STRICTLY CONFIDENTIAL

VIRGIN ACTIVE: PERSPECTIVES FROM THE ADVISOR

THE ROHATYN GROUP

Investor Day
May 2023

Signatory of:
PRI Principles for Responsible Investment

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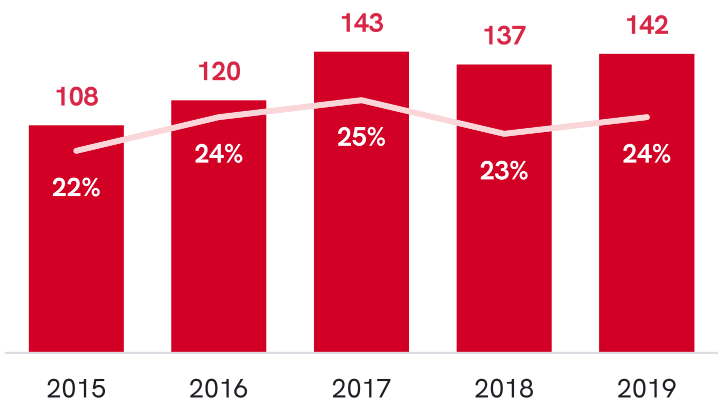
Virgin Active: Time of Ethos Investment

February 2020

Brait Rights Issue: Ethos makes investment & is appointed as new advisor to the Brait board

Virgin Active had delivered good performance, with strong cash generation, a large membership base and an attractive footprint

EBITDA (£m) & margin (%)



1.16m closing adult members (Dec-19)

2.8x Net debt to EBITDA (Dec-19)

£309m
5 year cumulative operating cash flow post capex
Average % of EBITDA = 47.5%

Southern Africa: 138 clubs
Market leading operator

Italy: 38 clubs
Market leading, premium operator

United Kingdom: 42 clubs
Premium London-focused operator

Asia Pacific: 25 clubs
New territory - premium operator in chosen cities in Australia, Thailand & Singapore

Virgin Active: COVID lockdowns & restrictions

March 2020 | December 2020 | May 2021 | March 2022

COVID lockdowns and restrictions imposed: gyms across all territories temporarily closed & memberships frozen

Lockdowns were expected to last for a few weeks. Immediate actions from management & shareholders included:

- rent deferrals
- government support
- salary & bonus cuts
- capex reductions

A broad range of mitigating actions were taken to preserve liquidity and **reduce cash outflow by 2/3rds during the closure period**

£50m total funding package agreed between bank, VEL & shareholders:

- £20m from shareholders
- £5m from Virgin Enterprises Limited (as licensor), and
- £25m from banking syndicate

Virgin Active: Extended Lockdowns & Restrictions

March 2020 | December 2020 | May 2021 | March 2022

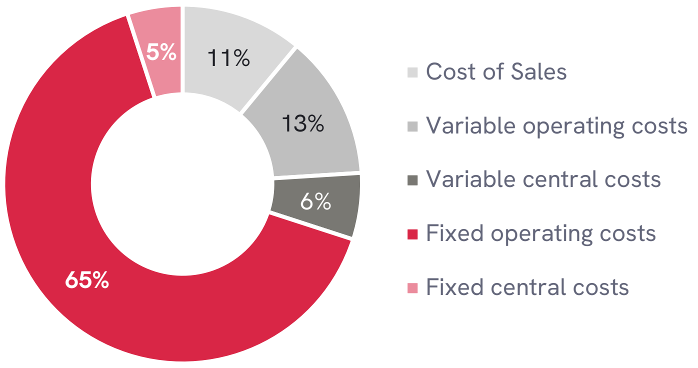
However, lockdowns lasted significantly longer than initially anticipated resulting in severe liquidity challenges

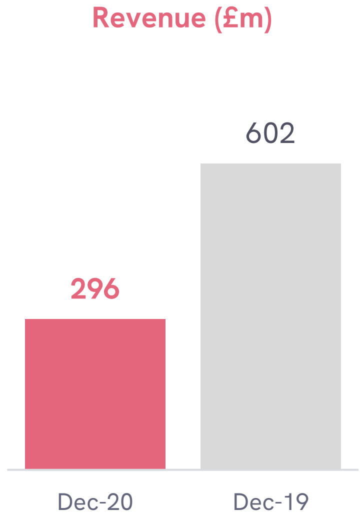
During FY2020, Virgin Active lost 24 months of trading across its four territories and lockdowns extended well into 2021

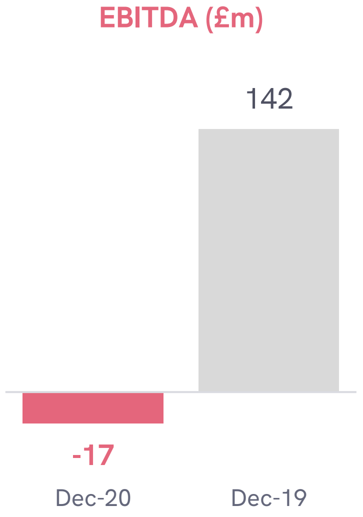
The **significant operating leverage** in the business resulted in the loss of revenue during closures having a material impact on earnings and liquidity

30% decline in active members since Dec-19

Indicative breakdown of costs: FY2019 (1)







(1) based on Brait assumptions

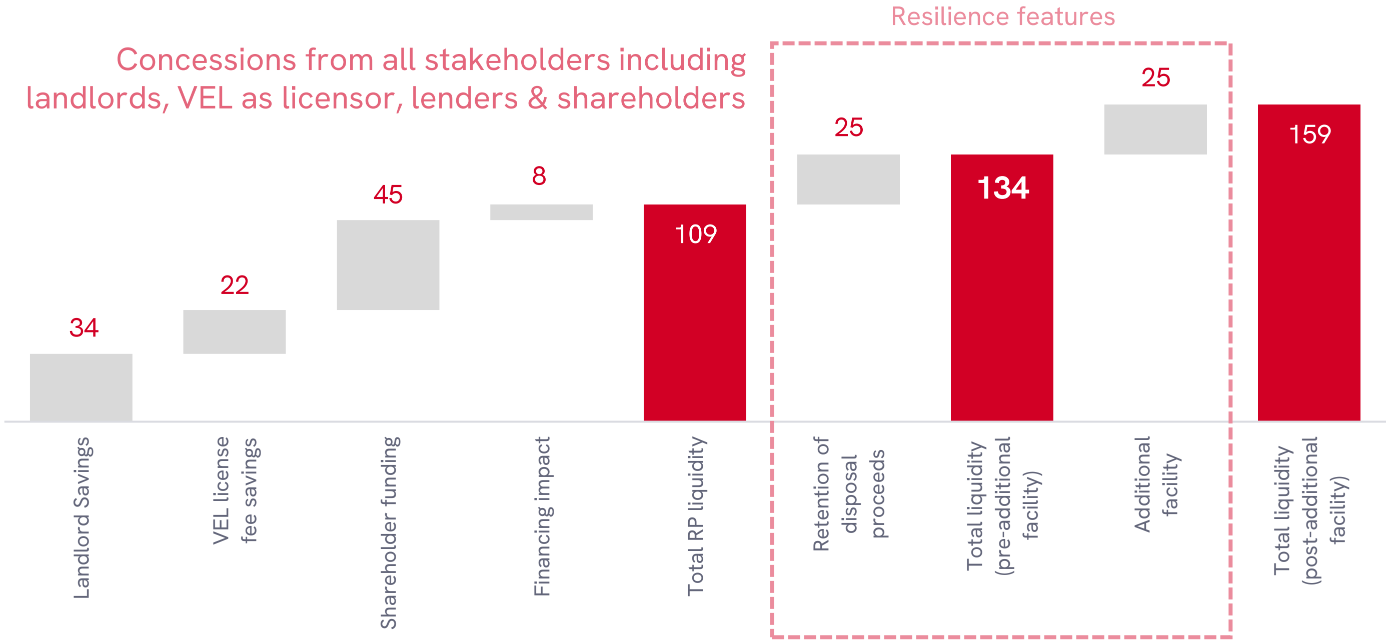
Virgin Active: Pioneering Restructure Plan

