

A woman with blonde hair, smiling broadly, wearing a white jacket with "LAB" on the chest, standing in a field with snow and trees in the background.

**Nine-month report
1 January–30 September 2019**

Actic Group AB

**“A dynamic quarter
working with change”**

Nine-month report – 2019

“The third quarter was dominated by continued change efforts and the impairment of goodwill and intangible fixed assets of SEK 280 million.”

–Anders Carlbark, CEO

Third quarter – July to September 2019

- Net sales rose to SEK 227.6 million (219.3), a growth of 3.8%, of which negative 0.6% was organic.
- After adjustment for the impairment of goodwill and intangible fixed assets of SEK 279.9 million, EBIT amounted to SEK 13.8 million (23.7), corresponding to a margin of 6.1% (10.8).
- EBIT amounted to negative SEK 266.1 million (23.7), including impairment of goodwill and intangible fixed assets of SEK 279.9 million, corresponding to a margin of negative 116.9% (10.8).
- Net loss for the period was SEK 280.2 million (profit: 8.3).
- Earnings per share before and after dilution amounted to negative SEK 17.63 (0.52).

Nine months – January to September 2019

- Net sales rose to SEK 718.3 million (703.0), a growth of 2.2%, of which negative 1.4% was organic.
- EBIT amounted to negative SEK 254.1 million (65.5), including impairment of goodwill and intangible fixed assets of SEK 279.9 million, corresponding to a margin of negative 35.4% (pos: 9.3).
- Net loss for the period was SEK 290.6 million (profit: 19.9).
- Earnings per share before and after dilution amounted to negative SEK 18.28 (pos: 1.25).
- Transfer of operations in Asker Treningssenter, Oslo, on 1 January.
- Opening of new clubs in Leksand, Mora and Södertälje, and closure of one club in central Oslo.

Key financial data

Figures in SEK million	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Rolling 12m	Jan-Dec 2018
Net sales	227.6	219.3	718.3	703.0	956.5	941.2
EBITDA	72.5	77.0	198.6	226.2	257.4	285.0
EBITDA, %	31.9	35.1	27.6	32.2	26.9	30.3
EBIT	-266.1	23.7	-254.1	65.5	-248.4	71.1
Operating margin, EBIT, %	-116.9	10.8	-35.4	9.3	-26.0	7.6
Net profit/loss for the period	-280.2	8.3	-290.6	19.9	-290.6	19.8
Earnings per share before and after dilution, SEK	-17.63	0.52	-18.28	1.25	-18.28	1.25
Cash flow from operating activities	35.7	63.6	124.9	182.7	191.2	249.0
Cash flow for the period	-15.8	18.3	-81.8	16.9	-34.4	64.4
Average number of shares before and after dilution	15,896,936	15,896,936	15,896,936	15,896,936	15,896,936	15,896,936
Equity/assets ratio, %	15.7	29.8	15.7	29.8	15.7	28.3
Total ARPM, SEK	342	334	355	344	356	346

For definitions of key financial data, see page 18.

Clubs and members

Figures in SEK million	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Number of clubs at the end of the period	180	178	180	178	180
Number of members at the end of the period	223,957	220,228	223,957	220,228	220,355
Average number of members during the period	221,968	218,709	224,678	227,100	226,610
Average number of full-time equivalent employees	763	753	796	800	800

	Openings last 12 months	Openings last 24 months	Mature clubs	Total clubs
Nordics	3	2	150	155
Germany	0	4	21	25

A dynamic quarter working with change

The impairment of goodwill and intangible fixed assets was charged to the quarter's earnings in an amount of SEK 280 million. The change effort is continuing through the strengthening of management.

Change initiatives

The adjustment costs are beginning to be phased out and we are continuing to implement updated efficiency measures in the operational organisation, while the number of hours worked is declining relative to sales. Our intensified focus on cleaning and maintenance have resulted in clearly improved customer satisfaction and reduced the number of terminated memberships during the quarter. Our personal training operation (PT) is increasing at the same time as we are launching new PT products in the form of training in smaller groups.

