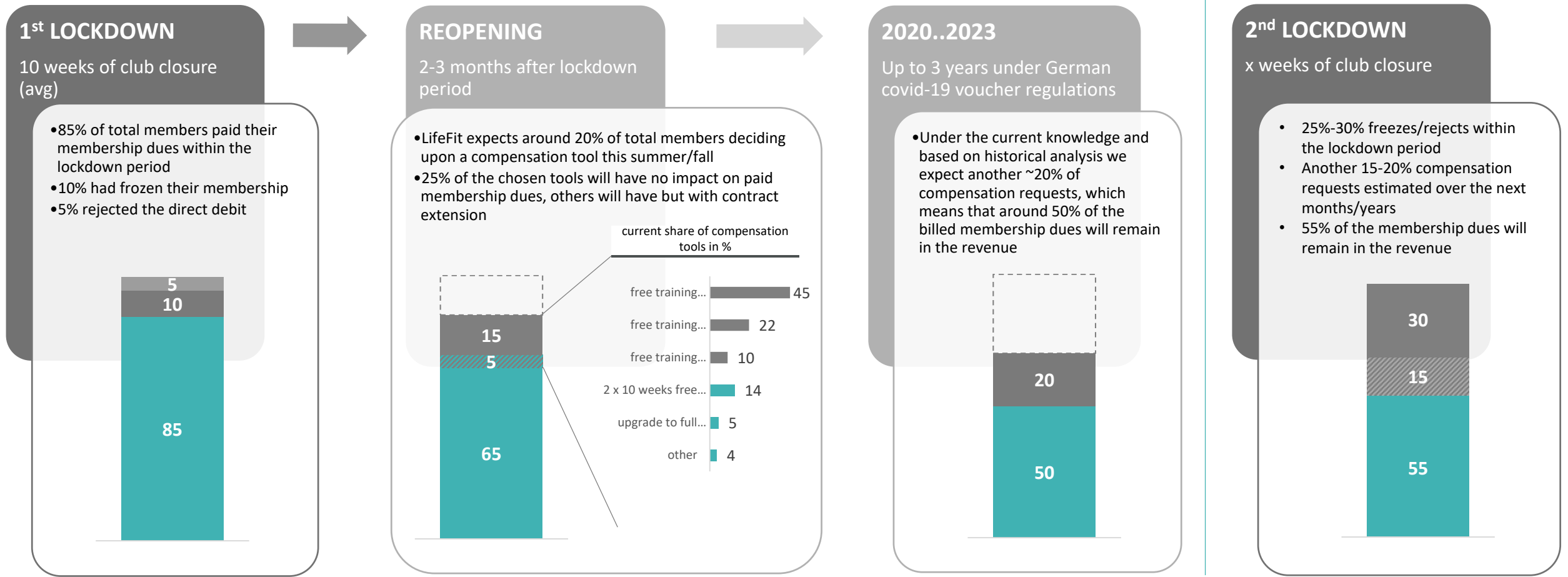
> Option 2 (Membership freeze)

✓ Membership freeze for the time clubs are closed. Digital offering remains, no access to gyms. Membership duration will be prolonged accordingly.

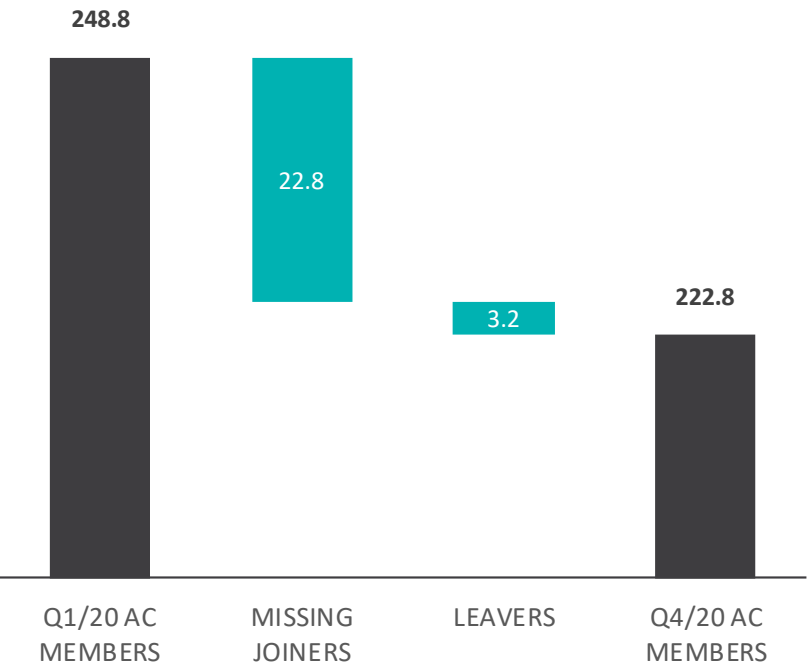
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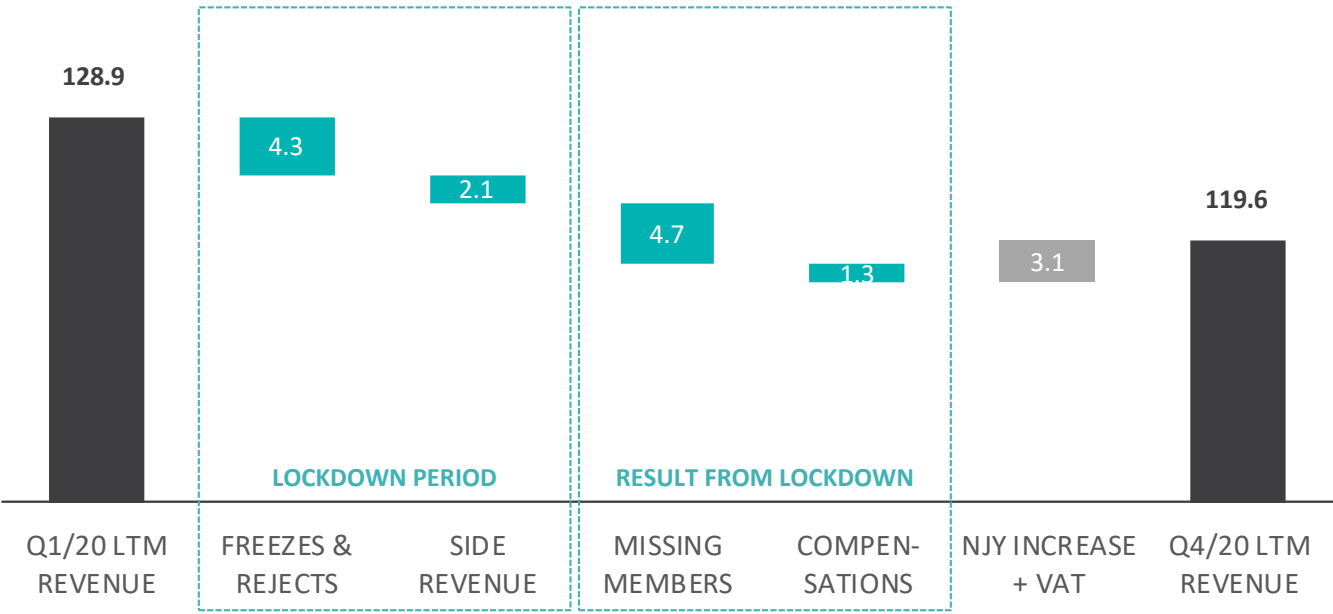


According to IFRS 15 (revenue from contracts with customers) the group intends to use deferred revenue (liability account) for accumulation and release of revenues attributable to contribution-free periods. As a result, revenue actually recognized in all months of membership period (both in periods when a customer makes payments and in non-contributory periods) will be the same. Deferred revenue for Oct 20 YTD amounts to EUR 1.3m.