March 2020 | December 2020 | **May 2021** | March 2022

Prolonged lockdowns resulted in the need for a holistic restructure plan in the UK, Europe & APAC divisions

The Ethos team actively drove a holistic restructure plan that provided Virgin Active with **£134m of additional liquidity and operational and financial flexibility to emerge from lockdowns**

In May 2021, the English High Court approved the restructuring plan for the entities in the Virgin Active Group - the **first time that this process had been successfully used to compromise landlord claims**, in addition to other liabilities



Virgin Active: Capital Raise & Real Foods Amalgamation

March 2020 | December 2020 | May 2021 | March 2022

R950m (£46.3m) VASA guarantee capitalised, £88.4m capital raise & amalgamation with Real Foods nutrition business

New CEO appointed and transaction concluded in order to expedite Virgin Active's turnaround and its transition to a wellness business

£88.4m capital raise

£20.2m from existing shareholders, £68.2m from new shareholders at Brait's valuation

In addition to providing **liquidity to support growth**, capital used to:

- **Rejuvenate the estate** where required
- Invest in **sales & marketing** to drive sales and improve acquisition channel
- Continue the investment in the **product offering and facilities** to drive penetration and reduce churn
- Invest in **digital and technology**

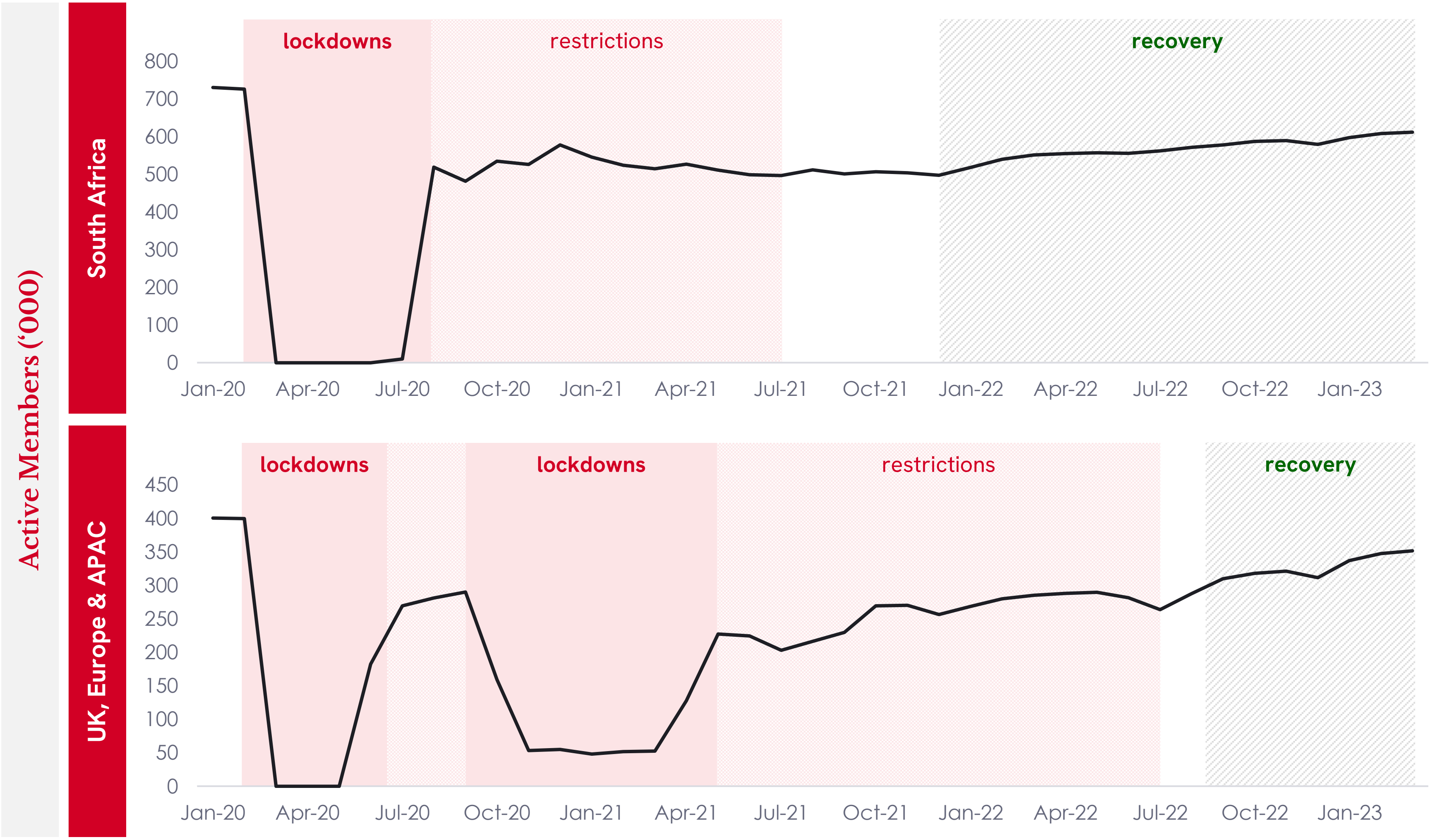
Kauai & Nü

Acquisition of Real Foods nutrition assets for £28.6m in exchange for shares

Nutrition and exercise are key drivers of health and wellness. Rationale for the acquisition based on:

- The **standalone investment case** for the Nutrition Business
- The potential for Virgin Active and the Real Foods to **value enhance** each other's businesses
- Capital markets perception through creation of a **wellness business**

Virgin Active: The First Three Years



Active management:
business fundamentally repositioned

- liquidity support
- debt restructures
- restructure plan
- capital raise
- M&A: wellness
- new management
- revised strategy

