

The ACTIC logo is positioned in the top left corner. It features a green triangle pointing downwards, with the word "ACTIC" in a bold, green, sans-serif font below it.

ACTIC

Q1



Interim report Q1 2019

“The membership base as a whole remained stable and during the first quarter, we conducted several initiatives that have driven strong results individually, but this was not enough to add up to a satisfactory overall outcome. The focus is on increasing the pace of the operational adjustment process and conducting a range of initiatives that strengthen our ability to create profitable growth”

Anders Carlbark, CEO

First quarter – January to March 2019

- Net sales increased to SEK 252.7 million (244.2), up 3%, of which 0% was organic.
- EBIT amounted to SEK 13.5 million (21.0), corresponding to a margin of 5.4% (8.6).
- Net profit for the period was SEK 0.1 million (6.0).
- Earnings per share before and after dilution amounted to SEK 0.01 (0.37).
- Transfer of operations in Asker Treningscenter, Oslo, on 1 January.
- Opening of new club in Leksand and closure of one club in central Oslo.

Key financial data

Figures in SEK million	Jan-Mar 2019	Jan-Mar 2018	Rolling 12 m	Jan-Dec 2018
Net sales	252.7	244.2	949.7	941.2
EBITDA	70.5	75.2	280.3	285.0
EBITDA, %	27.9	30.8	29.5	30.3
EBIT	13.5	21.0	63.6	71.1
Operating margin, EBIT, %	5.4	8.6	6.7	7.6
Net profit for the period	0.1	6.0	14.0	19.8
Earnings per share before and after dilution, SEK	0.01	0.37	0.88	1.25
Cash flow from operating activities	43.7	78.7	214.0	249.0
Cash flow for the period	-57.1	10.6	-3.3	64.4
Average number of shares before and after dilution	15,896,936	15,896,936	15,896,936	15,896,936
Equity/assets ratio, %	26.6	28.7	26.4	28.3
Total ARPM, SEK	374	353	358	346

For definitions of key financial data, see page 16.

Clubs and members

	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Number of clubs at the end of the period	180	181	177
Number of members at the end of the period	228,357	231,445	220,355
Average number of members during the period	227,249	230,700	226,610
Average number of full-time equivalent employees	815	822	800

	Openings last 12 months	Openings last 24 months	Mature clubs	Total clubs
Nordics	3	2	150	155
Germany	1	3	21	25

High pace in the adjustment process

Net sales increased 3% during the first quarter to SEK 253 million and although we saw growth in revenue from gym cards and growth in ARPM, the underlying earnings trend was highly unsatisfactory. Our cost trend during the first quarter was primarily driven by consulting costs for central adjustment work and increased investments in marketing activities. The focus is on increasing the pace of the operational adjustment process and conducting a range of initiatives that improve our ability to create profitable growth.

Start of the year

Our strategy of focusing on a full-price offering during the high season generated a positive effect on the price of cards sold, while the outcome of the number of cards sold was somewhat poorer than in the preceding year. At the end of March, the number of members totalled 228,000, compared with 231,000 at the same time a year earlier. However, adjusted for acquisitions and divestments, we can see a slight underlying growth in members. Despite a reduced number of members, we increased member revenues by 4% and average revenue per member by 6%.

Operational change work

Our intensified focus on enhancing our clubs by more rapidly repairing broken equipment and improving orderliness has borne fruit. We can see from the latest surveys that the members' perception of our clubs has clearly improved. It is gratifying to see that the increased customer focus had a positive effect on the membership trend in Germany, where there was a strong increase in the sale of membership cards during the first quarter, resulting in a rise in sales of 23% and a doubling of earnings at club level. In Norway, we reversed a negative membership trend through investments in clubs and personnel and are now seeing improved card sales and fewer members leaving.

During the first quarter, we conducted several initiatives that have driven strong results individually, but this was not enough to add up to a satisfactory overall outcome. To drive profitable growth, we are continuing to listen to what our members want and are driving the work forward by enhancing the clubs' cleanliness and functionality, and further improving our interaction with new and existing members. During the second quarter, we will also launch a number of activities to help more of our members to start up their training, increase their training regularity and thus stay longer with Actic.



Acquisitions and new establishments

As of January, we are operating Asker Trenings-senter, with three very attractive clubs in the Oslo area and nearly 5,000 members. The operations generate annual sales of almost SEK 40 million with healthy profitability. Asker is also an important main club in the Norwegian market, with strong PT operations. In January, we opened a newly built club in Leksand adjacent to Tegera Arena, which offers group, personal and functional training in an area of 1,500 square metres. The response from our new members has been very positive. In April, we opened a new club in Mora. Through the acquisition of nine clubs from Må Bättre across the Dalarna and Gävleborg areas, as well as the above-mentioned establishments, we have carved out a strong position for ourselves in the region. Moreover, in April, we opened a fourth club in Södertälje in accordance with our cluster strategy. The club complements the current clubs geographically and offers group, personal and functional training in an area of 1,300 square metres in the expanding Vasa commercial area.