During the third quarter, net sales rose 3.8%, of which negative 0.6% was organic. Adjusted for the effect of the impairment of approximately SEK 280 million, EBIT amounted to SEK 13.8 million (23.7) for the quarter, with an EBIT margin of 6.1% and, excluding the impairment, we can see that EBIT improved somewhat compared with the two most recent quarters. We are continuing our work to increase productivity at our clubs through the implementation of efficiency targets for staffing and a cost focus throughout the organisation.

Goodwill impairment

Following an impairment test of the company's goodwill at the close of the third quarter, the Board of Actic made a decision to recognise an impairment loss for the company's goodwill and intangible fixed assets. The impairment of SEK 280 million has an impact on the company's quarterly earnings and total assets, while cash flow is unaffected. Operating activities were not impacted and the transition work and conceptualisation of the offering are proceeding to plan.

Organisation

In September, our new Chief Marketing Officer Sofia Brandberg took up her position, as was announced in the six-month report. In November, Stefan Johansson will begin as Head of Group Expansion, where Stefan's focus will be on optimising our club portfolio and capitalising on opportunities offered by future rental and establishment negotiations. As of 1 December, we will also be delighted to welcome Jonas Lissjanis to Actic as Chief Product Officer.



Jonas's past positions have included that of training manager at SAFE Education and Eleiko Education, as well as head of PT within SATS Nordic. He has broad experience of driving business-oriented change and creating strong results in the training industry. Jonas will be responsible for developing our membership offering with a focus on PT, group training and the design of the clubs.

During the autumn and the beginning of 2020, priority will be assigned to profitability and the optimisation of existing operations ahead of expansion and establishments. As a result of improved profitability, we are creating the conditions for growth and I am looking forward to continuing to drive the transition plan for higher profitability and growth in collaboration with a strengthened management.

Solna, November 2019

Anders Carlbark, CEO

Financial development

Net sales and EBIT

Net sales in the quarter amounted to SEK 227.6 million (219.3), representing growth of 3.8%. However, measured at fixed-exchange rates, organic growth was negative 0.6%. Currency effects impacted net sales positively by SEK 0.3 million and acquired operations in Norway contributed SEK 9.3 million. The membership base increased to 223,957 (220,228) at the end of the period. The increase in the number of members was attributable to factors including the acquisition of Asker Treningscenter with approximately 5,000 members. Average revenue per member and month (ARPM) increased 2% to SEK 342 (334) due to higher PT revenue and higher average membership fees.

EBIT for the quarter of negative SEK 266.1 million (23.7) included the impairment of goodwill and other intangible fixed assets of SEK 279.9 million and corresponds to a decline of SEK 289.8 million year-on-year. Adjusted for the impairment, EBIT was SEK 13.8 million (23.7). The EBIT margin was negative 116.9% (10.8), but when adjusted for the impairment, the EBIT margin was 6.1%. Personnel costs increased approximately SEK 9.3 million, mainly related to acquired and newly opened clubs. Other external costs increased SEK 3.1 million, mainly due to costs for consultants and premises. Approximately SEK 2 million of the consultants' costs comprised adjustment costs. The Asker acquisition, newly opened clubs and increased rents as a result of index increases contributed to increased depreciation of right-of-use assets of about SEK 5 million. Adjusted for the impairment, costs for the quarter increased a total of SEK 18 million. The transition work and continued phasing out of costs through efficiency enhancement continue.

Net sales in the first nine months of the year amounted to SEK 718.3 million (703.0), representing growth of 2.2 percent. Acquisitions contributed SEK 29.7 million, while organic growth at fixed exchange rates was negative 1.4%. Currency effects impacted net sales positively by SEK 3.1 million and divested operations had a negative effect of SEK 7.3 million. Average revenue per member and month (ARPM) increased 3% to SEK 355 (344).