Members shortfall driven by joiners



Revenue impacted by covid-19 lockdown and related compensations



The VAT reimbursement refers to the membership dues collected during the first lockdown, for which there was no exchange of services. The basis for this is around 60% of total membership dues (= expected sum of membership dues without compensation).  
**LifeFit will also follow this approach in the second lockdown.**

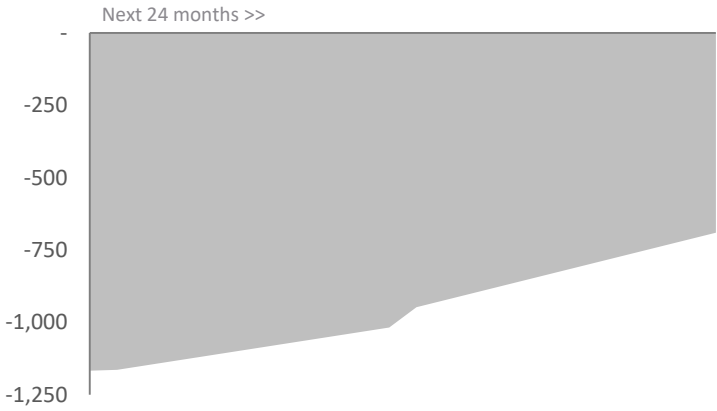


Member shortfall driven by joiners...



...will impact future revenues...

Estimated impact from missing members on next 24 months revenue in kEUR b/f revenue initiatives (26k members on 28% attrition)



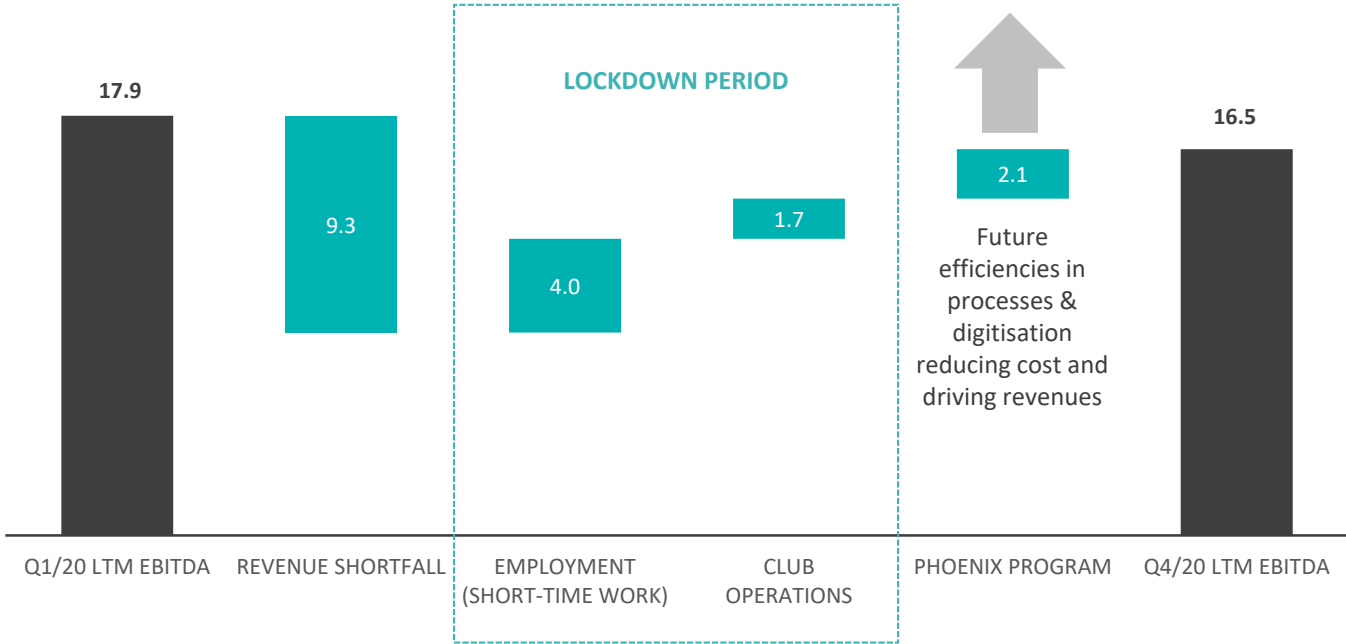
...and need for business transformation

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

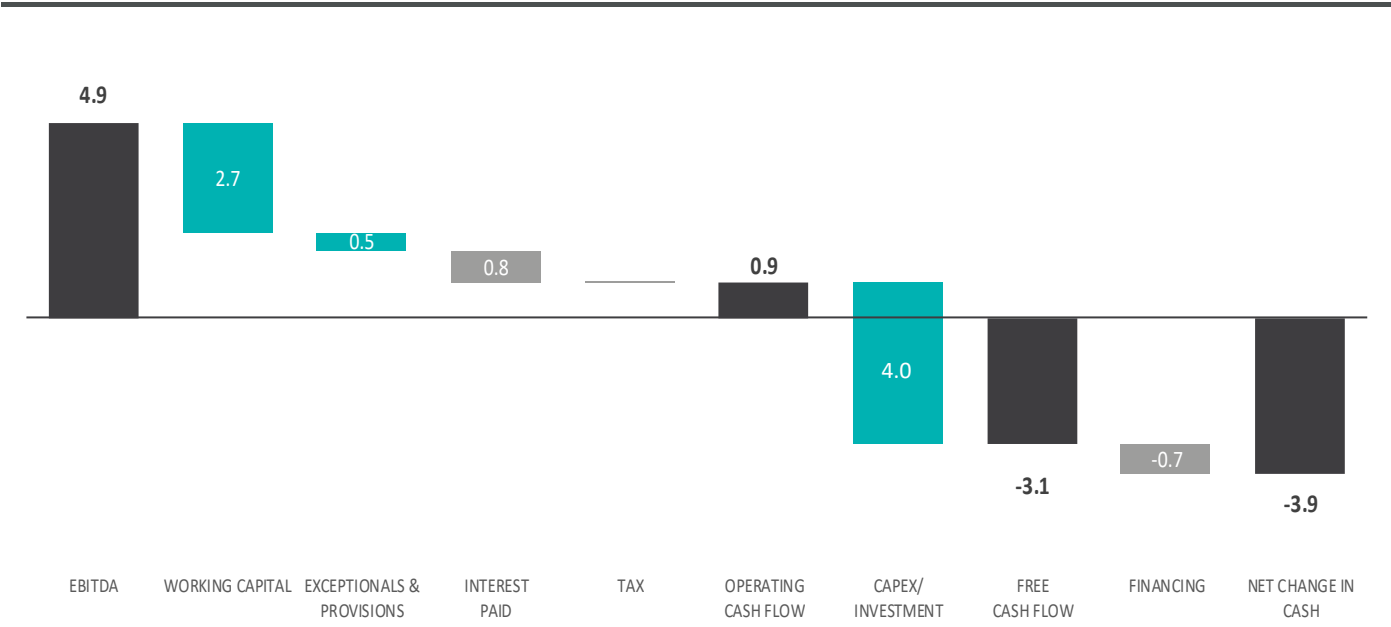


Business Transformation Summer 2020

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 governance 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	Chatbot	Additional Risks/Opportunities
		Retail simplified	Compensation options	