In April, the membership base developed somewhat better than in the preceding year and our newly opened clubs are showing strong sales figures from the very beginning; costs related to the adjustment in the finance department will decrease during the second quarter and return to normal levels during the third quarter.

In conclusion, my focus is on pursuing and implementing our operational adjustment process in parallel with continuing to build on our long-term plan for profitable growth.

Solna, May 2019

Anders Carlbark
CEO



Financial development

Net sales and EBIT

Net sales in the quarter amounted to SEK 252.7 million (244.2), representing growth of 3%. Acquisitions contributed SEK 10.5 million, while organic growth at fixed exchange rates was 0. Growth was attributable to acquired operations in the Nordic countries and to new establishments in Germany. The membership base totalled 228,357 (231,445) at the end of the period. The decrease in the number of members depends on the divested Finnish clubs and the discontinued contracts in Högdalen and Oslo. This activities reduced the base by more than 8,000 members, while the acquisition of Asker Treningscenter added nearly 5,000 new members. Currency effects impacted net sales positively by SEK 1.8 million and divested operations had a negative effect of SEK 3.7 million. Average revenue per member and month (ARPM) increased 6% to SEK 374 (353).

EBIT amounted to SEK 13.5 million (21.0), corresponding to an EBIT margin of 5.4% (8.6). Earnings continued to be charged with costs for external consultants and higher marketing costs of SEK 6 million and SEK 3 million, respectively, compared with the preceding year.

Financial income and expenses

Financial expenses amounted to SEK 12.0 million (12.1) and financial income totalled SEK 0.0 million (0.2). The financial expenses were attributable to interest expenses for loan financing and lease liabilities.

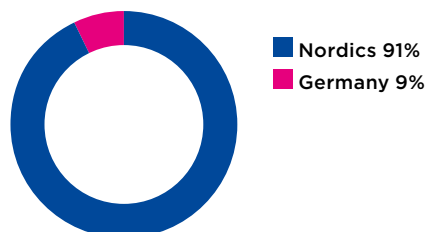
Tax

The earnings impact of tax for the period amounted to an expense of SEK 1.5 million (expense: 3.2).

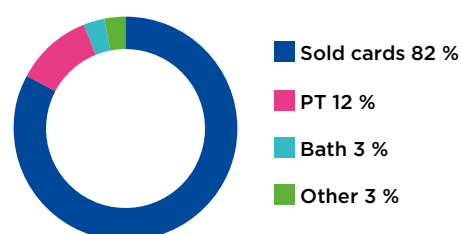
Consolidated profit/loss

Consolidated net profit amounted to SEK 0.1 million (6.0), corresponding to earnings per share before and after dilution of SEK 0.01 (0.37).

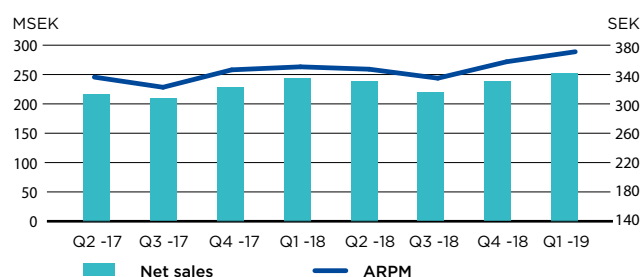
NET SALES PER OPERATING SEGMENT, Q1



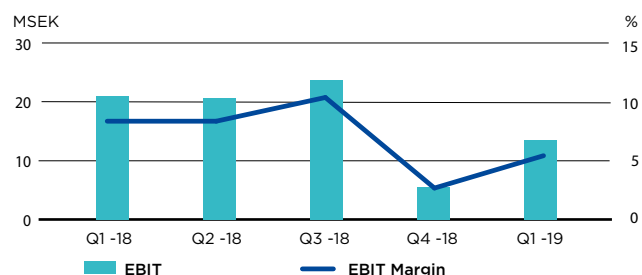
NET SALES PER CATEGORY, Q1



NET SALES & ARPM



EBIT & EBIT MARGIN



OPERATING SEGMENT

Actic conducts operations in two operating segments. Actic's largest operating segment is the Nordics, which comprises its operations in Sweden and Norway. The operation has gradually expanded since 1981. The Nordics are home to

just over 750 swimming halls and Actic conducts operations in approximately 100 of these. Actic's second operating segment comprises Germany and Austria, where the company primarily operates Gym & Swim clubs.