virgin active

financial update

Mark Field: Group CFO

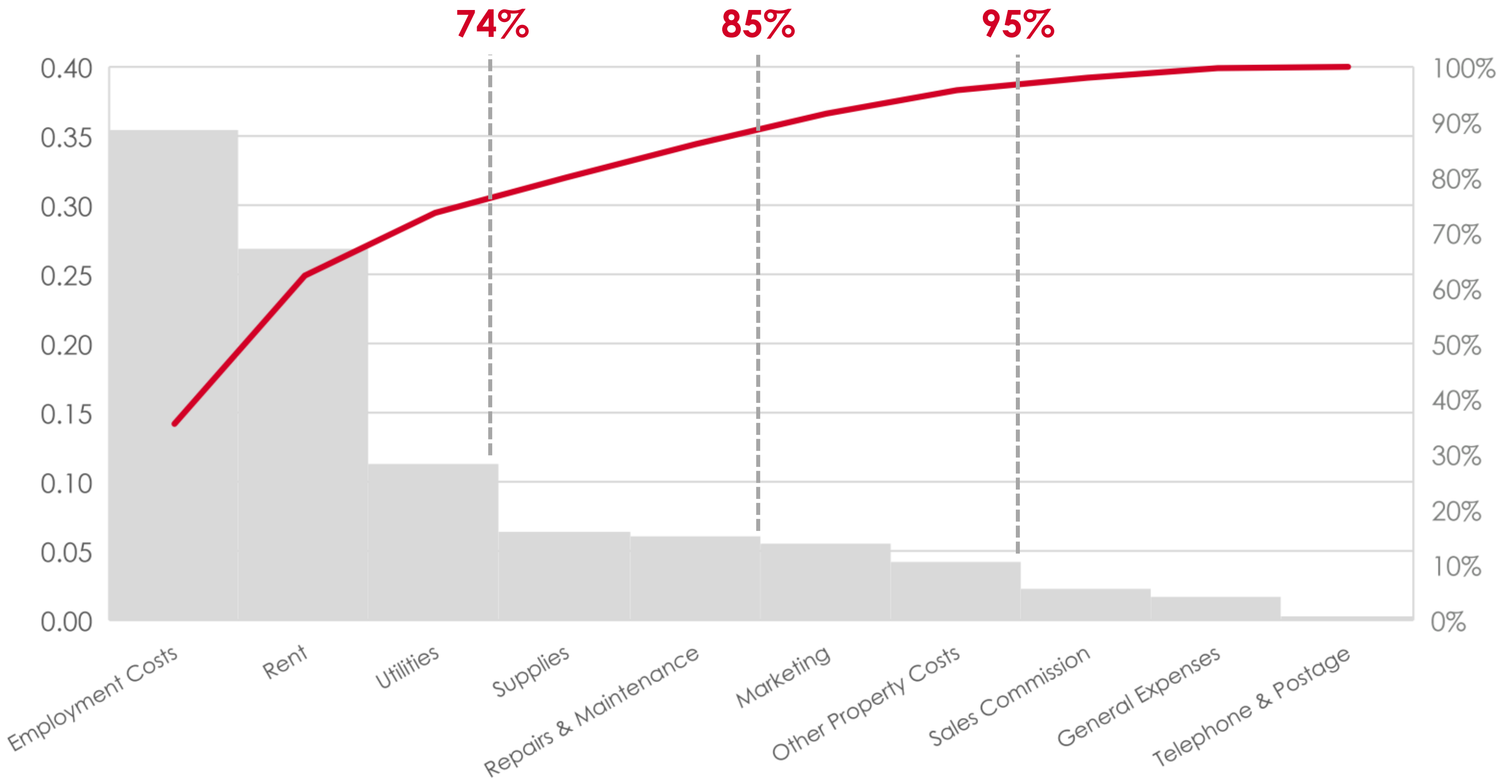
Impact of extended COVID lockdowns and restrictions

	lost trading (2020 & 2021)	restrictions lifted	% of 2019 members at the lowest point	net terminations at the lowest point
South Africa	5.5 months	Q1 2022	70%	217k
United Kingdom	9 months	Q1 2022	63%	67k
Italy	8.5 months	May 2022	68%	54k
Asia Pacific	8 months	Sept 2022	67%	23k

High degree of operating leverage

c.95% of the operating cost base is fixed, resulting in the revenue loss during Covid having a significant impact on earnings and cash

Operating cost breakdown



High fixed cost base: inflation-adjusted operating costs at 98% of 2019 levels despite membership levels being at 89% of 2019 levels

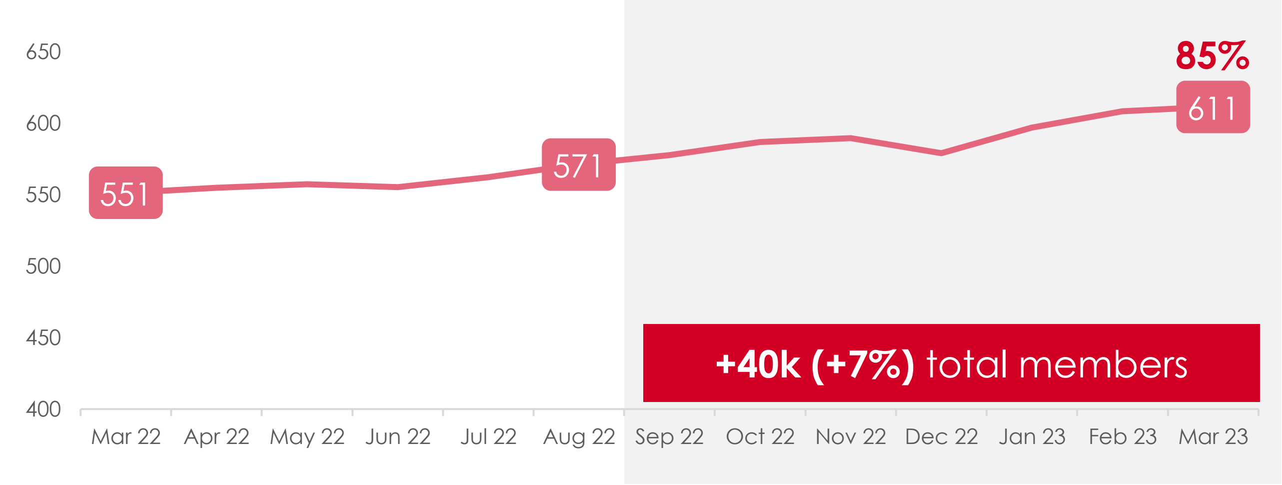
	Q1 2019	Q1 2022	Q1 2023
Members	100%	77%	89%
Operating costs *(excl. utilities & adjusted for inflation)*	**100%**	**96%**	**98%**

The Group has passed the EBITDA breakeven membership mark. As the business recovers volume, operating leverage will drive earnings recovery

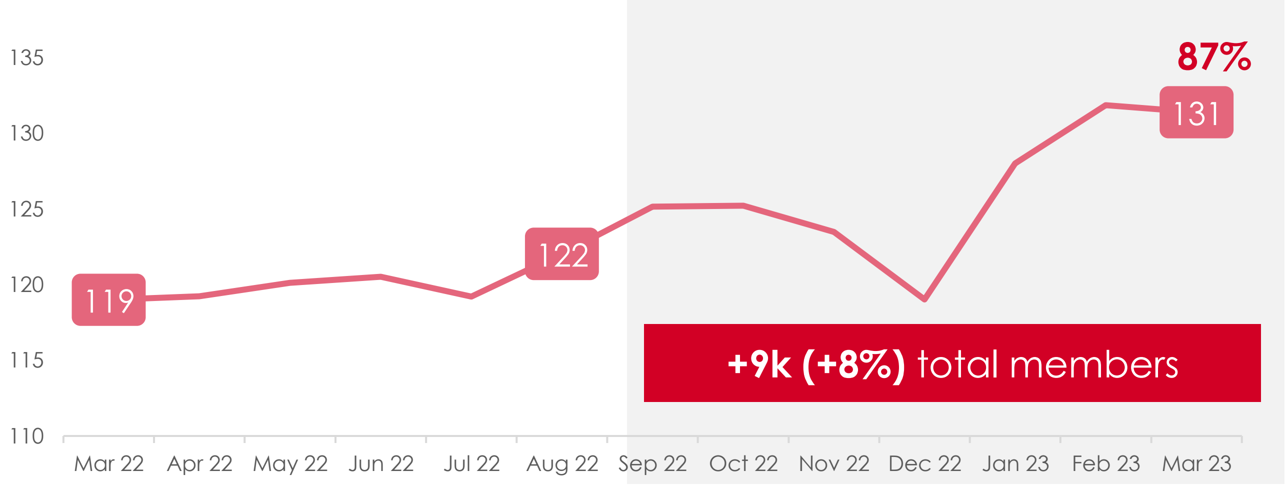
Volume recovery firmly entrenched

Volume recovery has picked up pace over the last seven months, post Northern Hemisphere summer. **Active members grew by 104k (+12%) over this period**