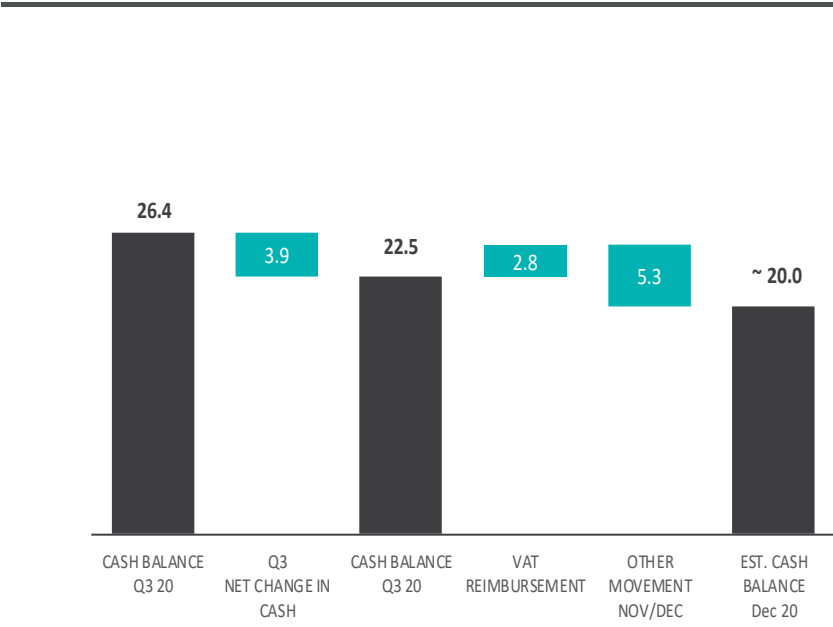


Net Change in Cash in Q4 / FY2020 (EURm)



- Q4 EBITDA is favoured by VAT reimbursement of EUR 3.1m, its payment is deferred (primary Nov 20) and impacts working capital negatively
- IFRS 15 impact on deferred revenue (EUR +0.2m) vs. EBITDA
- Capex is characterised by 50% into new build (Barry’s Frankfurt, Berlin and Fitness First Regensburg) and 50% into existing portfolio (primary deferred payments out of the summer invest in reception concept)
- Exceptionals and provisions primary refer to onerous lease, club closure, redundancy and consultancy costs re cost optimisation

Liquidity position (EURm)



- EUR 10m draw-down of RCF in Q2 to secure available liquidity improves cash position to EUR 22.5m at the end of Q4
- Nov and Dec are characterised by the VAT reimbursement, the 2<sup>nd</sup> lockdown (lower receipts from members and B2B as well as deferred payments for short-time work) and the acquisition of My Fitness Card
- Continuous liquidity management results in more than EUR 20.0m estimated cash balance per end of December





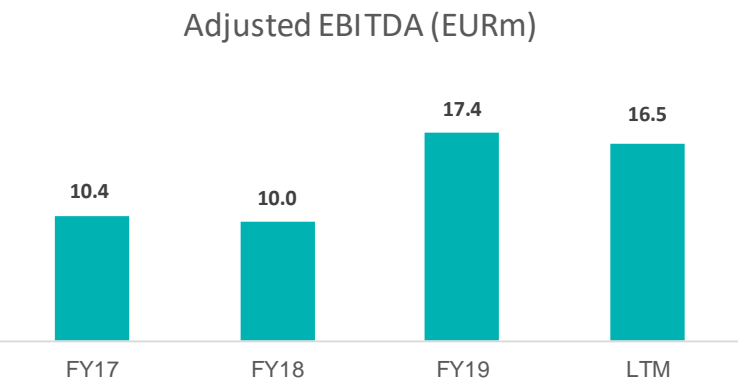
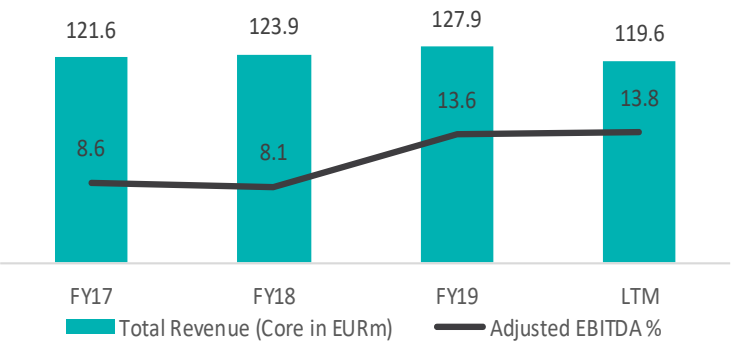
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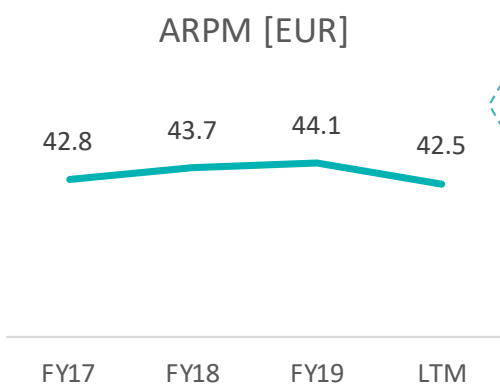
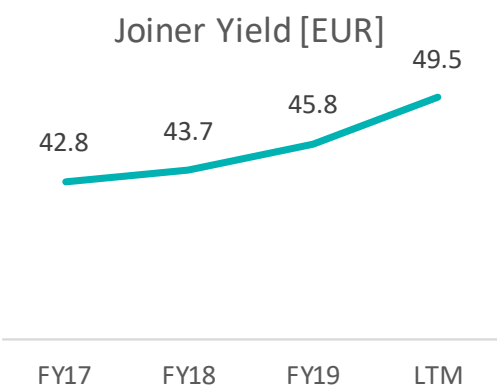
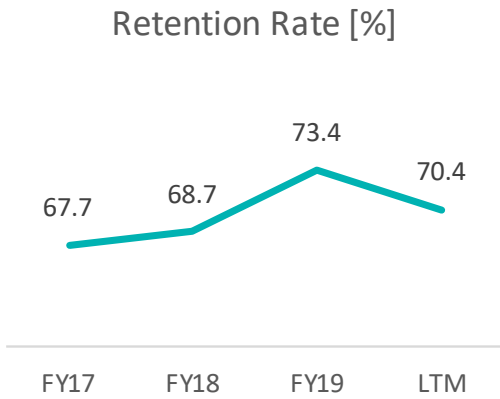
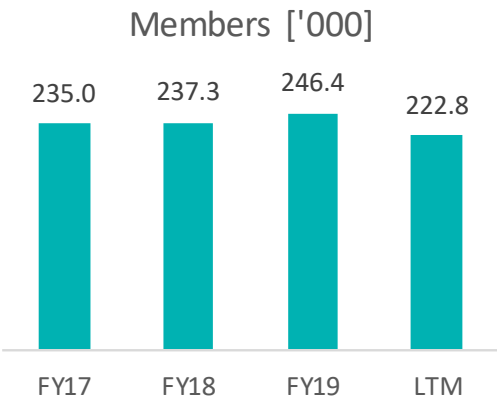
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## Pro forma key financials