Revenues per operating segment, SEK000s

	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Nordics			
Gym	185,006	180,998	702,011
PT	30,949	28,964	106,490
Swim	7,916	8,865	28,305
Other sales	6,851	7,593	25,294
Total net sales	230,722	226,420	862,101
Other operating income	8,648	8,251	32,426
Total operating income	239,370	234,671	894,527
Germany			
Gym	20,704	16,620	74,174
PT	5	26	56
Swim	110	114	321
Other sales	1,176	1,068	4,545
Total net sales	21,995	17,827	79,095
Other operating income	396	312	1,288
Total operating income	22,391	18,140	80,383
Group incl Group-wide revenues			
Gym	205,710	197,617	776,184
PT	30,954	28,990	106,546
Swim	8,027	8,979	28,626
Other sales	8,026	8,661	29,839
Total net sales	252,717	244,247	941,196
Other operating income	9,044	8,563	33,715
Total operating income	261,761	252,811	974,911

Net sales in the first quarter amounted to SEK 230.7 million (226.4), corresponding to growth of 2%. EBIT declined to SEK 26.4 million (31.7) corresponding to a margin of 11.5% (14.0). The negative trend is attributable to costs for external consultants and higher marketing costs of SEK 2 million and SEK 3 million, respectively, compared with the preceding year.

Average revenue per member and month (ARPM)

increased 5% to SEK 380 (361). Average revenue increased as a result of a higher proportion of sales of gym cards at full price and a continued positive trend for PT operations.

At the end of the period, there were 155 clubs, three more than in the preceding report period.

EBITDA and reconciliation with the Group's earnings before tax, SEK 000s

Nordics	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
EBITDA	78,034	81,035	306,271
Amortisation of intangible fixed assets	-7,287	-8,374	-28,293
Depreciation of tangible fixed assets	-7,007	-6,831	-29,094
Amortisation of rights-of-use assets	-37,305	-34,167	-134,159
EBIT	26,435	31,663	114,725
Germany	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
EBITDA	3,273	1,070	8,003
Amortisation of intangible fixed assets	-861	-834	-5,022
Depreciation of tangible fixed assets	-2,641	-2,419	-10,652
Amortisation of rights-of-use assets	-1,891	-1,566	-6,666
EBIT	-2,120	-3,749	-14,337
Shared Group			
EBITDA	-10,784	-6,888	-29,287
Total Group	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
EBITDA	70,523	75,217	284,987
Amortisation of intangible fixed assets	-8,148	-9,208	-33,315
Depreciation of tangible fixed assets	-9,648	-9,250	-39,746
Amortisation of rights-of-use assets	-39,196	-35,733	-140,825
EBIT	13,531	21,026	71,101
Financial income	28	186	102
Financial expenses	-11,989	-12,096	-42,568
<i>Of which interest expenses lease liabilities</i>	<i>-8,454</i>	<i>-8,036</i>	<i>-30,149</i>
Profit/loss before tax	1,571	9,116	28,636

German operating segment

Net sales in the first quarter amounted to SEK 22.0 million (17.8), corresponding to growth of 23%. EBIT was negative at SEK 2.1 million (neg: 3.7). The earnings improvement is attributable to the clubs newly opened during the preceding year achieving a higher degree of maturity. The membership base increased 15% to 23,865 members at the end of the period and the average revenue per member (ARPM) increased 6% to SEK 315 (297) per month during the period. At the close of the period, there were 25 clubs, with no change since the preceding report.

Shared Group expenses

The cost increase for the Group's shared functions was mainly related to consulting expenses for adjustments in the finance function.

CASH FLOW, CASH AND CASH EQUIVALENTS

Cash flow from operating activities amounted to SEK 43.7 million (78.7). Cash flow from investing activities for the quarter amounted to negative SEK 49.9 million (neg. 13.1), mainly related to the acquisition of Asker Treningscenter in Norway. Cash funds amounted to SEK 73.5 million (77.2) at the end of the period. Available unutilised loans amounted to SEK 77 million at the end of the period, compared with SEK 62 million on 31 December 2018.

EQUITY AND LIABILITIES

The equity/assets ratio was 26.6% at the end of the period, compared with 28.3% at 31 December 2018. Interest-bearing liabilities amounted to SEK 1,380 million at the end of the period compared with SEK 1,221 million at 31 December 2018. Net debt of SEK 1,306 million in relation to EBITDA for the most recent 12-month period gave a ratio of 4.7, compared with 3.8 for full-year 2018.

INVESTMENTS

During the period, the company invested SEK 9.8 million in tangible fixed assets, with most of the amount earmarked for newly opened clubs and the upgrade of existing clubs. SEK 4.0 million was invested in intangible fixed assets, while SEK 36.1 million of the investments pertained to the acquisition of Asker Treningscenter.