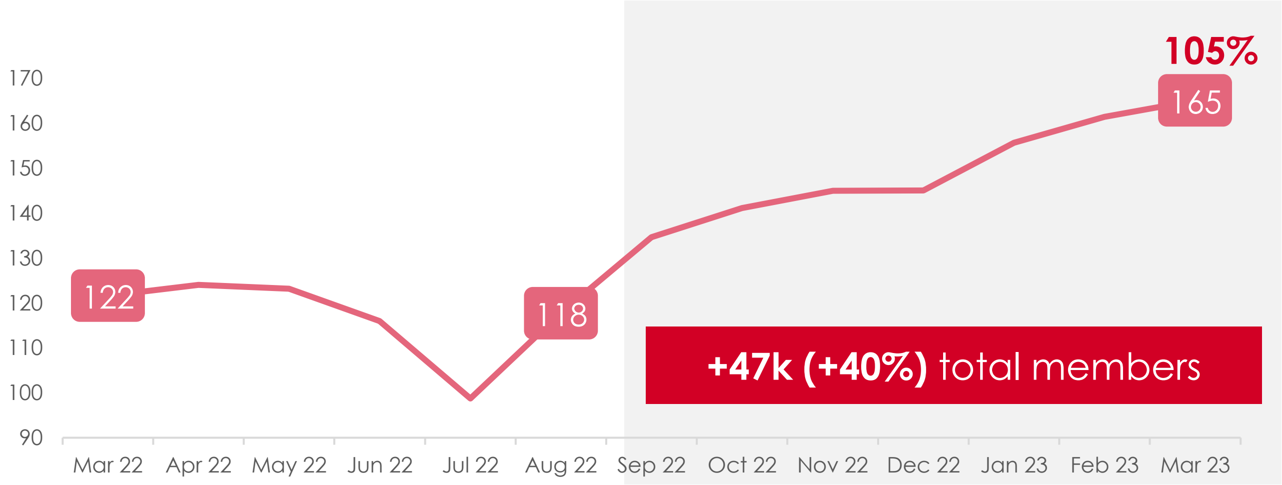
South Africa



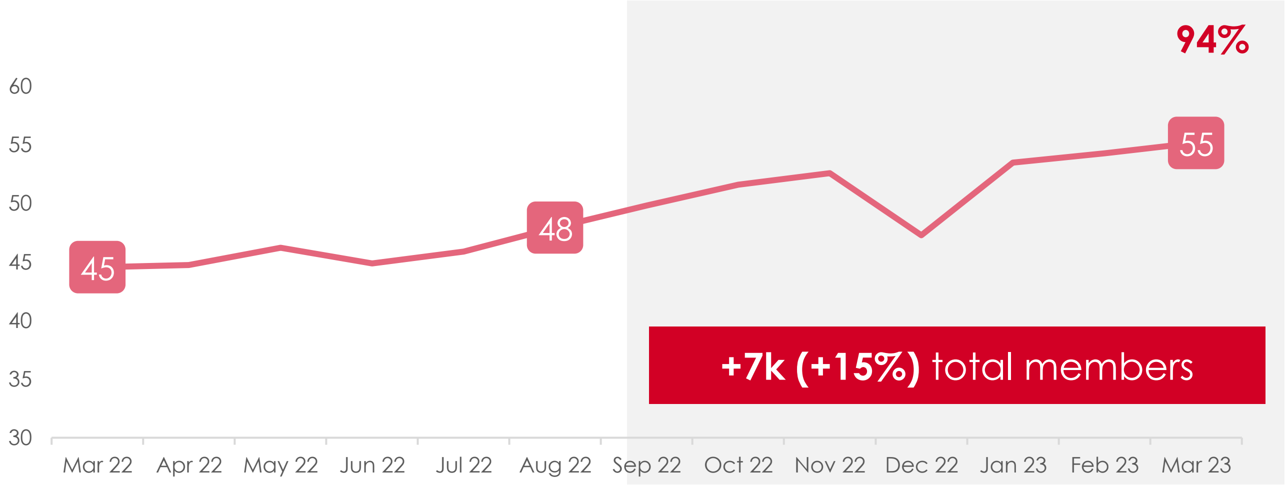
United Kingdom



Italy



Asia Pacific



Positive KPI trends recovering to pre-Covid levels

	Q1 2019	Q1 2022	Q1 2023	2023 vs 2022	2023 vs pre-COVID
Revenue (£M)	123.9	92.4	113.0	**+22%**	**-9%**
Yield (£)	35.0	34.6	36.3	**+4 %**	**+3%**
Active Members ('000s)	1,083.7	837.1	963.1	**+15%**	**-11%**
Gross Sales ('000s)	136.2	125.8	150.9	**+20%**	**+11%**
Attrition	39%	40%	36%	**+400bps**	**+300bps**

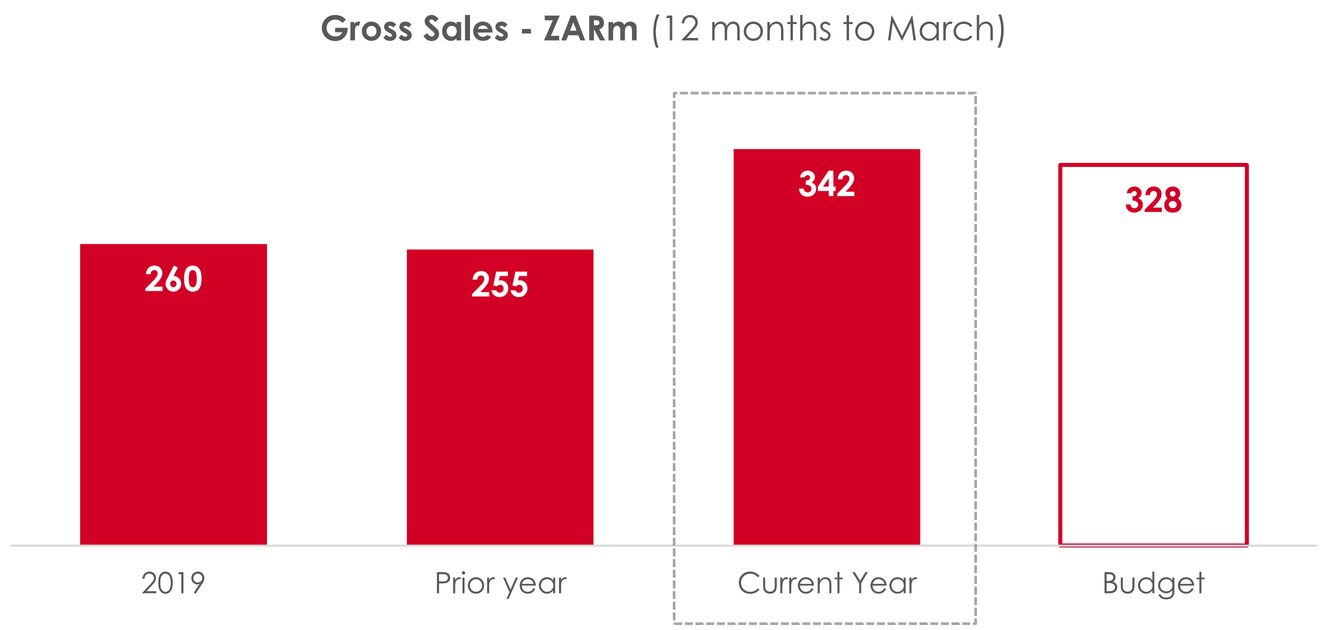
Current membership and revenue still behind 2019 levels but **recovery is well-advanced**