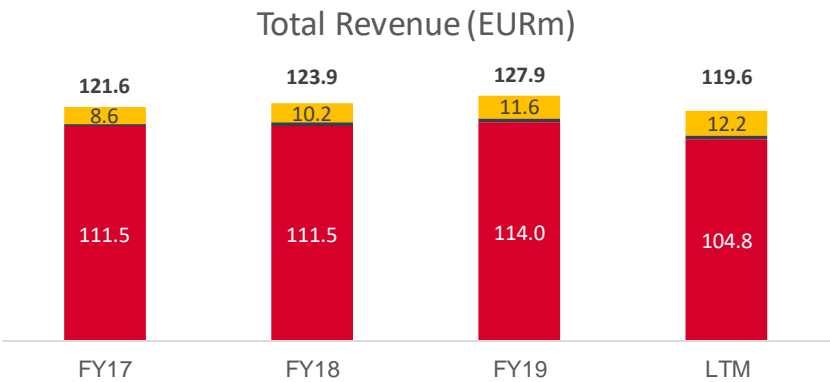
## Key performance indicators



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

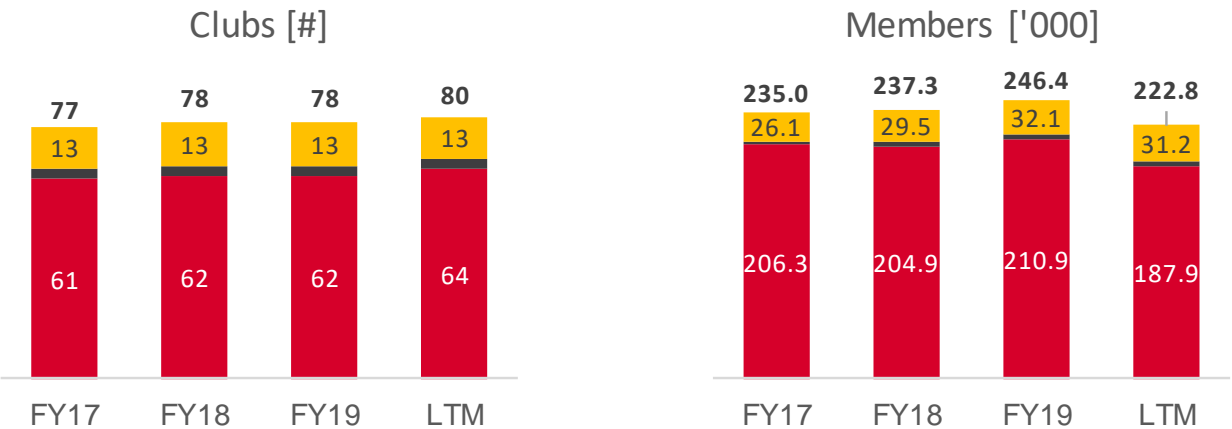
1) Core business excludes all clubs/services, which already have been divested/closed or will not be continued.

## Pro forma key financials

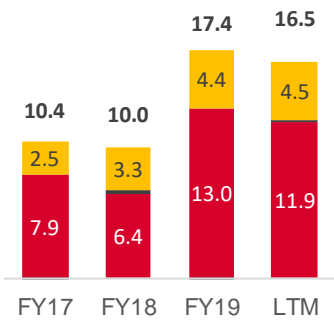


## Key performance indicators

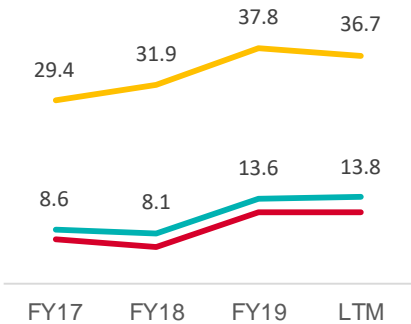
■ LifeFit Group
 ■ Fitness First
 ■ elbgym
 ■ smile X



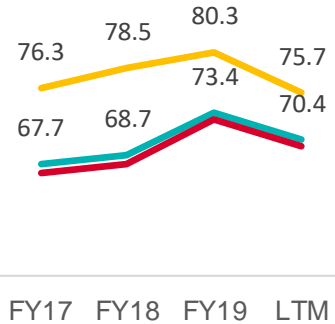
## Adjusted EBITDA (EURm)



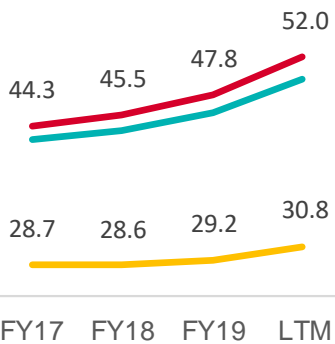
## Adjusted EBITDA %



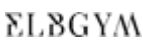
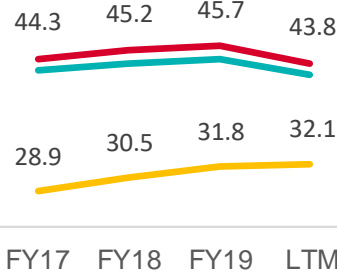
## Retention Rate [%]