EVENTS DURING THE PERIOD

On 1 January, Actic took over the operations of Asker Treningscenter AS, which operates three clubs in Asker, Oslo, with a total of approximately 5,000 members. Asker Treningscenter has annual sales of nearly SEK 40 million and is expected to make a positive contribution to the Group's EBIT margin going forward. In addition, a new club was opened in Leksand, while the club in central Oslo was discontinued in conjunction with the end of the lease.

EVENTS AFTER THE END OF THE PERIOD

In April, Actic opened a fourth club in Södertälje and a new club in Mora.

PERSONNEL

The number of full-time equivalent employees during the period totalled 815, compared with 800 for full-year 2018. This increase in the number of employees was mainly attributable to acquisitions and new establishments.

PARENT COMPANY

Net loss for the period was SEK 2.8 million (loss: 1.8). Equity at the end of the period totalled SEK 822.9 million, compared with SEK 825.7 million at 31 December 2018.

SEASONAL VARIATIONS

Actic's operations are subject to seasonal variations related to the level of activity at the clubs, which is highest in the first quarter of the year. After activity levels at the clubs decline at the end of the second quarter, member flows and activities at the clubs increase again after the summer months at the end of the third quarter.

MATERIAL RISKS AND UNCERTAINTIES

Actic is exposed to a number of business and financial risks. The company's business risks can be divided into three categories: strategic, operational and legal risks. Among other factors, the company's financial risks are attributable to exchange rates, interest rates, liquidity and credit granting. Risk management within the Actic Group aims to identify, control and reduce these risks. This is accomplished through an assessment of risk probability and the potential impact on the Group. The company's risk assessment is unchanged compared with the risk scenario presented on pages 87–88 of the 2018 Annual Report. The Parent Company's risks and uncertainties are indirectly the same as those of the Group.

OUTLOOK

Actic does not publish forecasts.

Solna, 8 May 2019

Anders Carlbark
CEO

The information in this interim report is of the type that Actic Group AB (publ) is required to disclose according to the Securities Market Act. The information was submitted for publication on Wednesday, 8 May at 7:45 a.m. (CET). This report has not been audited by the company's auditors.

Condensed consolidated income statement

SEK 000s	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Net sales	252,717	244,247	941,196
Other operating income	9,044	8,563	33,714
Total revenue	261,761	252,811	974,910
Goods for resale	-2,400	-2,542	-11,326
Other external costs	-91,777	-77,492	-311,078
Personnel costs	-96,786	-97,469	-366,878
Depreciation of fixed assets	-56,992	-54,191	-213,886
Other operating expenses	-275	-90	-648
EBIT	13,531	21,026	71,094
Financial income	28	186	102
Financial expenses	-11,989	-12,096	-42,568
Profit before tax	1,571	9,116	28,629
Tax	-1,466	-3,165	-8,814
Net profit for the period	104	5,951	19,815
of which, attributable to Parent Company shareholders	104	5,951	19,815
Earnings per share			
before dilution (SEK)	0.01	0.37	1.25
after dilution (SEK)	0.01	0.37	1.25
Number of shares	15,896,936	15,896,936	15,896,936

Consolidated statement of comprehensive income

SEK 000s	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Net profit for the period	104	5,951	19,815
Other comprehensive income			
Items that have been transferred or may be transferred to net profit for the year			
Translation differences for the year on translation of foreign operations	10,022	12,562	4,982
Total other comprehensive income	10,022	12,562	4,982
Comprehensive income for the period	10,126	18,513	24,797

Condensed consolidated financial position

SEK 000s	2019-03-31	2018-03-31	31 Dec 2018
Assets			
Intangible fixed assets	891,844	880,449	861,015
Tangible fixed assets	288,658	286,137	280,311
Right-of-use assets	899,251	724,639	721,359
Deferred tax assets	6,920	5,970	6,770
Total fixed assets	2,086,673	1,897,195	1,869,456
Other current assets	90,699	81,874	82,593
Cash and cash equivalents	73,523	77,168	130,580
Total current assets	164,222	159,042	213,174
Total assets	2,250,895	2,056,237	2,082,629
Equity and liabilities			
Total equity	599,235	590,772	589,108
Equity attributable to Parent Company shareholders	599,235	590,772	589,108
Non-current interest-bearing liabilities	1,214,082	1,054,666	1,056,540
Deferred tax liabilities	22,251	20,330	22,274
Total non-current liabilities	1,236,333	1,074,996	1,078,813
Current interest-bearing liabilities	165,469	136,011	164,932
Other current liabilities	249,858	254,458	249,776
Total current liabilities	415,327	390,469	414,708
Total liabilities	1,651,660	1,465,465	1,493,521
Total equity and liabilities	2,250,895	2,056,237	2,082,629