Strong performance from Europe and Asia Pacific:

- Italy and Singapore now above pre-Covid membership levels
- UK has proven to be resilient despite macro-economic headwinds

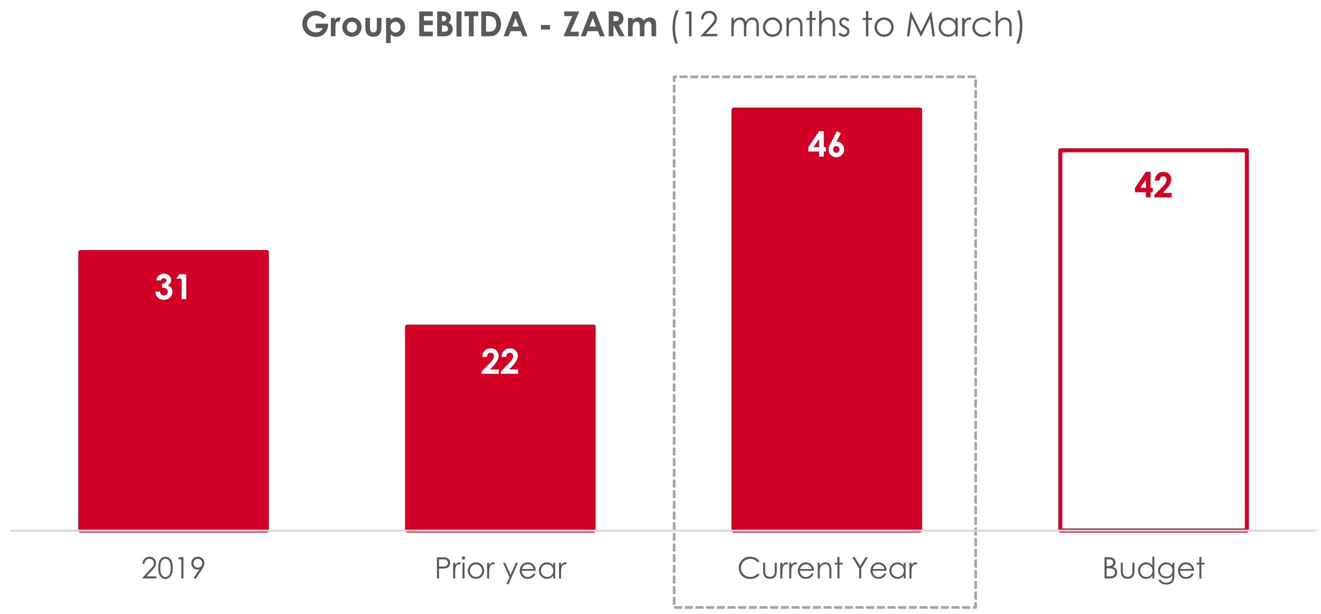
South Africa experiencing higher bad debt and a challenging macro-economic environment. Key focus on improving quality of sales

Kauai & Nü continue to perform well



+31%
on pre-COVID

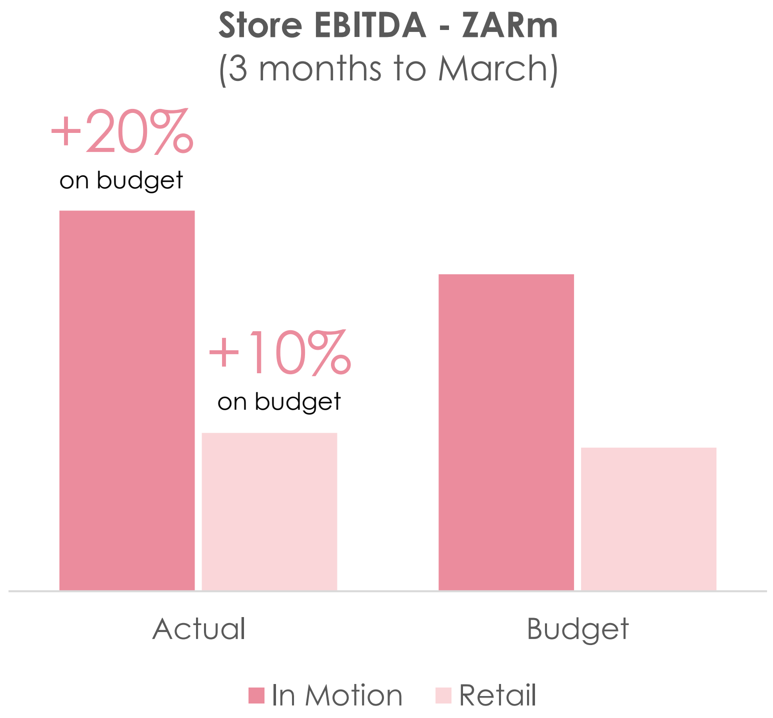
+4%
on budget



+51%
on pre-COVID

+11%
on budget

…in large part driven by in-gym stores:



Note: Group EBITDA adjusted to remove non-recurring income (Covid claim)

Earnings impacted by structurally higher energy costs

Ukraine war has created a structural change in European energy supply chains which may remain elevated for an extended period

Global energy prices increased Virgin Active's utility costs by **+37% in 2022** and **+54% in 2023**

South Africa continues to grapple with loadshedding and rising Eskom tariff increases, which are expected to continue throughout the forecast period

The permanent structural change in pricing is anticipated to have a c.£10m impact on costs p.a.

Shifting focus from volume to yield recovery

Sales promotions have supported volume recovery – managing transition to focus on yield

While yields are 4% up on 2019, they are down on in real terms.
Lower real yields driven by:

- Sales promotions
- Introduction of gym-only product in Italy
- Stronger youth product sales in South Africa
- Slower recovery of higher yielding CBD clubs in the UK

Managed shift in focus to drive higher yields:

Reducing sales promotions

Price increase in Q4 22/Q1 23

Recovery in CBD clubs

Repositioning of certain Italian clubs

The path to earnings recovery

The Group has passed the EBITDA breakeven membership mark. Operating leverage and yield progression are the primary drivers of EBITDA recovery of the 'as is' gym business

New active members over the last 7 months:	Additional active members to return to 2019
+104,000	**+120,600**

Additional gym EBITDA from volume & yield (from today)	
Members return to 2019 volumes at Q1 23 yield	+£53.4m
2019 volumes with 2023 & 2024 yield increases	+£61.9m
	+£115.3m

While the impact of COVID has been significant, earnings recovery in the 'as is' gym business is expected to accelerate as membership levels exceed the breakeven mark

Virgin Active has a strong foundational gym business and is being strategically repositioned as a wellness offering

operations update

Luca Valotta: Group COO

London
UK | 32 Clubs
Rome
Naples
Milan
Italy | 40 Clubs
Thailand | 8 Clubs
Bangkok
Australia | 10 Clubs
Sydney
Melbourne
Johannesburg
Cape Town
Southern Africa | 134 Clubs
Singapore
Singapore | 6 Clubs

Virgin Active's premium offering

Location

A well-invested portfolio of exclusive locations in large global cities with clubs across residential areas and CBDs