EBIT amounted to negative SEK 254.1 million (pos: 65.5), corresponding to an EBIT margin of negative 35.4% (pos: 9.3). Earnings were charged with the impairment of goodwill and intangible fixed assets of SEK 279.9 million, and adjustment costs totalling SEK 20 million.

Financial income and expenses – nine months

Financial expenses amounted to negative SEK 36.6 million (neg: 32.7) and financial income totalled SEK 0.1 million (0.1). The financial expenses were attributable to interest expenses for loan financing and lease liabilities. See also the table on page 6.

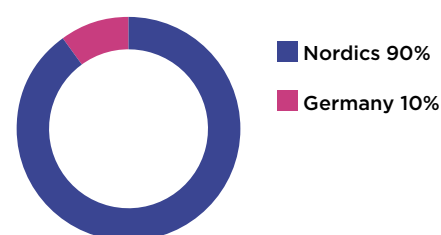
Tax – nine months

The earnings impact of tax for the period was slightly positive due to the reversal of a deferred tax liability from acquisition eliminations and amounted to SEK 0.1 million (neg: 12.9).

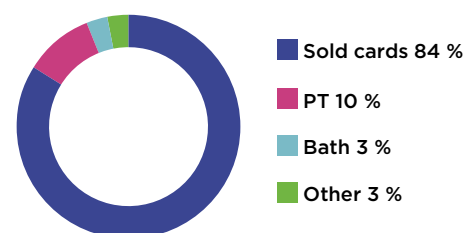
Consolidated profit/loss – nine months

Consolidated net loss amounted to SEK 290.6 million (profit: 19.9), corresponding to earnings per share before and after dilution of negative SEK 18.28 (pos: 1.25).

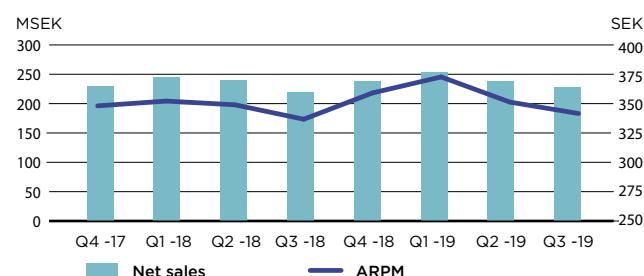
NET SALES PER OPERATING SEGMENT Q3



NET SALES PER CATEGORY, Q3



NET SALES & ARPM



OPERATING SEGMENTS

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, SEK 000s

Nordics	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Gym	171,076	168,065	536,546	527,849	702,011
PT	22,444	20,150	78,345	78,194	106,490
Swim	6,546	5,712	18,637	20,118	28,305
Other sales	5,170	4,783	17,810	18,725	25,294
Total net sales	205,236	198,710	651,339	644,886	862,101
Other operating income	8,349	8,381	24,449	24,200	32,363
Total operating income	213,585	207,091	675,788	669,086	894,464

Germany	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Gym	21,338	19,402	63,448	54,458	74,174
PT	8	11	19	50	56
Swim	93	37	294	234	321
Other sales	904	1,097	3,212	3,339	4,545
Total net sales	22,343	20,548	66,973	58,081	79,095
Other operating income	376	280	877	914	1,288
Total operating income	22,719	20,828	67,849	58,994	80,383

Group incl Group-wide revenues	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Gym	192,414	187,467	599,994	582,307	776,184
PT	22,452	20,161	78,364	78,244	106,546
Swim	6,639	5,749	18,932	20,352	28,626
Other sales	6,074	5,880	21,022	22,063	29,839
Total net sales	227,579	219,257	718,311	702,966	941,196
Other operating income	8,726	8,662	25,355	25,171	33,714
Total operating income	236,305	227,919	743,666	728,138	974,910

Nordics operating segment

Net sales in the third quarter amounted to SEK 205.2 million (198.7), corresponding to an increase of SEK 6.5 million or 3.3%, mainly related to the acquisition of Asker. EBIT declined to negative SEK 228.6 million (32.0), or by SEK 260.6 million and included the impairment of goodwill and intangible fixed assets totalling SEK 252.0 million. The EBIT margin was negative 111.4% (16.1). Adjusted for the impairment, EBIT was SEK 23.4 million (32.0).