Consolidated statement of changes in equity, condensed

SEK 000s	Equity attributable to Parent Company shareholders				
	Share capital	Other capital contributed	Translation reserve	Retained profits including net profit/loss for the period	Total equity
Opening equity, 1 Jan 2018	753	639,686	-11,131	-23,670	605,638
Adjustment for retrospective application of IFRS 16, after tax			202	-33,582	-33,380
Adjusted shareholders' equity, 1 Jan 2018	753	639,686	-10,929	-57,252	572,258
Comprehensive income for the period					
Net profit for the period				5,951	5,951
Other comprehensive income for the period			12,562		12,562
Comprehensive income for the period	-	-	12,562	5,951	18,513
Closing equity, 31 Mar 2018	753	639,686	1,633	-51,301	590,772
Comprehensive income for the period					
Net profit/loss for the period				13,865	13,865
Other comprehensive income for the period			-7,580		-7,580
Comprehensive income for the period	-	-	-7,580	13,865	6,285
Transactions with the Group's shareholders					
Dividends paid				-7,948	-7,948
Reclassification of issue expenses		-239		239	-
Total contributions from and value transfer to shareholders	-	-239	-	-7,709	-7,948
Closing equity, 31 Dec 2018	753	639,447	-5,947	-45,145	589,108
Opening equity, 1 Jan 2019	753	639,447	-5,947	-45,145	589,108
Comprehensive income for the period					
Net profit for the period				104	104
Other comprehensive income for the period			10,022		10,022
Comprehensive income for the period	-	-	10,022	104	10,126
Closing equity, 31 Mar 2019	753	639,447	4,075	-45,041	599,235

Condensed consolidated statement of cash flows

SEK 000s	Jan-Mar 2019	Jan-Mar 2018	Jan-Dec 2018
Operating activities			
Profit before tax	1,571	9,116	28,630
Adjustments for non-cash items	57,204	54,721	214,224
Income tax paid	-4,638	-4,764	-11,052
Cash flow from operating activities before changes in working capital	54,136	59,073	231,801
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in inventory	-820	416	2,478
Increase (-)/Decrease (+) in operating receivables	-6,948	4,531	7,873
Increase (+)/Decrease (-) in operating liabilities	-2,679	14,655	6,845
Cash flow from operating activities	43,689	78,675	248,997
Investing activities			
Acquisition of tangible fixed assets	-9,834	-10,397	-37,253
Investment contributions received	-	-	135
Acquisition of intangible fixed assets	-3,974	-2,717	-12,219
Acquisition of subsidiaries/operations, net liquidity effect	-36,076	-	-
Divestment of subsidiaries, net liquidity effect	-	-	1,032
Cash flow from investing activities	-49,885	-13,114	-48,304
Financing activities			
Loans raised	-	-	30,000
Repayment of debt	-15,000	-20,000	-20,000
Repayment of leasing debt	-35,915	-34,978	-138,383
Dividends paid to Parent Company shareholders	-	-	-7,948
Cash flow from financing activities	-50,915	-54,978	-136,331
Cash flow for the period	-57,110	10,582	64,362
Cash and cash equivalents at the beginning of the period	130,580	66,078	66,078
Exchange-rate difference in cash and cash equivalents	52	508	141
Cash and cash equivalents at the end of the period	73,523	77,168	130,580

Parent Company condensed income statement

SEK 000s	2019-03-31	2018-03-31	31 Dec 2018
Net sales	733	633	4,014
Personnel costs	-1,423	-947	-7,420
Other operating expenses	-2,568	-1,862	-5,025
Amortisation and impairment of intangible fixed assets	-6	-6	-26
EBIT	-3,265	-2,183	-8,457
Financial net	-234	-89	-387
Appropriations	-	-	8,728
Profit/loss before tax	-3,499	-2,272	-116
Tax	727	478	-
Net profit/loss for the period	-2,772	-1,794	-116

Net profit/loss for the period corresponds to comprehensive income for the period for the Parent Company

Parent Company's condensed balance sheet

SEK 000s	2019-03-31	2018-03-31	31 Dec 2018
Financial fixed assets	794,803	794,803	794,803
Intangible fixed assets	196	104	157
Total fixed assets	794,999	794,907	794,960
Total current receivables	28,555	44,392	33,674
Total current assets	28,555	44,392	33,674
Total assets	823,554	839,299	828,634
Restricted equity	753	753	753
Non-restricted equity	822,160	833,474	824,932
Total equity	822,913	834,227	825,685
Total current liabilities	641	5,072	2,949
Total equity and liabilities	823,554	839,299	828,634

Quarterly data

Amount in MSEK, Group	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Net sales	252.7	238.2	219.3	239.5	244.2
EBITDA	70.5	60.3	75.6	73.9	75.2
EBITDA margin	27.9%	25.3%	34.5%	30.9%	30.8%
EBIT	13.5	5.6	23.8	20.7	21.0
EBIT margin	5.4%	2.4%	10.8%	8.6%	8.6%
Net profit/loss for the period	0.1	-0.1	8.4	5.6	6.0
Cash flow from operating activities	43.7	64.6	65.3	40.3	78.7
Total ARPM, SEK	374	360	334	350	353

Notes to the financial statements

NOTE 1 REPORTING UNITS

The Parent company Actic Group AB is a Swedish public limited-liability company, with corporate registration number 556895-3409. This consolidated interim report for the period ending 31 March 2019 encompasses the company and its subsidiaries, collectively referred to as the Group.