## Joiner Yield [EUR]



## ARPM [EUR] <sup>2</sup>



<sup>1</sup>) Core business excludes all clubs/services, which already have been divested/closed or will not be continued.  
<sup>2</sup>) As expected LTM ARPM is 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
<b>Total Revenue</b>	<b>121.6</b>	<b>123.9</b>	<b>127.9</b>	<b>119.6</b>	<b>-6.4%</b>
thereof: Fitness First	111.5	111.5	114.0	104.8	
elbgym	1.5	2.2	2.3	2.7	
smile X	8.6	10.2	11.6	12.2	
<b>EBITDA</b>	<b>10.3</b>	<b>10.2</b>	<b>15.6</b>	<b>15.4</b>	<b>-1.7%</b>
thereof: Fitness First	7.7	6.7	11.3	10.8	
elbgym	0.0	0.3	-0.1	0.1	
smile X	2.5	3.3	4.4	4.5	
<b>EBITDA margin [%]</b>	<b>8.4</b>	<b>8.3</b>	<b>12.2</b>	<b>12.8</b>	<b>+5.0%</b>
thereof: Fitness First	7.0	6.0	9.9	10.3	
elbgym	-1.2	13.3	-3.7	2.9	
smile X	29.4	31.9	37.8	36.7	
<b>Adjustments</b>	<b>0.1</b>	<b>-0.2</b>	<b>1.7</b>	<b>1.1</b>	
thereof: Fitness First	0.1	-0.2	1.7	1.1	
elbgym	0.0	0.0	0.1	0.0	
smile X	0.0	0.0	0.0	0.0	
<b>Adjusted EBITDA</b>	<b>10.4</b>	<b>10.0</b>	<b>17.4</b>	<b>16.5</b>	<b>-5.1%</b>
thereof: Fitness First	7.9	6.4	13.0	11.9	
elbgym	0.0	0.3	0.0	0.1	
smile X	2.5	3.3	4.4	4.5	
<b>Adj. EBITDA margin [%]</b>	<b>8.6</b>	<b>8.1</b>	<b>13.6</b>	<b>13.8</b>	<b>+1.4%</b>
thereof: Fitness First	7.1	5.8	11.4	11.4	
elbgym	-1.2	13.3	-0.2	2.9	
smile X	29.4	31.9	37.8	36.7	

## Key Performance Indicators

	FY17 AC	FY18 AC	FY19 AC	LTM AC	Δ% LTM-19
<b># of Clubs<sup>1</sup></b>	<b>77</b>	<b>78</b>	<b>78</b>	<b>80</b>	
thereof: Fitness First	61	62	62	64	
elbgym	3	3	3	3	
smile X	13	13	13	13	
<b>Members ['000]</b>	<b>235.0</b>	<b>237.3</b>	<b>246.4</b>	<b>222.8</b>	<b>-9.6%</b>
thereof: Fitness First	206.3	204.9	210.9	187.9	
elbgym	2.6	2.9	3.3	3.6	
smile X	26.1	29.5	32.1	31.2	
<b>Joiner Yield [EUR]</b>	<b>42.8</b>	<b>43.7</b>	<b>45.8</b>	<b>49.5</b>	<b>+8.0%</b>
thereof: Fitness First	44.3	45.5	47.8	52.0	
elbgym	65.9	66.8	71.4	72.1	
smile X	28.7	28.6	29.2	30.8	
<b>ARPM [EUR]</b>	<b>42.8</b>	<b>43.7</b>	<b>44.1</b>	<b>42.5</b>	<b>-3.7%</b>
thereof: Fitness First	44.3	45.2	45.7	43.8	
elbgym	55.2	65.9	60.2	64.4	
smile X	28.9	30.5	31.8	32.1	
<b>Retention %</b>	<b>67.7</b>	<b>68.7</b>	<b>73.4</b>	<b>70.4</b>	
thereof: Fitness First	66.8	67.6	72.6	69.6	
elbgym	76.8	68.7	64.1	69.9	
smile X	76.3	78.5	80.3	75.7	

- Club closures due to the covid-19 lockdown result in missing joiners and consequently lower membership base (-26.0k members vs. Q1/20), which will be significantly impacted further in future months as clubs are closed since Nov 20 following the 2<sup>nd</sup> lockdown
- Corona crisis has not yet impacted retention that much, but will go down as received cancellations will become effective next months with a smaller but core member base, who want to train
- Revenue is impacted by missing members, freezes, rejects/refunds as well as missing and decreased side revenues
- IFRS15 impact out of deferred revenue from covid-19 compensation tools amounts to EUR 1.3m at the end of Oct (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
- LTM joiner yield increased by 8% vs. FY19 to EUR 49.5 and will grow further



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 December 2019. The following financial years will end in October.
- The result of the fourth quarter FY2020 refers to the period 1 August 2020 to 31 October 2020.
- Group legal structure see appendix

## 2 IFRS

- Application of IFRS 16 Leases leads
  - to the capitalization of right-of-use assets of EUR 132.4m and of lease liabilities of EUR 154.2m as of 31 October 2020
  - to a negative P/L-effect of EUR 7.6m 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 6.3m for the period from 1 August 2020 until 31 October 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 3.9m and sales of EUR 31.1m.
- With EUR -3.9m the Cash Flow is negative in the quarter, Cash balance as of 31 October 2020 is EUR 22.5m.