Apart from the impairment, earnings were mainly impacted by higher personnel and premises costs, as well as higher fixed rents due to acquisitions, new establishments and index increases, resulting in higher depreciation of right-of-use assets.

Net sales in the first nine months of the year amounted to SEK 651.3 million (644.9). EBIT declined to negative SEK 194.2 million (93.0), or by

SEK 287.2 million, corresponding to a margin of negative 29.8% (pos: 14.4) and included the impairment of goodwill and intangible fixed assets totalling SEK 252.0 million. Adjusted for the impairment, EBIT was SEK 57.8 million (93.0). Earnings were primarily impacted by adjustment costs of SEK 12 million and higher personnel and premises costs. In addition, higher fixed rents due to acquisitions, new establishments and index increases resulted in higher depreciation of right-of-use assets of approximately SEK 13 million.

Average revenue per member and month (ARPM) increased 3% to SEK 360 (351) during the first nine months of the year. Average revenue increased mainly as a result of a higher proportion of sales of gym cards at full price.

At the end of the period, there were 155 clubs.

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

Nordics	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
EBITDA	75,378	79,109	210,748	235,933	296,300
Amortisation and impairment of intangible fixed assets	-257,838	-5,908	-272,048	-21,767	-28,268
Depreciation of tangible fixed assets	-7,129	-8,930	-20,790	-22,379	-29,094
Depreciation right-of-use assets	-38,972	-32,222	-112,105	-98,794	-130,969
EBIT	-228,561	32,049	-194,194	92,993	107,970

Germany	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
EBITDA	3,740	3,366	11,283	7,864	9,400
Amortisation and impairment of intangible fixed assets	-28,720	-895	-30,437	-2,618	-5,022
Depreciation of tangible fixed assets	-2,733	-2,760	-8,047	-7,912	-10,652
Depreciation right-of-use assets	-3,223	-2,580	-9,194	-7,219	-9,856
EBIT	-30,936	-2,869	-36,396	-9,885	-16,130

Shared Group

EBITDA	-6,581	-5,467	-23,464	-17,630	-20,720
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Total Group	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
EBITDA	72,538	77,007	198,567	226,166	284,980
Amortisation and impairment of intangible fixed assets	-286,565	-6,809	-302,504	-24,404	-33,315
Depreciation of tangible fixed assets	-9,862	-11,690	-28,837	-30,291	-39,746
Depreciation right-of-use assets	-42,194	-34,801	-121,299	-106,013	-140,825
EBIT	-266,084	23,706	-254,073	65,458	71,094
Financial income	25	21	83	64	102
Financial expenses	-12,547	-8,802	-36,626	-32,732	-42,568
<i>Of which interest expenses lease liabilities</i>	<i>-8,561</i>	<i>-7,211</i>	<i>-25,362</i>	<i>-22,989</i>	<i>-30,149</i>
Profit/loss before tax	-278,605	14,925	-290,615	32,790	28,629

Update for correct comparability

Leases (IFRS 16) of gym equipment in Germany was included in contracts signed in Sweden and accordingly, these leases were recognized in Sweden. The lease pertaining to Germany was reassigned in this report to the Germany segment, which was also implemented for comparative periods. In conjunction with this, the distribution of shared Group expenses between the Group and the segments was also adjusted. The Group's earnings were not affected by these re-allocations.

German operating segment

Net sales in the third quarter amounted to SEK 22.3 million (20.5), corresponding to growth of 8.7%. EBIT was negative at SEK 30.9 million (neg: 2.9) and included the impairment of goodwill and intangible fixed assets totalling SEK 27.9 million. Adjusted for the impairment, EBIT was negative at SEK 3.0 million (neg: 2.9).