NOTE 2 ACCOUNTING POLICIES

This condensed consolidated interim report was prepared in accordance with IAS 34 Interim Financial Reporting together with the applicable provisions in the Annual Accounts Act. The Parent Company's accounts have been prepared pursuant to Chapter 9 of the Annual Accounts Act, Quarterly Reports. In addition to the financial statements and the accompanying notes, other sections of the interim report also contain disclosures in accordance with IAS 34.16A.

For both the Group and the Parent Company, the same accounting policies and estimation basis have been applied as in the most recent Annual Report, with the exception of the amended accounting policies described below.

The new and amended IFRS standard (IFRS 16) applies for the 2019 financial year. IFRS 16 replaces all previously issued standards and interpretations that relate to accounting for leases. For lessees, the classification of operating and financial leases is ending and is being replaced by a model in which all leases are recognised as assets or liabilities in the statement of financial position, with amortisation and interest expenses recognised in profit or loss.

In 2018, the Group conducted an analysis of the effects that an application of IFRS 16 entails. It is primarily the three categories of earlier operating leases that are affected. The Group's rental leases have the most impact, since the Group leases premises for all of its activities, apart from two clubs, and that the leases largely comprise long rental terms. The second category is vehicles, which comprise a considerably smaller part of the leases in terms of value. Finally, the Group has leasehold contracts for its two buildings, which are also affected by IFRS 16.

The Group's leases for rental of premises are of differing character. There are fixed-rent leases and leases with sales-based rent. The latter category may also have a guaranteed minimum level. In the

calculation of assets and liabilities according to IFRS 16, only the fixed or guaranteed minimum rent was taken into account for rental leases.

In addition to the earlier operating leases above, the Group leases a large proportion of the equipment in the clubs. For this latter category, the rules for financial leasing according to IFRS 17 are already applied. For this category, the transition to IFRS 16 entails no difference for the Group other than a reclassification from tangible fixed assets to right-of-use assets.

On transition to IFRS 16, the Group has chosen to apply the full retrospective approach. In brief, this entails that all leases, besides agreements with lower value or shorter than 12 months, have been calculated in accordance with IFRS 16 from the time that the Group entered into the leases, which occurred at the earliest on 31 August 2012, when the current Group structure was established in conjunction with the Parent Company's acquisition of the business from the former owner. The accumulated effect of this restatement on 31 December 2017 was recognised as an adjustment against equity on 1 January 2018. Accordingly, comparative figures for earlier periods in 2018 were prepared for comparability with 2019.

At the start of each lease, the lease liability was measured at the present value of the remaining lease payments, less the Group's incremental borrowing rate, when the agreement was entered into. In the cases for which the interest rate is known, this rate has been applied. Right-of-use assets are initially measured at an amount corresponding to the lease liability.

For leases formerly classified as financial leases according to IAS 17, the value of right-of-use assets and the lease liability are set at the same amount, which they were calculated according to IAS 17. The value of these leases amounted to SEK 56.5 million (53.8) at the end of 2018 and 2017, respectively, and are not included in the table below, nor their leasing liabilities.

IFRS 16 effects on the balance sheet

SEK million	31 Dec 2018	1 Jan 2018
Right-of-use assets	671.1	681.2
Deferred tax assets	9.3	9.1
Prepaid lease expenses	-17.2	-16.5
	663.2	673.8
Equity	-36.8	-33.4
Lease liabilities	700.0	707.2
	663.2	673.8

IFRS 16 effects on the income statement

SEK million	Jan-Dec 2018	Jan-Mar 2018
Other operating expenses	143.2	35.9
Depreciation	-118.9	-29.9
Interest expenses	-27.8	-7.6
Deferred tax	0.2	0.2
	-3.3	-1.4

NOTE 3 ESTIMATES AND JUDGEMENTS

In the preparation of an interim report, management is required to make judgments and estimates as well as assumptions that impact the application of the accounting policies and the amounts recognised with respect to assets, liabilities, revenue and expenses. The actual outcome may deviate from these estimates and judgments. The company's critical judgments and sources of uncertainty in estimates are the same as those reported in the most recent Annual Report.