## 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)

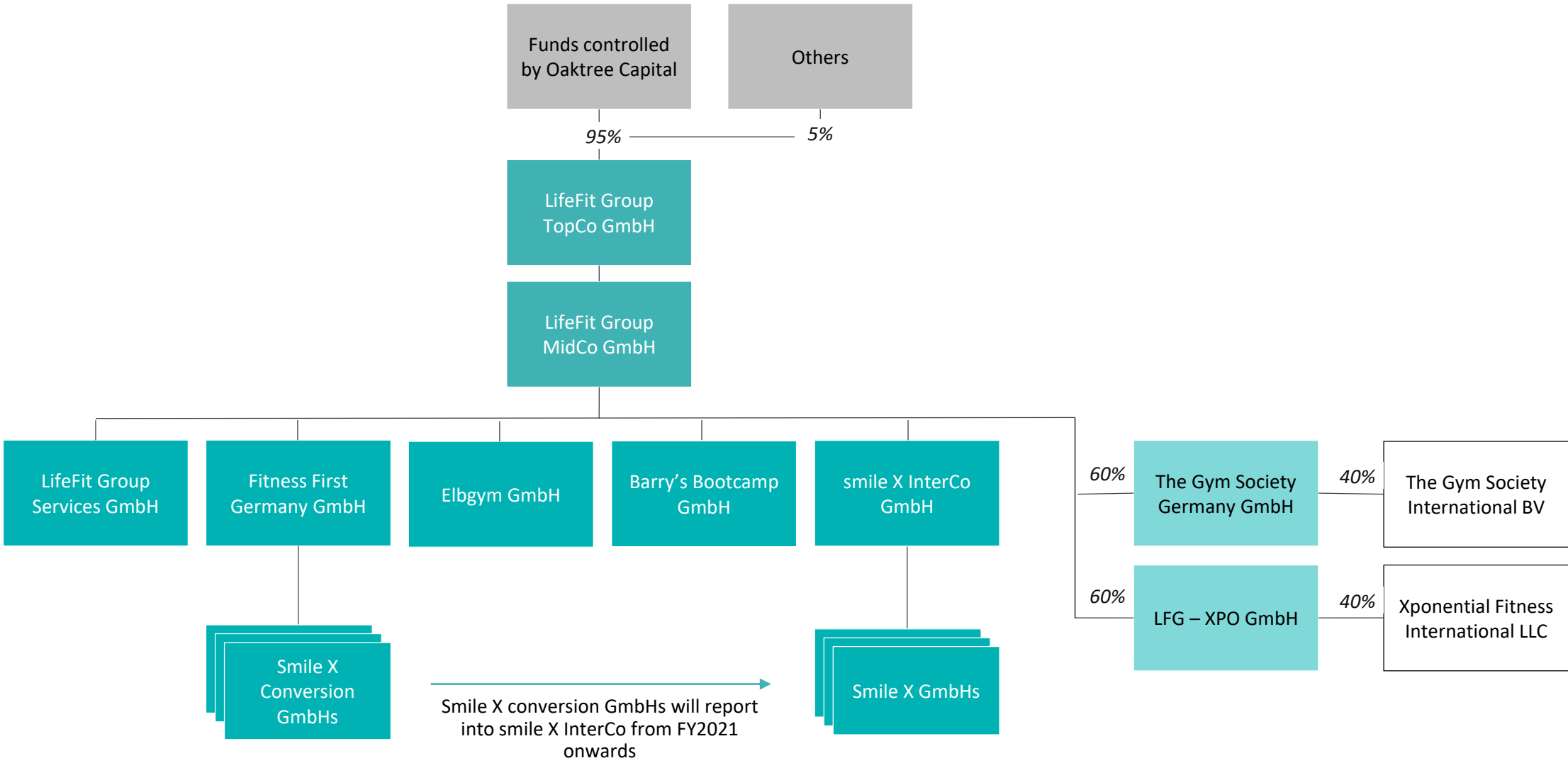
## 5 Pro Forma

- Due to the short financial year of Lifefit Group Midco for FY19 and FY20 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 November 2019 to 31 October 2020 and adjusted for IFRS 16 impacts
- Pro forma Total Revenue of the group was EUR 121.0m (EUR 119.6m in core business<sup>1</sup>)
- Pro forma adjusted EBITDA of the group amounts to EUR 16.5m

## 6 Outlook

- The audited annual report for FY20 is planned to be published on 28 Feb 2021 and the quarterly interim unaudited report for Q1 FY2020/21 on 31 Mar 2021





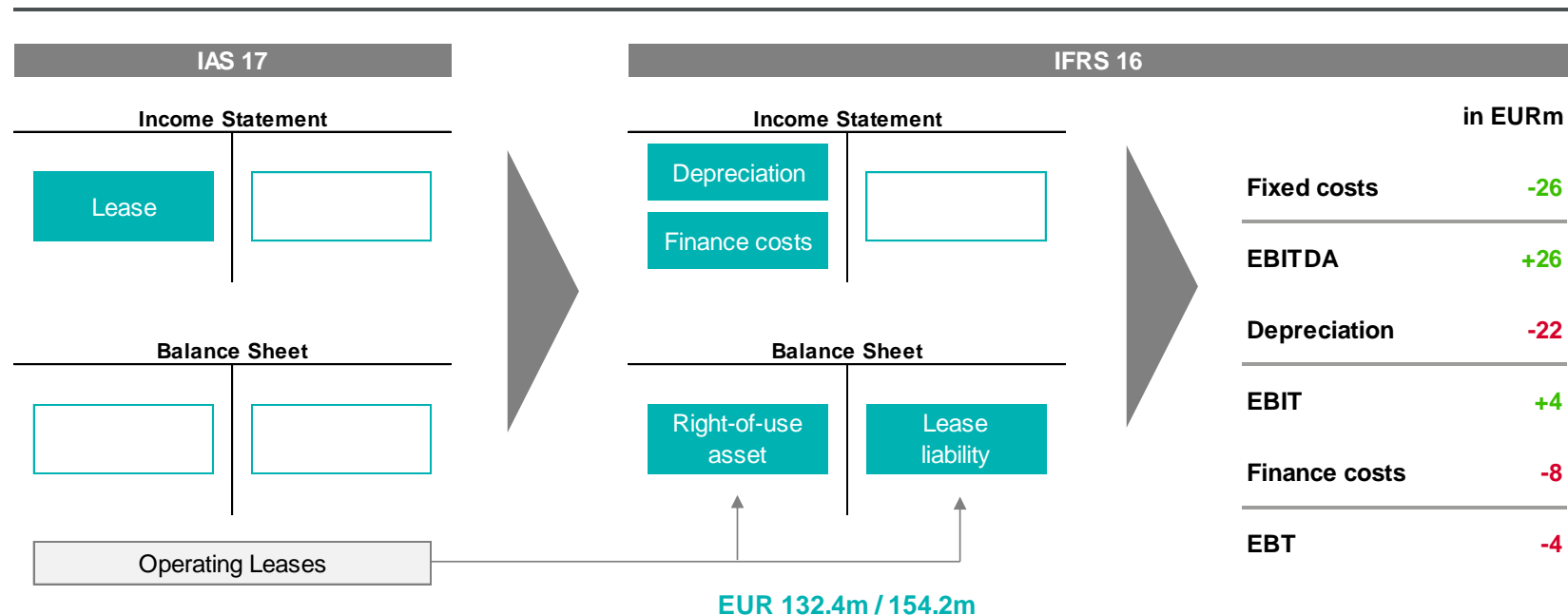
## FY17..FY19 Bridge to Reported Adjusted EBITDA

	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
<b>IAS 17 Adjusted EBITDA</b>	<b>12.3</b>	<b>12.1</b>	<b>19.4</b>
Less: IAS 17 rent adjustments	-1.9	-2.1	-2.0
<b>Reported Adjusted EBITDA</b>	<b>10.4</b>	<b>10.0</b>	<b>17.4</b>

## 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 October 2020 the group recognized the following right-of-use assets and lease liabilities
  - Buildings EUR 128.3m/149.8m
  - Other EUR 4.1m/4.4m
- 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.

## Impact on Credit Stats

	x PF adjusted EBITDA Oct-20 LTM (EUR 16.5m)	pre IFRS 16	under IFRS 16
Gross debt / PF EBITDA		3.3x	4.8x
Net debt / PF EBITDA		1.9x	4.3x

Gross debt based on EUR 40m senior secured bond, EUR 10m RCF and EUR 4.1m equipment finance leases (respectively EUR 154.2m lease liabilities under IFRS16), net debt reduced by EUR 22.5m cash at hand.