Net sales in the first nine months of the year amounted to SEK 67.0 million (58.1), representing growth of 15.3 percent. EBIT was negative at SEK 36.4 million (neg: 9.9). Adjusted for the impairment of SEK 27.9 million, EBIT was negative at SEK 8.5 million (neg: 9.9).

The sales increase was attributable to the clubs newly opened in the preceding year achieving a higher degree of maturity. The membership base increased 7% to 24,312 members at the end of the period and the average revenue per member

(ARPM) increased 4% to SEK 313 (302) per month. At the close of the period, there were 25 clubs, with no change since the preceding report.

Shared Group

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 124.9 million (182.7). Cash flow from investing activities for the quarter amounted to negative SEK 70.0 million (neg: 33.2), with the change mainly related to the acquisition of Asker Treningscenter in Norway. Cash funds amounted to SEK 48.8 million (83.5) 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 15.7% at the end of the period, compared with 28.3% at 31 December 2018. The reduced equity/assets ratio was attributable to the impairment of goodwill and intangible fixed assets in the third quarter. Interest-bearing liabilities amounted to SEK 1,362 million at the end of the period compared with SEK 1,221 million at 31 December 2018. Net debt of SEK 1,313 million in relation to EBITDA for the most recent 12-month period gave a ratio of 5.1, compared with 3.8 for full-year 2018. See specification on page 16.

INVESTMENTS

During the period, the company invested SEK 24.8 million in tangible fixed assets, with most of the amount earmarked for newly opened clubs and the upgrade of existing clubs. SEK 12.5 million was invested in intangible fixed assets, while SEK 32.8 million of the investments pertained to the acquisition of Asker Treningscenter.

PERSONNEL

The number of full-time equivalent employees during the period totalled 796, compared with 800 in full-year 2018.

PARENT COMPANY

Net loss for the period was SEK 281.9 million (loss: 1.8). Equity at the end of the period totalled SEK 531.0 million, compared with SEK 825.7 million at 31 December 2018. As a result of the Group's impairment of goodwill and other intangible fixed assets, the Parent Company wrote down shares in subsidiaries by SEK 280 million.

EVENTS AFTER THE END OF THE PERIOD

There are no significant events to report.

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.

The Board of Directors and the President and CEO affirm that this nine-month report provides a true and fair view of the Group's and the Parent Company's operations, position and earnings, and describes the significant risks and uncertainties facing the Parent Company and the companies included in the Group.

Solna, 6 November 2019

Göran Carlson

Chairman of the Board

Stefan Charette

Board member

Therese Hillman

Board member

Trine Lise Marsdal

Board member

Fredrik Söderberg

Board member

Viktor Linnell

Board member

Anders Carlbark

President and 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, 6 November at 7:45 a.m. (CET).

Review report

ACTIC Group AB (publ.) Corp. ID no. 556895-3409

Introduction

We have reviewed the summary interim financial information (interim report) of ACTIC Group AB (publ) as of 30 September 2019 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on

Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Solna, 6 November 2019

KPMG AB

Håkan Olsson Reising
Authorized Public Accountant

Condensed consolidated income statement

SEK 000s	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Net sales	227,579	219,257	718,311	702,966	941,196
Other operating income	8,726	8,662	25,355	25,171	33,714
Total revenue	236,305	227,919	743,666	728,138	974,910
Goods for resale	-2,837	-2,662	-7,667	-8,268	-11,326
Other external costs	-78,319	-75,220	-254,668	-227,675	-311,078
Personnel costs	-82,145	-72,843	-281,769	-265,578	-366,878
Depreciation and impairment of fixed assets	-338,621	-53,301	-452,640	-160,708	-213,886
Other operating expenses	-466	-187	-996	-450	-648
EBIT	-266,084	23,706	-254,073	65,458	71,094
Financial income	25	21	83	64	102
Financial expenses	-12,547	-8,802	-36,626	-32,732	-42,568
Profit/loss before tax	-278,605	14,925	-290,615	32,790	28,629
Tax	-1,617	-6,613	59	-12,904	-8,814
Net profit/loss for the period	-280,222	8,313	-290,556	19,885	19,815
of which, attributable to Parent Company shareholders	-280,222	8,313	-290,556	19,885	19,815
Earnings per share					
before dilution (SEK)	-17.63	0.52	-18.28	1.25	1.25
after dilution (SEK)	-17.63	0.52	-18.28	1.25	1.25
Average number of shares	15,896,936	15,896,936	15,896,936	15,896,936	15,896,936