NOTE 4 TRANSACTIONS WITH RELATED PARTIES

The nature and scope of the company's transactions with related parties has not changed materially compared with the information disclosed in the 2018 Annual Report.

NOTE 5 ACQUISITION OF ASKER TRENINGSSENTER AS

In November 2018, Actic announced that an agreement had been signed with Asker Treningscenter AS to take over its three clubs in Asker, Norway, through acquisition of assets and liabilities. The transfer took place on 1 January 2019. A preliminary purchase consideration of SEK 36,076,000 in cash was paid on transfer. The final purchase consideration will be established during the second quarter of 2019.

The acquisition has contributed with SEK 10.5 million in net sales and SEK 1.5 million in operating profit (EBIT) during the first quarter of 2019.

The table below of the business's net assets is preliminary.

SEK 000s

The acquired business's net assets at the acquisition date:

Customer relationships	5,511
Tangible fixed assets	5,473
Right-of-use assets	161,759
Leasing debt	-161,759
Other operating receivables	4,126
Other operating expenses	-6,173
Net identifiable assets and liabilities	8,937
Merger goodwill	27,139
Consideration paid	36,076

Goodwill

The goodwill value mainly includes cost synergies, since the acquired operations will be able to utilise Actic's existing support functions instead of conducting its own administration. Actic also expects the acquisition to generate purchasing synergies, since the acquired operations will be able to utilise the central purchasing agreements in place within the Actic Group. The acquisition is also expected to generate revenue synergies by strengthening the loyalty of the company's members, since Actic is able to offer a stronger product range in the region. All of the recognised goodwill of SEK 27 million is expected to be tax-deductible.

Intangible fixed assets

Other identified intangible fixed assets comprise customer relationships. The useful life of these amounts to two years.

Right-of-use assets

Right-of-use assets and corresponding lease liabilities pertain mainly to leases for premises, but also to a lesser extent to leases taken over for equipment for the clubs.

NOTE 6 ALTERNATIVE PERFORMANCE MEASURES

To increase the understanding of the development of the operations and the financial status of Actic Group, Actic presents some alternative performance measures in addition to the conventional financial ratios established by IFRS. However, these alternative performance measures should not be considered as a substitute for the financial information presented in the financial statements in accordance with IFRS. The reconciliations presented in the tables below are to be read together with the definitions on page 18.

Net debt and net debt ratio

SEK 000s	Jan-Mar 2019	Jan-Mar 2018	Rolling 12 m	Jan-Dec 2018
Non-current interest-bearing liabilities	1,214,082	1,054,666	1,214,082	1,056,540
Current interest-bearing liabilities	165,447	136,011	165,447	164,932
Total interest-bearing liabilities	1,379,529	1,190,678	1,379,529	1,221,472
- Cash and cash equivalents	-73,523	-77,168	-73,523	-130,580
Net debt	1,306,006	1,113,509	1,306,006	1,090,892
EBITDA	70,523	75,217	280,286	284,980
Net debt and net debt ratio, multiple	-	-	4.7	3.8

Organic growth

SEK 000s	Jan-Mar 2019	Growth %
Net sales	252,717	3.5%
Acquired businesses	10,499	4.3%
Divested operations	-3,698	-1.5%
Currency effect	1,847	0.8%
Exchange-rate adjusted, organic growth	-178	-0.1%
Total growth	8,470	3.5%

Financial calendar

2019 Annual General Meeting	16 May
Interim report Jan-Jun 2019	22 August
Interim report Jan-Sep 2019	6 November
Year-end report 2019	20 February 2020

Overall strategy

Actic's overall strategy can be summarised as follows:

- Refine existing clubs and strengthen the product and service offering.
- Continued expansion of the offering through new establishments.
- Participate actively in the consolidation of the industry through acquisitions

Acquired clubs are to contribute positively to the Group's earnings from day one, while new establishments are expected to achieve break-even after 12 months and full profitability after 24 months.

Glossary

Full-service clubs Clubs where both the fitness club and the swimming facility are operated by Actic's own personnel.

Gym & Swim clubs Clubs where the fitness club is operated by Actic and the swimming facility is operated by an external partner.

HIT High-intensity training is a strength training method. The method is focused on short, high-intensity exercise. HIT prioritises high intensity and few repetitions with the aim of developing muscles as efficiently as possible.

In-house clubs Clubs where the fitness facility is operated by external personnel.

Cluster Geographic area with several Actic clubs located in close proximity to one another, forming a cluster.

PT Personal training.

Stand-alone clubs Clubs that exclusively operate fitness facilities

Financial objectives

Actic adopted the following financial objectives ahead of the IPO in April 2017:

Growth — Average yearly organic growth of at least 5%, with additional growth from acquisitions.

Profitability – EBITDA margin of more than 20% in the medium term.