## Key Financials

EURm	FY17 AC	FY18 AC	FY19 AC	LTM AC
<b>Total Revenue</b>	<b>141.4</b>	<b>135.6</b>	<b>133.9</b>	<b>121.0</b>
thereof: core	121.6	123.9	127.9	119.6
non-core	19.8	11.7	6.1	1.3
<b>EBITDA</b>	<b>11.8</b>	<b>11.7</b>	<b>14.8</b>	<b>15.2</b>
thereof: core	10.3	10.2	15.6	15.4
non-core	-0.5	-0.7	-0.8	-0.2
<b>EBITDA margin [%]</b>	<b>8.3</b>	<b>8.6</b>	<b>11.1</b>	<b>12.5</b>
thereof: core	8.4	8.3	12.2	12.8
non-core	-2.6	-6.2	-13.4	-14.8
<b>Adjustments</b>	<b>1.0</b>	<b>1.0</b>	<b>2.4</b>	<b>1.3</b>
thereof: core	0.1	-0.2	1.7	1.1
non-core	0.8	1.2	0.7	0.2
<b>Adjusted EBITDA</b>	<b>12.8</b>	<b>12.7</b>	<b>17.2</b>	<b>16.5</b>
thereof: core	10.4	10.0	17.4	16.5
non-core	0.3	0.5	-0.1	0.0
<b>Adj. EBITDA margin [%]</b>	<b>9.0</b>	<b>9.4</b>	<b>12.9</b>	<b>13.6</b>
thereof: core	8.6	8.1	13.6	13.8
non-core	1.6	4.4	-2.2	-1.5

## Key Performance Indicators

	FY17 AC	FY18 AC	FY19 AC	LTM AC
<b># of Clubs<sup>1</sup></b>	<b>93</b>	<b>87</b>	<b>82</b>	<b>80</b>
thereof: core	77	78	78	80
non-core	16	9	4	1
<b>Members ['000]</b>	<b>268.1</b>	<b>255.8</b>	<b>249.8</b>	<b>224.2</b>
thereof: core	235.0	237.3	246.4	222.8
non-core	33.0	18.5	3.4	1.5
<b>Joiner Yield [EUR]</b>	<b>42.2</b>	<b>43.4</b>	<b>45.8</b>	<b>49.4</b>
thereof: core	42.8	43.7	45.8	49.5
non-core	38.7	40.3	43.3	40.8
<b>ARPM [EUR]</b>	<b>42.3</b>	<b>43.1</b>	<b>44.2</b>	<b>42.5</b>
thereof: core	42.8	43.7	44.1	42.5
non-core	39.6	37.7	46.1	n/a
<b>Retention %</b>	<b>67.7</b>	<b>68.7</b>	<b>73.4</b>	<b>70.4</b>
thereof: core	67.7	68.7	73.4	70.4
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 -18.5m (from FY17 to Oct-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)
- Portfolio is currently under review after the latest announcement of a second lockdown from Nov 20 onwards

Segment	Item	Comment	LTM Oct-20
Pro forma Oct-20 LTM Group EBITDA			15,155
FFG/LFG	Ramp-up losses	One club to become EBITDA positive	227
FFG/LFG	Barrys set up	transaction/formation expenses	217
FFG/LFG	New Business Development	HO employment costs related to new business development (Franchise, XPO)	181
FFG/LFG	Divestment club losses	refers to six clubs in reporting period	175
FFG/LFG	smile X conversion one off	one off costs related to club paintings and other conversion costs	150
FFG/LFG	HO employment cost savings	Mar20 run rate vs. LTM, >25 FTE less than in Oct18	145
FFG/LFG	Saving on operational expenses	Initiatives already started and in ramp-up	108
FFG/LFG	Year end audit fees	first time full scope IFRS consolidated accounts	100
Total Adjustments			1,302
Adjusted PF Oct-20 LTM Group EBITDA			16,457

## Consolidated Statement of Comprehensive Income

LifeFit	Q4	Q4		YTD	YTD
(Unaudited)	01.08.20 -	01.08.19 -		01.11.19 -	01.07.19 -
	31.10.20	31.10.19	change	31.10.20	31.10.19
	EUR k	EUR k	EUR k	EUR k	EUR k
Revenue	32,018	33,191	-1,173	120,967	43,329
Other operating income	-39	540	-579	934	682
Cost of materials	-1,819	-1,595	-224	-5,942	-2,270
Personnel expenses	-7,683	-10,262	2,579	-35,664	-13,613
Other operating expenses	-12,740	-12,266	-474	-41,484	-15,827
Amortization and depreciation	-9,789	-7,910	-1,879	-36,678	-10,249
<b>Operating profit or loss</b>	<b>-52</b>	<b>1,698</b>	<b>-1,750</b>	<b>2,132</b>	<b>2,052</b>
Income from at equity investments	-34	0	-34	-34	0
Finance income	147	107	40	147	142
Finance costs	-4,716	-3,371	-1,345	-15,489	-4,503
<b>Financial result</b>	<b>-4,569</b>	<b>-3,264</b>	<b>-1,305</b>	<b>-15,342</b>	<b>-4,361</b>
<b>Profit or loss for the period before taxes</b>	<b>-4,655</b>	<b>-1,566</b>	<b>-3,089</b>	<b>-13,244</b>	<b>-2,309</b>
Income taxes	751	128	623	792	144
<b>Profit or loss for the period</b>	<b>-3,904</b>	<b>-1,439</b>	<b>-2,466</b>	<b>-12,452</b>	<b>-2,165</b>

## Consolidated Cash Flow Statement

LifeFit	Q4	Q4		YTD	YTD
(Unaudited)	01.08.20 -	01.08.19 -		01.11.19 -	01.07.19 -
	31.10.20	31.10.19	change	31.10.20	31.10.19
	EUR k	EUR k	EUR k	EUR k	EUR k
Operating cash flow	2,193	6,484	-4,291	26,430	8,826
Investment cash flow	-4,023	-29,463	25,440	-17,960	-30,949
Financing cash flow	-2,033	2,975	-5,008	-12,110	48,289
<b>Cash flow for the period</b>	<b>-3,863</b>	<b>-20,004</b>	<b>16,141</b>	<b>-3,640</b>	<b>26,166</b>
Beginning cash	26,414	46,195		26,191	25
Closing cash	22,551	26,191		22,551	26,191

## Consolidated Balance Sheet

LifeFit	31 October	31 October
(Unaudited)	2020	2019
<b>Non-current assets</b>		
Intangible assets	36,628	38,792
Property, plant and equipment	45,004	44,041
Right-of-use-assets	132,398	120,571
Investments / Joint venture	1	17
	214,031	203,421
<b>Current assets</b>		
Inventories	742	703
Trade receivables	5,693	2,909
Receivables from affiliated companies	1,322	633
Current income tax assets	67	74
Other non-financial assets	6,584	1,931
Cash and cash equivalents	22,551	26,191
	36,959	32,441
<b>TOTAL ASSETS</b>	<b>250,990</b>	<b>235,862</b>
<b>Equity</b>	<b>-21,438</b>	<b>-8,986</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Financial liabilities	38,584	38,001
Shareholder debt	34,735	31,670
Other non-financial liabilities	28	28
Other financial liabilities	274	1,484
Other provisions	4,580	4,244
Lease liabilities	133,111	121,019
Deferred tax liabilities	791	2,048
	212,103	198,494
<b>Current liabilities</b>		
Financial liabilities	10,000	0
Trade payables	14,826	16,792
Other non-financial liabilities	9,011	5,150
Other financial liabilities	2,430	1,280
Other provisions	2,235	2,981
Lease liabilities	21,112	19,841
Income tax liabilities	414	310
	60,325	46,354
<b>TOTAL LIABILITIES</b>	<b>272,428</b>	<b>244,848</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>250,990</b>	<b>235,862</b>