Consolidated statement of comprehensive income

SEK 000s	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Net profit/loss for the period	-280,222	8,313	-290,556	19,885	19,815
Other comprehensive income					
Items that have been transferred or may be transferred to net profit for the year					
Translation differences for the period on translation of foreign operations	-5,962	-3,442	7,120	16,904	4,982
Total other comprehensive income	-5,962	-3,442	7,120	16,904	4,982
Comprehensive income for the period	-286,185	4,871	-283,436	36,789	24,797

Condensed consolidated financial position

SEK 000s	30 Sep 2019	30 Sep 2018	31 Dec 2018
Assets			
Intangible fixed assets	601,967	869,260	854,784
Tangible fixed assets	285,802	280,679	280,311
Right-of-use assets	877,462	687,922	727,591
Deferred tax assets	6,935	4,274	6,770
Total fixed assets	1,772,165	1,842,135	1,869,456
Other current assets	82,403	92,310	82,593
Cash and cash equivalents	48,842	83,502	130,580
Total current assets	131,245	175,812	213,173
Total assets	1,903,410	2,017,948	2,082,629
Equity and liabilities			
Total equity	297,945	601,099	589,108
Equity attributable to Parent Company shareholders	297,945	601,099	589,108
Non-current interest-bearing liabilities	1,196,426	1,015,894	1,056,540
Deferred tax liabilities	21,719	22,394	22,274
Total non-current liabilities	1,218,145	1,038,288	1,078,813
Current interest-bearing liabilities	165,273	134,132	164,932
Other current liabilities	222,047	244,428	249,776
Total current liabilities	387,320	378,560	414,708
Total liabilities	1,605,465	1,416,848	1,493,521
Total equity and liabilities	1,903,410	2,017,948	2,082,629

Consolidated statement of changes in equity, condensed

SEK 000	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/loss for the period				19,885	19,885
Other comprehensive income for the period			16,904		16,904
Comprehensive income for the period	-	-	16,904	19,885	36,789
Transactions with the Group's shareholders					
Dividends paid				-7,948	-7,948
Total contributions from and value transfer to shareholders	-	-	-	-7,948	-7,948
Closing equity, 30 Sep 2018	753	639,686	5,975	-45,314	601,099
Comprehensive income for the period					
Net profit/loss for the period				-70	-70
Other comprehensive income for the period			-11,922		-11,922
Comprehensive income for the period	-	-	-11,922	-70	-11,992
Transactions with the Group's shareholders					
Reclassification of issue expenses		-239		239	-
Total contributions from and value transfer to shareholders	-	-239	-	239	-
Closing equity, 31 Dec 2018	753	639,447	-5,947	-45,146	589,108
Opening equity, 1 Jan 2019	753	639,447	-5,947	-45,146	589,108
Comprehensive income for the period					
Net profit/loss for the period				-290,556	-290,556
Other comprehensive income for the period			7,120		7,120
Comprehensive income for the period	-	-	7,120	-290,556	-283,436
Transactions with the Group's shareholders					
Dividends paid				-7,948	-7,948
Warrants issued		222			222
Total contributions from and value transfer to shareholders	-	222	-	-7,948	-7,726
Closing equity, 30 Sep 2019	753	639,669	1,173	-343,650	297,945