Capital structure – Net debt/adjusted EBITDA ratio below 3.0.

Dividend policy – A dividend rate of 30% to 50% of annual net profit/loss.

As a result of the introduction of IFRS 16 and the fact that the work to update the strategic plan is in progress, the financial objectives will be revised going forward.

For further information, contact:

Anders Carlbark, CEO

anders.carlbark@actic.se, +46 (0)72-980 53 94

Niklas Alm, Investor Relations

niklas.alm@actic.se, +46 (0)708 24 40 88

Jörgen Fritz, CFO

jorgen.fritz@actic.se, +46 (0)73-663 54 74

Financial definitions

EBITDA, EBITA and ARPM do not comprise performance metrics calculated pursuant to IFRS. Accordingly, they should not be considered as alternatives to net profit/loss or EBIT as indicators of performance, or as alternatives to operating cash flow as metrics of liquidity. EBITDA, EBIT and ARPM are used by the management for making operational decisions. Moreover, EBITDA, EBIT and ARPM do not comprise metrics intended for the use of investors. EBITDA, EBIT and ARPM which are presented in this report may not be comparable with similarly named metrics reported by other companies due to differences in calculation methods.

PERFORMANCE METRICS NOT DEFINED PURSUANT TO IFRS

	Description	Reason for using the metric
EBITDA	Operating profit before impairment, depreciation and amortisation of tangible and intangible fixed assets, as well as rights-of-use.	EBITDA together with EBITA provides an overview of the profitability generated through operations.
EBIT margin	Adjusted EBITA divided by net sales.	The EBIT margin is a useful metric for measuring the company's value creation through operations.
Organic growth	Change in net sales adjusted for currency effects, acquisitions and disposals compared with the year-earlier period.	The metric is used to follow underlying sales growth driven by volume, product offering and price changes for similar products between different periods.
Net debt	Interest-bearing debt less cash and cash equivalents.	Provides an indication of the company's level of debt and financial risk.
Net debt/EBITDA	Net debt at the end of the period divided by adjusted EBITDA based on the rolling twelve-month value.	Provides an indication of the company's level of debt and financial risk.
Average revenue per member (ARPM)	Net sales during the period divided by the average number of members during the period. The average number of members is based on the number of members at the end of each month during the period. The average revenue per member pertains to the average revenue on a monthly basis.	Provides an indication of the company's level of sales relative to the customer base.
Number of clubs	Number of clubs at the end of the period.	Provides an indication of the company's size in the market.
Number of members	Number of members at the end of the period.	Provides an indication of the company's size in the market.
Average number of full-time employees	The average number of employees is calculated as the total of the average number of full-time positions during the period on a monthly basis and the accumulated hours worked for the period for hourly contract employees converted to full-time positions.	Provides an indication of the total number of FTEs employed to run the company.
Working capital	Inventories, accounts receivable, prepaid expenses and accrued income and other receivables less accounts payable, tax liabilities, other liabilities, and accrued expenses and deferred income.	Provides an indication of the amount of working capital tied up in operations.
Equity/assets ratio	Equity as a percentage of total assets.	Provides an indication of the proportion of assets financed through equity. Equity in relation to other liabilities describes long-term payment capacity.

Actic in brief

Actic was founded in 1981 and began its international expansion in 1995. Actic is now one of the leading players in the staffed gym market in the Nordics. Actic has 180 clubs with just over 228,000 members in four countries. Its main markets are Sweden, Norway and Germany.

Actic has a unique business model whereby the majority of its clubs have access to swimming facilities, which is included in the membership fee paid by Actic's members.

Actic uses a well-established exercise method known as high-intensity training (HIT) and offers its members personal training programmes including follow-up sessions with trained instructors. Together with swimming, this differentiates Actic in the market.

The training offering is broad, with strength training, with group classes and functional training, and personal training (PT), which attracts a broad target group and is building successful clusters in the Nordics and Germany.

Actic's vision is to contribute to a healthier society by attracting broader target groups and thereby expanding the market. Actic's employees play an active role in the local community as a way of contributing to a healthier society.

Actic, which has its head office in Solna in Stockholm, had approximately 800 full-time equivalent employees and sales of SEK 941 million in 2018. The Group is led by CEO Anders Carlbark.



A close-up, profile shot of a woman with dark hair tied in a ponytail, wearing a black quilted jacket. She is looking off to the side with a slight smile. The background is a soft, out-of-focus sunset or sunrise scene with warm light. The ACTIC logo is positioned in the bottom right corner, featuring the word 'ACTIC' in white, bold, sans-serif capital letters on a black rectangular background.

ACTIC

Actic AB
Smidesvägen 12,
SE-171 41 Solna, Sweden
Box 1805

Actic Sweden AB
Actic Norway AS
Actic Fitness GmbH

E-mail: info@actic.com