Key differentiator: difficult (& costly) to replicate

Club facilities & product

Premium facilities, gym equipment, studios and classes, with a distinctive, diverse product offering – developed by Virgin Active – and accessible in one location

Customer experience

Combining physical & digital to deliver a personalised customer experience that extends beyond the gym, creating a sense of community, and providing a wellness offering


Virgin active

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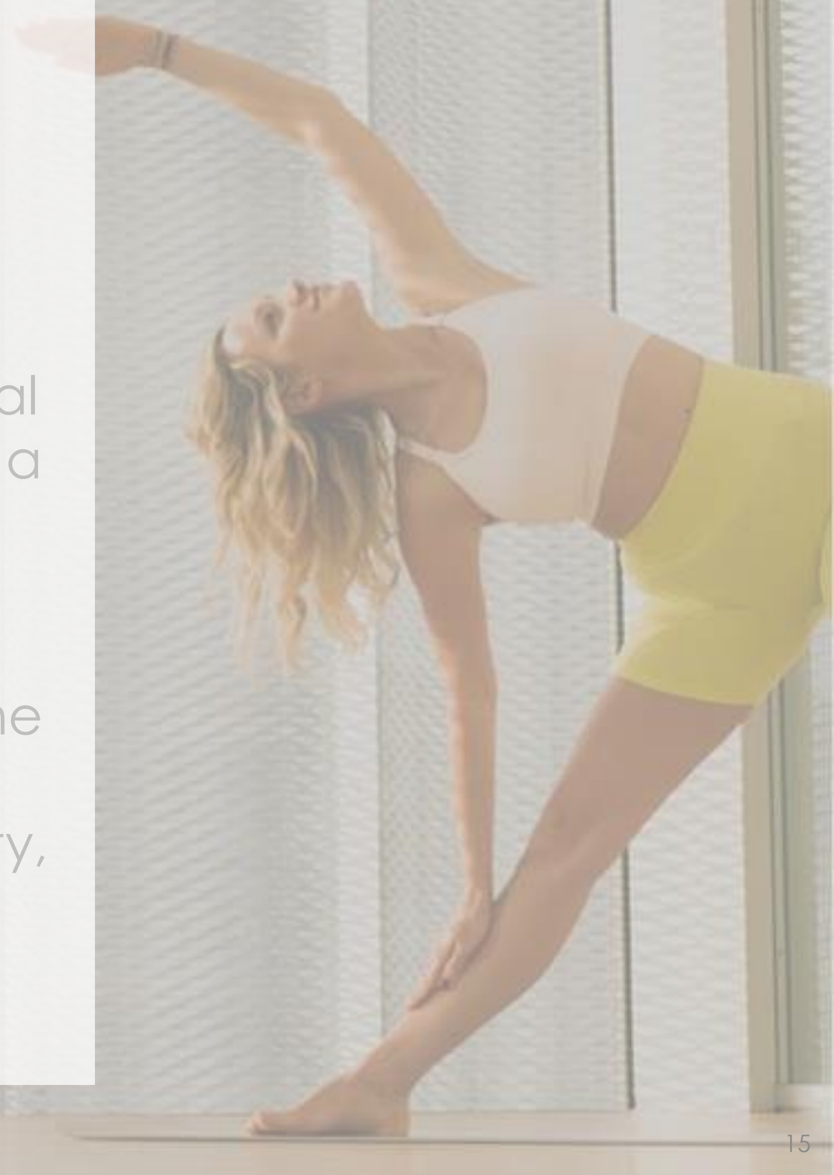


What makes our Virgin Active Product standout?

Developed and delivered by our in-house experts

We attract the best leaders in the global fitness industry through a suite of unique, exclusive to Virgin Active roles. These leaders in turn attract and develop the best talent to deliver our Products to our members.

Continuous improvement innovation

We have a laser focus on standardising our core ‘Big 5’ programmes and use our exclusive talent to excite our members and the market with Product innovations which make us standout.

Something for everyone

We have something for everyone. Whether its in the Yoga Studio, in the Pool, Boxing, Running, Padel, Personal Training or on the Reformer Bed, we cater for all our members needs.

Exclusive to Virgin Active

We focus on our own ‘exclusive to Virgin Active’ programming, people and events. We are unapologetic that what we create is world class and can only be experienced at Virgin Active.

All inclusive of the membership

We offer unbeatable value for money through our all inclusive membership. Its something the low cost and boutique operators simply cannot compete with.

The Virgin Active Product Suite

Virgin active

Best in Class Swimming Pools

Purpose built Yoga Studios

Large and Spacious Gym Floor spaces which are filled with an imbalanced mix of kit and equipment

Premium Lift Club, Boxing and Cross Active spaces

Over **2,700 Personal Trainers globally** delivering c.2.3 million sessions per year

Well invested in and scaled Cycle Studios

Grass, Hard and Clay Courts

Padel Courts

Badminton and Squash Courts

A great value for money Family offering

A Swim School offering for all ages and abilities

A global leading Reformer Pilates product

Inclusive and Compliant Childcare Facilities

Over 1.6 million Group Exercise attendances per month across the global estate

Group Exercise

Product suite	Athletic Training	Yoga & Pilates	Exercise To Music
	Grid Training Strength and Conditioning	Yoga Calm, Align and Flow, Sound Bath Hot Yoga	Cycle Spirit Cycle Burn
	Lift and Move Club Callisthenics	Align, Athletic and Stretch Reformer Pilates	Aqua Barre
	Boxing Combat Sports	Mat Pilates Hot Mat Pilates	Dance ETM

Fitness, PT and Events

Product suite	Gym Floor	Personal Training	Events and Experiences
	Functional Training Progression Training	121 and Small Group Personal Training	Athletic Events Hyrox, NFG, Spartan
	Lift Training S&C Training	Personal Training Studios	Cycle Events Contender Boxing
	Cardiovascular Training Mobility Training	Personal Training ‘outside the club’	Outdoor Experiences Retreats


Virgin active
THE BIG FIGHT


ELEIKO
15


ELEIKO

Family, Swim and Racquets

	Family	Swim	Racquets
Product suite	Crèche Club-V	Parent and Baby Swim Toddler Swim	Junior Tennis Adult Tennis
	Birthday Parties Holiday and Day Camps	Learn to Swim Swim Club	Padel Badminton and Squash
	Junior GEX Junior Membership	Swim Gala Series Outdoor Swim	Padel and Tennis Events and Tournaments