Condensed consolidated statement of cash flows

SEK 000	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Operating activities					
Profit/loss before tax	-278,605	14,925	-290,615	32,790	28,629
Adjustments for non-cash items	338,821	53,426	453,230	160,833	214,224
Income tax paid	-3,075	-3,050	-11,492	-10,784	-11,052
Cash flow from operating activities before changes in working capital	57,140	65,301	151,123	182,839	231,801
Cash flow from changes in working capital					
Increase (-)/Decrease (+) in inventory	370	719	-78	2,205	2,478
Increase (-)/Decrease (+) in operating receivables	166	-13,704	11,869	-3,307	7,873
Increase (+)/Decrease (-) in operating liabilities	-22,003	11,257	-37,997	945	6,845
Cash flow from operating activities	35,673	63,573	124,917	182,681	248,997
Investing activities					
Acquisition of tangible fixed assets	-9,887	-4,687	-24,800	-23,426	-37,253
Investment contributions received	-	-	-	-	135
Acquisition of intangible fixed assets	-1,427	-3,974	-12,464	-9,012	-12,219
Acquisition of subsidiaries/operations, net liquidity effect	-	-	-32,769	-	-
Divestment of subsidiaries, net liquidity effect	-	-782	-	-782	1,032
Cash flow from investing activities	-11,314	-9,443	-70,033	-33,220	-48,304
Financing activities					
Loans raised	-	-	-	-	30,000
Repayment of debt	-	-	-15,000	-20,000	-20,000
Repayment of leasing debt	-40,180	-35,834	-113,980	-104,569	-138,383
Warrants issued	-	-	222	-	-
Dividends paid to Parent Company shareholders	-	-	-7,948	-7,948	-7,948
Cash flow from financing activities	-40,180	-35,834	-136,706	-132,517	-136,331
Cash flow for the period	-15,821	18,297	-81,822	16,944	64,362
Cash and cash equivalents at the beginning of the period	64,670	65,337	130,580	66,078	66,078
Exchange-rate difference in cash and cash equivalents	-7	-132	83	481	141
Cash and cash equivalents at the end of the period	48,842	83,502	48,842	83,502	130,580

Parent Company condensed income statement

SEK 000	Jul-Sep 2019	Jul-Sep 2018	Jan-Sep 2019	Jan-Sep 2018	Jan-Dec 2018
Net sales	1,249	691	3,872	2,181	4,014
Personnel costs	-1,850	-1,547	-6,493	-4,229	-7,420
Other operating expenses	-1,782	-1,324	-6,016	-4,933	-5,025
Amortisation and impairment of intangible fixed assets	-6	-7	-19	-19	-26
EBIT	-2,389	-2,187	-8,656	-7,000	-8,457
Financial net	-280,000	-147	-280,236	-326	-387
Appropriations	-	-	-	-	8,728
Profit/loss before tax	-282,389	-2,334	-288,892	-7,326	-116
Tax	517	509	1,910	1,588	0
Net profit/loss for the period	-281,872	-1,825	-286,982	-5,738	-116

The financial net includes impairment of shares in subsidiaries of SEK 280 million.

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

Parent Company's condensed balance sheet

SEK 000	30 Sep 2019	30 Sep 2018	31 Dec 2018
Financial fixed assets	514,803	794,803	794,803
Intangible fixed assets	526	130	157
Total fixed assets	515,328	794,933	794,960
Total current receivables	16,616	27,337	32,319
Total current assets	16,616	27,337	32,319
Total assets	531,944	822,270	827,279
Restricted equity	753	753	753
Non-restricted equity	530,223	819,311	824,932
Total equity	530,977	820,064	825,685
Total current liabilities	967	2,206	1,594
Total equity and liabilities	531,944	822,270	827,279

Quarterly data

Amount in SEK, Group	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2
Net sales	227.6	238.0	252.7	238.2	219.3	239.5
EBITDA	72.5	55.5	70.5	58.8	77.0	73.9
EBITDA, margin	31.9%	23.3%	27.9%	24.7%	35.1%	30.9%
EBIT	-266.1	-1.5	13.5	5.6	23.7	20.7
EBIT, margin	-116.9%	-0.6%	5.4%	2.4%	10.8%	8.7%
Net profit/loss for the period	-280.2	-10.4	0.1	-0.1	8.3	5.6
Cash flow from operating activities	35.7	45.6	43.7	66.3	63.6	40.4
Total ARPM, SEK	342	352	374	360	334	350

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 30 September 2019 encompasses the company and its subsidiaries, collectively referred to as the Group.