- In total, the consolidated equity of the group is negative. The equity position of the group has no legal impact. With EUR 87.0m the equity of LifeFit Group MidCo GmbH is positive. If the shareholder debt of EUR 34.7m were classified as equity, the consolidated equity of the group would be positive of EUR 13.3m.
- 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	-21.4
pro forma classification Shareholder Loan as Equity	+34.7
<b>pro forma Equity</b>	<b>+13.3</b>



## Pro forma Financials + IFRS 16 impacts + Reported Financials

	Oct-20 LTM			Q4/FY2020			Q4/FY2020 REPORTED
	AC pre IFRS16	Impact of IFRS16	AC under IFRS16	AC pre IFRS16	Impact IFRS16	AC under IFRS16	AC IFRS16
<b>KPIs</b>							
# of Clubs <sup>1</sup>	80			80			
Members ['000]	224.2			224.2			
Joiner Yield [EUR]	49.4			50.8			
ARPM [EUR]	42.5			45.6			
Retention % (annualised)	70.4			70.4			
<b>Profit/Loss</b>							
Revenue	121.0			31.1			31.1
EBITDA <sup>2</sup>	15.2	25.7	40.9	4.9	4.6	9.5	9.7
- Adjustments	1.3			0.3			
<b>Adjusted EBITDA</b>	<b>16.5</b>			<b>5.2</b>			
Depreciation & amortisation	-14.9	-21.7	-36.7	-4.4	-5.4	-9.8	-9.8
Exceptionals/One-off charges	-2.1			0.2			
<b>Operating Profit/Loss</b>	<b>-1.8</b>		<b>2.1</b>	<b>0.7</b>		<b>-0.1</b>	<b>-0.1</b>
Total Finance costs	-7.2	-8.2	-15.3	-2.4	-2.2	-4.6	-4.6
Total Tax	0.8			0.8			0.8
<b>Net Profit/Loss</b>	<b>-8.2</b>		<b>-12.4</b>	<b>-0.9</b>		<b>-3.9</b>	<b>-3.9</b>
<b>Cash Flow</b>							
EBITDA <sup>2</sup>	15.2			4.9			
Working capital	1.1			-2.7			
Exceptionals & provisions	-5.2			-0.5			
Interest paid	-3.5			-0.8			
Tax	-0.2			0.0			
<b>OPERATING CASH FLOW</b>	<b>7.4</b>			<b>0.9</b>	<b>1.3</b>	<b>2.2</b>	<b>2.2</b>
Cash flow from investing activities	-18.0			-4.0	0.0	-4.0	-4.0
<b>FREE CASH FLOW</b>	<b>-10.5</b>			<b>-3.1</b>		<b>-1.8</b>	<b>-1.8</b>
Cash flow from financing activities	6.9			-0.7	-1.3	-2.0	-2.0
<b>NET CASH FLOW</b>	<b>-3.6</b>			<b>-3.9</b>		<b>-3.9</b>	<b>-3.9</b>

## Notes

<sup>1</sup> excluding franchise clubs

<sup>2</sup> excluding exceptionals/one-off charges

## Pro forma Financials by Segment

EURm	Oct-20 LTM				Q4/FY2020			
	LifeFit Group	Fitness First	elbgym	smileX	LifeFit Group	Fitness First	elbgym	smileX
<b>KPIs</b>								
# of Clubs1	80	64	3	13	80	64	3	13
Members ['000]	224.2	189.4	3.6	31.2	224.2	189.4	3.6	31.2
Joiner Yield [EUR]	49.4	51.9	72.1	30.8	50.8	54.4	71.8	30.5
ARPM [EUR]	42.5	43.8	64.4	32.1	45.6	46.0	73.3	38.8
Retention % (annualised)	70.4	69.6	69.9	75.7	70.4	69.6	69.9	75.7
<b>Profit/Loss</b>								
Revenue	121.0	106.1	2.7	12.2	31.1	26.7	0.8	3.6
EBITDA <sup>2</sup>	15.2	10.6	0.1	4.5	4.9	3.5	0.1	1.3
- Adjustments	1.3	1.3	0.0	0.0	0.3	0.3	0.0	0.0
<b>Adjusted EBITDA</b>	<b>16.5</b>	<b>11.9</b>	<b>0.1</b>	<b>4.5</b>	<b>5.2</b>	<b>3.8</b>	<b>0.1</b>	<b>1.3</b>
Depreciation & amortisation	-14.9	-12.1	-0.2	-2.6	-4.4	-3.8	-0.1	-0.5
Exceptionals/One-off charges	-2.1	-2.0	-0.1	0.0	0.2	0.1	0.1	0.0
<b>Operating Profit/Loss</b>	<b>-1.8</b>	<b>-3.5</b>	<b>-0.2</b>	<b>1.9</b>	<b>0.7</b>	<b>-0.2</b>	<b>0.2</b>	<b>0.7</b>
Total Finance costs	-7.2	-7.1	0.0	0.0	-2.4	-2.4	0.0	0.0
Total Tax	0.8	0.3	0.0	0.5	0.8	0.3	0.0	0.5
<b>Net Profit/Loss</b>	<b>-8.2</b>	<b>-10.3</b>	<b>-0.2</b>	<b>2.4</b>	<b>-0.9</b>	<b>-2.3</b>	<b>0.2</b>	<b>1.2</b>
<b>Cash Flow</b>								
EBITDA <sup>2</sup>	15.2	10.6	0.1	4.5	4.9	3.5	0.1	1.3
Working capital	1.1	0.2	0.1	0.8	-2.7	-2.6	0.0	-0.2
Exceptionals & provisions	-5.2	-5.1	-0.1	0.0	-0.5	-0.5	0.0	0.0
Interest paid	-3.5	-3.5	0.0	0.0	-0.8	-0.8	0.0	0.0
Tax	-0.2	0.0	0.0	-0.2	0.0	0.0	0.0	0.0
<b>OPERATING CASH FLOW</b>	<b>7.4</b>	<b>2.2</b>	<b>0.1</b>	<b>5.1</b>	<b>0.9</b>	<b>-0.4</b>	<b>0.1</b>	<b>1.1</b>
Cash flow from investing activities	-18.0	-17.2	-0.1	-0.6	-4.0	-3.8	0.0	-0.2
<b>FREE CASH FLOW</b>	<b>-10.5</b>	<b>-15.0</b>	<b>0.0</b>	<b>4.5</b>	<b>-3.1</b>	<b>-4.2</b>	<b>0.1</b>	<b>0.9</b>
Cash flow from financing activities	6.9	7.4	-0.2	-0.4	-0.7	-0.6	0.0	-0.1
<b>NET CASH FLOW</b>	<b>-3.6</b>	<b>-7.6</b>	<b>-0.1</b>	<b>4.1</b>	<b>-3.9</b>	<b>-4.8</b>	<b>0.1</b>	<b>0.8</b>

## Notes

<sup>1</sup> excluding franchise clubs

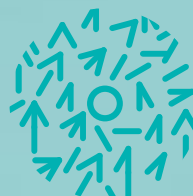
<sup>2</sup> excluding exceptionals/one-off charges



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