Game4Padel
Virgin active
Game4Padel



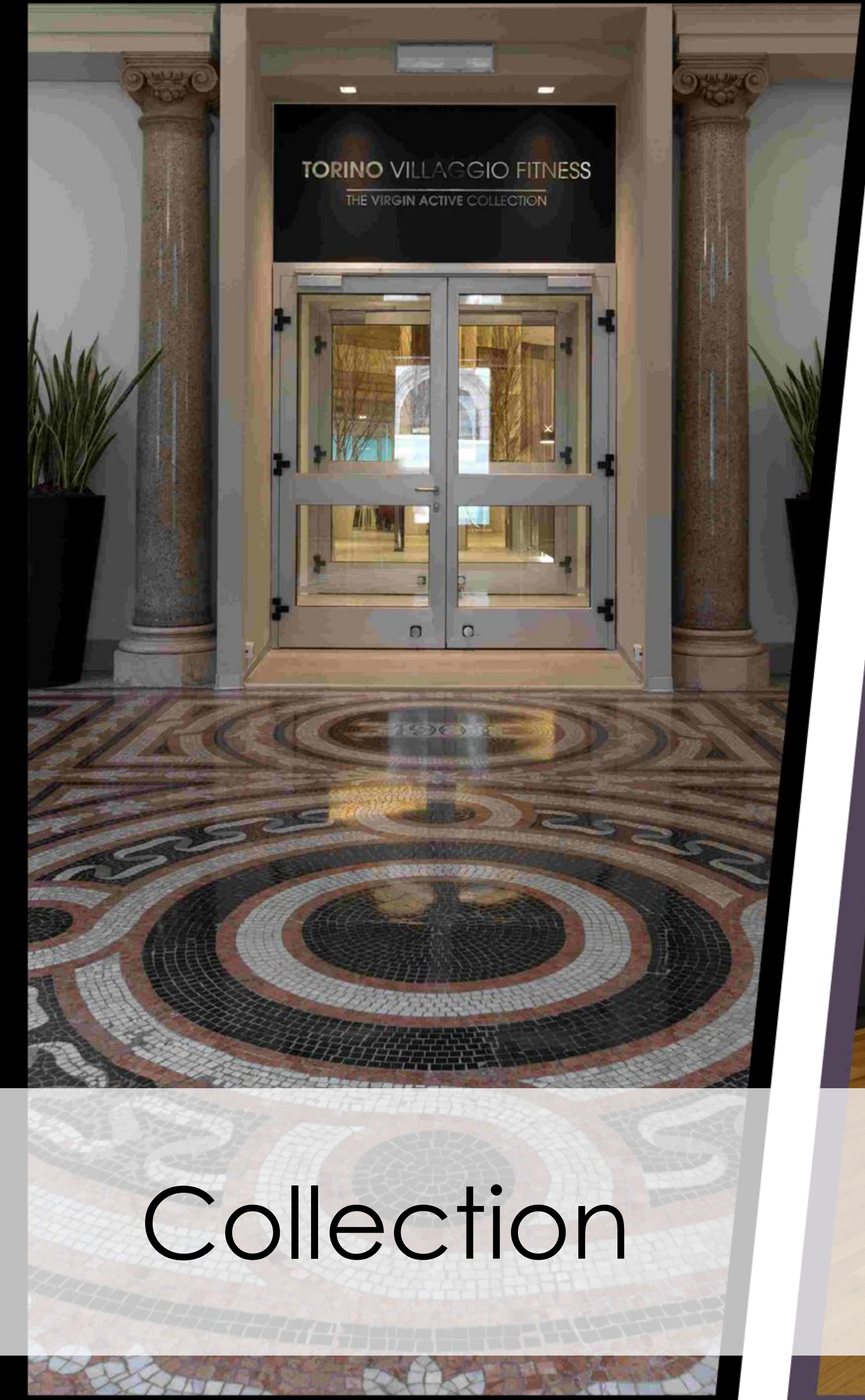




Virgin active


Game4Padel
Virgin active

Virgin Active
Club segmentation



Collection

Premium
Premium+

Life Center
& Red

Three Macro Areas...

People

Global General Manager

Operations

Global Group Exercise Standard

Global Operation Standard

Global Customer Journey

Acquisition

Global Acquisition Standard

...drive sharing of **Global Best Practice**

Proven model that works in **Mature & Emerging Markets**, with an operating structure that can leverage global experience and expertise to expand into new territories


Virgin Active Academy EcoSystem
Operations
Marketing & Communication
Virgin active ACADEMY
Commercial
Exercise Experience
People
Creation
Education
Support
Implementation

strategy update

Dean Kowarski: Group CEO

OUR VISION...

is to **change people's lives** for the better through **wellness**

OUR FOCUS...

*is to ensure Virgin Active members and Kauai customers, **engage more frequently** with the brands, in **both the physical and digital** environments, and **use the data** from these multiple engagements to better understand individual members and customer goals; thereby **providing personalised solutions** to meet their needs.*

Why do we believe in our vision?

1. Wellness is a growing market

Covid-19 highlighted health vulnerability & **increased desire for humans to seek a healthier lifestyle**

The **wellness industry is booming** and growing twice as fast as the world health economy

>50% of consumers reported wellness as a top priority in their day-to-day lives

Exercise is one of the top activities that are important to consumer lifestyles

The **increase in exercise post lockdown is here to stay**

Underlying long-term demand drivers remain

Younger and / or affluent gym going demographics tend to be more optimistic and less impacted by economic pressures, and **continue to spend on products** that **enhance their health and wellness**

Fundamentals remain strong despite current macro environment

Source: Mckinsey wellness paper 2022.

Why do we believe in our vision?

2. For wellness to be effective it must be integrated

Consumers think of wellness holistically, blurring the lines across the 6 dimensions

Current offerings come to the individual as **components**

To deliver the best results to customers we need to **think of the individual as a whole person**

A holistic approach to health is **understood by younger generations** which will **drive exponential growth**

What is the value of wellness vs a pure gym play?

Societal shift towards living a healthy lifestyle

Wellness has become a way of life – it is not just a fad or a luxury

Wellness is now accepted as part of the healthcare delivery system

The pandemic has moved wellness into the mainstream, and shifted spend to preventative wellness (less costly than treatment)

Total addressable market is larger

Scalable opportunity

The wellness ecosystem drives increased Customer Lifetime Value

Increases engagement, improves retention, increases customer spend and reduces customer acquisition costs

Wellness will attract a larger more diverse investor universe

vision: change people's lives for the better through wellness

strategy

- drive continued **membership recovery & reduced churn**
- offer a **differentiated exercise, club and wellness experience**
- use technology & digital to **enhance the member experience** and **build personal / emotional connection**
- build **ancillary wellness revenue** streams to grow share of wallet
- **refresh the look, feel and functionality** of clubs
- demonstrate a strategy of **diversified, hard currency earnings growth**

initiatives

- new group structure & culture
- sales process
- leverage existing & new partnerships
- digital transformation
- rejuvenate estate
- M&A opportunities

purpose | people | culture

BAU initiatives

new group structure & culture

Leadership and culture being fundamentally transformed from a de-centralised to a centralised model:

- Simplify and scale back in-country structures
- Consolidate duplicated in-country overheads
- Strengthen core group team
  - CMO appointed
  - CTO appointed (started 1 May 2023)
  - SA MD appointed
- Functional reporting, with strong matrix structure

Result:

(i) cost savings

(ii) better decision-making

(iii) the ability to take on new territories / cities without the need for costly in-country head office structure

BAU initiatives

sales process

- Critical to drive continued membership recovery
- Currently in-person direct sales force; expensive COA and people dependent
- New immersive websites being developed with frictionless on-line join functionality
- Sales commission structures being realigned to group strategy of reducing terminations
- Sales team will jointly be responsible for net member growth (sales and terminations)

leverage existing & new partnerships

Workplace wellness / corporate wellness packages

- Global team established to land a professional, comprehensive, commercially sensible, product offer, with agreed routes to market / sales strategy

Virgin Active padel club

- Partnering with Padel operators to roll out in-club and stand-alone Virgin Active Padel Clubs. South Africa and UK courts under construction

Virgin Active's premium offering

Location

A well-invested portfolio of exclusive locations in large global cities with clubs across residential areas and CBDs

Key differentiator: difficult (& costly) to replicate

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Customer experience

Combining physical & digital to deliver a personalised customer experience that extends beyond the gym, creating a sense of community, and providing a wellness offering

Digital transformation

Embracing digital technology to improve our current business, ensure maximum returns from our physical estate and enhance our customer value proposition