NOTE 2 ACCOUNTING POLICIES

This nine-month 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 nine-month report was 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. This 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 lease was entered. 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 as calculated in accordance with IAS 17. The value of these right-of-use 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 are their lease liabilities.

IFRS 16 effects on the balance sheet

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

IFRS 16 effects on the income statement

SEK million	Jan-Sep 2018	Jan-Dec 2018
Other operating expenses	107.5	143.2
Depreciation	-89.4	-118.9
Interest expenses	-20.8	-27.8
Deferred tax	0	0.2
	-2.7	-3.3

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 Treningssenter AS to take over its three clubs in Asker, Norway, through acquisition of assets and liabilities. The transfer took place on 1 January 2019. The final purchase consideration amounted to SEK 32.8 million.

The acquisition contributed SEK 29.7 million in net sales and negative SEK 0.7 million in EBIT during the first nine months of 2019. The amortisation of customer relationships is included in EBIT in an amount of negative SEK 2.0 million.

The following table of the acquired business's net assets is final.

SEK 000

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
Lease liabilities	-161,759
Other operating receivables	535
Other operating expenses	-5,889
Net identifiable assets and liabilities	5,630
Merger goodwill	27,139
Consideration paid	32,769

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 ISSUE OF WARRANTS

In accordance with a resolution of the Annual General Meeting, Actic Group AB issued 780,000 warrants with a term of three years and an exercise price of SEK 34 per share to the subsidiary Actic AB. Subsequently, 555,000 warrants were acquired by senior executives. All senior executives fully exercised their acquisition possibilities.

NOTE 7 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 17.

Net debt and net debt ratio

SEK 000	Jan-Sep 2019	Jan-Sep 2018	Rolling 12 mths	Jan-Dec 2018
Non-current interest-bearing liabilities	433,001	431,725	433,001	432,410
Non-current interest-bearing liabilities - leased gym equipment	46,433	35,409	46,433	38,178
Non-current interest-bearing liabilities - other leasing	716,993	548,760	716,993	585,952
Total non-current interest-bearing liabilities	1,196,426	1,015,894	1,196,426	1,056,540
Current interest-bearing liabilities	15,000	0	15,000	30,000
Current interest-bearing liabilities - leased gym equipment	21,875	19,328	21,875	20,891
Non-current interest-bearing liabilities - other leasing	128,398	114,804	128,398	114,041
Total current interest-bearing liabilities	165,273	134,132	165,273	164,932
Total interest-bearing liabilities	1,361,699	1,150,026	1,361,699	1,221,471
- Cash and cash equivalents	-48,842	-83,502	-48,842	-130,580
Net debt	1,312,857	1,066,524	1,312,857	1,090,891
EBITDA	198,567	226,166	257,381	284,980
Net debt and net debt ratio, multiple	-	-	5.1	3.8

Growth

SEK 000	Jul-Sep 2019	Growth %	Jan-Sep 2019	Growth %
Net sales	227,579	3.8%	718,311	2.18%
Acquired businesses	9,303	4.2%	29,672	4.2%
Divested operations	0	0.0%	-7,272	-1.0%
Currency effect	347	0.2%	3,084	0.4%
Exchange-rate adjusted, organic growth	-1,329	-0.6%	-10,138	-1.4%
Total growth	8,322	3.8%	15,345	2.2%

Financial calendar

Year-end report 2019	20 February 2020
Interim report Jan–Mar 2020	8 May
Interim report Jan–Jun 2020	20 August
Interim report Jan–Sep 2020	10 November

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.

GT Group Training

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: These have not been adjusted for IFRS 16.

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 new accounting policies in conjunction with 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.

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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 right-of-use assets.	EBITDA 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 about 224,000 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.





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