(i) **Reduce the cost of acquisition**
improve quality of sale & reduce dependence on direct, in person sales channel

(ii) **Digital marketing to improve quality of leads**
social media marketing, SEO optimization, personalized email marketing

(iii) **On-line (e-commerce) sales**
immersive website, with frictionless integrated payment solutions & credit scoring

(iv) **Improve efficiency and productivity**

(v) **Use digital content to supplement & enhance the in-club experience**
create opportunities for members to engage with Virgin Active outside of the physical estate

(vi) **New app and loyalty programme**

Loyalty App

New app and loyalty programme have been developed

Objectives:

(i) Increased engagement

(ii) Encourage & reward club usage

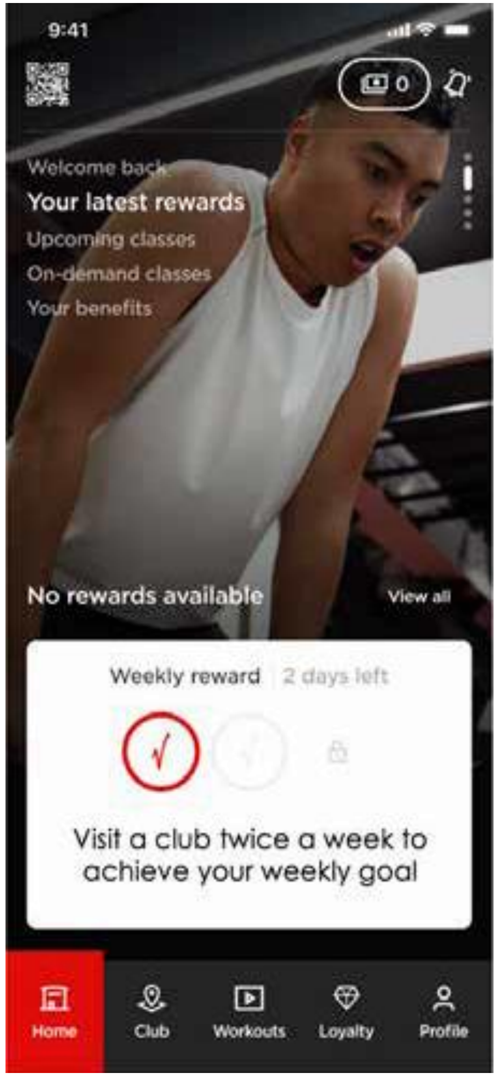
(iii) Quality first & zero party data

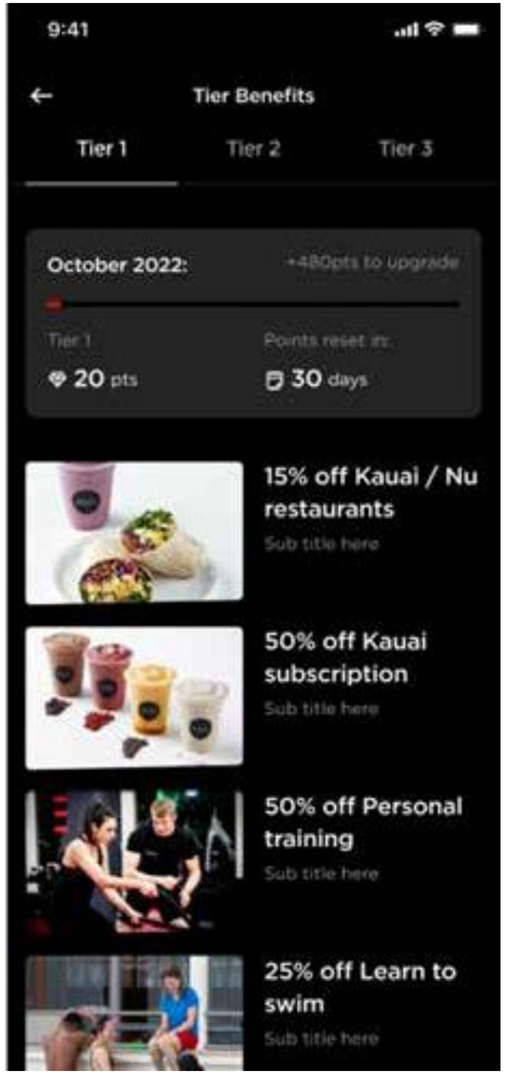
(iv) Enable data driven decisions to enhance member experience

(v) Use data to build personal / emotional connections.

(vi) Reduce churn

(vii) Enhance the acquisition proposition





REJUVENATE ESTATE

Virgin Active has an **attractive footprint in the UK**, but the estate is **under-invested** particularly in our larger format **"lifestyle" clubs**

Re-investment into the estate and an improved customer value proposition supports:

– **membership** volume growth
– **reduced churn**
– improved **yields**

M&A OPPORTUNITIES

- The right M&A opportunities offer the ability to **accelerate expansion**
- New organic **sites are hard to find**
  There has been a tendency to compromise on locations in order to accelerate expansion as incumbents have already secured superior locations
- **Construction costs are expensive**, and typically result in significant overruns being incurred
- Proven M&A sites offer a **lower risk entry into a local market** without adding market capacity
- **Revenue and cost synergies** support investment returns

THE

SOCIAL

WELLNESS

CLUB

The Social Wellness Club

THE CURRENT VIEW…

1. we have a global loneliness crisis	**2.** current churn levels make the business model challenging
3. customers' demands & preferences are changing	**4.** we will see new entrants from adjacent industries

in this environment, wellness businesses will face headwinds if they continue with their current models

…THE FUTURE VIEW

THE DEVELOPMENT OF NEW SPACES AND EXPERIENCES THAT BRING PEOPLE TOGETHER IN REAL LIFE - **CREATIVELY AND WITH INTENTION**

where social programming, social spaces and social connection are as important as the wellness, fitness and food experiences

OUR GYMS MUST BECOME SOCIAL SPACES…THEY MUST BE REIMAGINED AS ***SOCIAL WELLNESS CLUBS****, WHERE WORKING OUT, WELLNESS, RECOVERY AND SOCIAL PROGRAMING ALL GET EQUAL PLAY*

ULTIMATE GOAL: **BRING MORE OF PEOPLE’S SOCIAL LIFE AND “ALL” OF WELLNESS UNDER ONE ROOF IN A MODEL THAT IS SCALABLE & ACCESSIBLE TO A BROAD AUDIENCE**

in summary…

VALUATION DRIVERS

Primary Drivers

EBITDA recovery & EBITDA margins

consistent & replicable growth

cash conversion

return on invested capital

hard currency / geographic diversification

evolution from fitness to wellness

Secondary Drivers

customer lifetime value | average revenue per members | low churn | digital transformation | increased customer engagement | club growth | new clubs & territories | customer acquisition costs : lifetime value | member engagement | lead to customer conversion ratio | number of members

Management will continue to focus on BAU initiatives and is taking defensive measures such as conserving cash, managing costs and raising productivity, but it is also key to go on the offensive

There is a real opportunity to drive value creation not only by recovering EBITDA but by:

- **Repositioning** the business and **investing in new business models**
- Taking advantage of **M&A opportunities**
- Leveraging the strong brand and new management structures into **new territories**

Focused on demonstrating a strategy for diversified, hard currency earnings growth, in addition to growth from the existing footprint…

…and ultimately delivering real value for stakeholders

Virgin active

Today: March 2023

Target

963k active members

South Africa concentration

sub-scale APAC

underinvested estate

limited innovation

+1.2m active members

territory diversification

a social wellness club

hard currency growth

valuation multiple re-rating