# FITNESS NEWS

Business News and Analysis August 17, 2023 Issue N°182 EUROPE

You're reading Fitness News Europe, the independent business news publication for executives in the international fitness industry. With an online portal and a bi-monthly newsletter, Fitness News Europe provides reliable business news and often exclusive analysis on the fast-moving fitness market. Check out our website for further information about the publication, to register for a free trial and obtain your subscription.

## CONTENTS

### MAIN STORIES

Leading Italian club franchise heading for Balkans
Nike lends its brand to fitness studios
European gym investments push Technogym sales
Bowflex rebrands and cuts loss
Ergofit assets snapped up by German group
German clubs add 400,000 members
Fitseveneleven spreads its wings in Frankfurt
Polish market potential upgraded by Benefit Systems
F45 set to delist shares
Balkan entrepreneurs back Rolla
German duo sets out to disrupt gym software market

### BRIEFS

Gear Briefs: Peloton, Volava, Egym, CLMBR
Gym Briefs: Leejam, Barry's, Xponential

Fitness News Europe is published by Zelus (France)
Editor: Barbara Smit info@fitnessnewseurope.com news@fitnessnewseurope.com


Contact Us www.fitnessnewseurope.com Disclaimer

RETURN TO CONTENTS

# Leading Italian fitness club franchise heading for Balkans

FitActive is preparing for a launch in Romania and other East European markets, after the smart cost concept surpassed 100 clubs around Italy with about 250,000 members.

FitActive has risen in the last years to become by far the largest brand by club numbers in Italy. Eduardo Montefusco, who launched and owns the franchise, estimates that it should reach about 120 clubs with 270,000 members and aggregate sales of €90 million this year. Twelve more clubs are already under construction.

Open at all hours, the orange and black clubs have become established with a monthly membership of €19.90 for access to equipment.

Members pay added fees for extra services, such as unlimited access to group exercise, massage chairs, tanning machines or drinks. This menu-based concept enables FitActive to target a wide range of customers.

FitActive said this week that it has secured locations in Timisoara and Bucharest to get started in Romania, with one own club and one franchise.

It will compete with operators such as StayFit, the Romanian smart cost leader. Other franchises are getting started in Romania, such as Clever Fit. The Romanian tax reforms favouring corporate fitness make it all the more interesting.

FitActive added that it's studying other East European markets, starting with Albania.

Montefusco previously invested in FitActive's launch in Spain, with a club in Barcelona. The company said that the project has been stuck for about two years "because the bureaucracy is much more complex than in Italy." This makes it harder for FitActive to obtain the required permits at its location on Carrer de Gava, in the area of La Bordeta. However, Spanish expansion remains on the agenda.

FitActive started spreading in relatively small cities around Turin and Milan, where it has by far the largest number of its clubs, but the network stretches as far south as Naples and Cagliari.

The locations vary from commercial centers to suburban areas. They should be at least 1,000 square meters, with a catchment area of at least 60,000 inhabitants. With 86 clubs at the end of last year, FitActive said the aggregate sales of its franchises reached €66.4 million in 2022.

Montefusco said two years ago that he owned eleven of the clubs, mostly around Milan. However, he added that his holding company owned stakes of at least 51% in all of the other clubs.

The entrepreneur shares in the risk by putting up guarantees for most of the financing required for the opening of the clubs. Nearly 90% of the franchises have interests in at least two clubs, some of them have more than five.

The pitch for potential franchisees is that return on investment should come after 18 months to 24 months. Clubs require an average of €125,000 in equity for investment, and €700,000 in investment in all.

FitActive competes with operators such as McFit as well as Fit Express, another growing Italian low-cost franchise with 45 gyms at the end of last year. The permanent opening hours pitch FitActive more directly against Anytime Fitness, which has

RETURN TO CONTENTS

46 franchises around Italy.

Montefusco landed in the gym business by making specialist software. He eventually invested in Evolution Life, a gym in Seveso, north of Milan.

The entrepreneur spent two years as sales and marketing director at Fit Express. But the development of FitActive started to take shape in 2015, when the entrepreneur figured out his concept for smart cost gyms.

FitActive is among the few Italian club operators that function with a commercial structure. This means it shouldn't be impacted by the tax reforms implemented from July for non-profit leisure organisations. FitActive even suggests that it could benefit from an improved competitive situation.

# Nike lends its brand to fitness studios

Nike is getting more directly involved in the fitness industry by allowing the use of its brand for the opening of Nike Studios, in partnership with FitLab.

Nike has publicised the planned opening of two studios in West Hollywood and Newport Beach in Costa Mesa, near the Californian headquarters of FitLab, and "more locations coming soon."

Nike Studios should consist of two studio concepts, focusing on functional training and running, along with an app and social fitness events. The workouts will be delivered by Nike trainers.

The move comes after Nike built up its digital ecosystem for training in the last months. It struck a partnership with Netflix last December, meaning that workouts from the Nike Training Club app are available through the Netflix library.

Last May, Nike teamed up with Strava, by integrating with the activity tracking app and hosting a Nike-branded club on the platform.

Just a few weeks ago, the group announced the launch of Nike Well Collective, a wide-ranging program focused on training, which will require the recruitment of more than 1,000 trainers.

FitLab is a U.S. company created just three years ago, to operate fitness club brands as well as digital contents and participation events.

It has raised more than $15 million so far to help scale the venture, with investors including Two Styx Capital, Cava Capital, Snoop Ventures and more.

FitLab boasted early last year that it would start launching connected fitness studios, with ambitions to expand to more than 500 locations by 2025. The company added back then that it already had partnerships in place for 250 locations in the U.S. and plans for international development.

Probably not by coincidence, Brian Kirkbride, FitLab's joint chief executive, is a former Nike manager. He previously supervised the Nike+ Lab and the brand's accelerator program.

Kirkbride launched FitLab in 2019 with Mike Melby, former vice president of New Evolution Ventures. Their purpose was to create a hybrid fitness offering – before this became a global thing.

The precise format of the partnership with FitLab remains somewhat unclear. However, it's unlikely that Nike would lend its brand name to such a venture without having control over the contents and implementation of the concept.

It appears from the initial plans that the partnership could take over and rebrand existing studios, to grow more rapidly. The Hollywood address for Nike Studios is

RETURN TO CONTENTS

the same as Sanctuary Fitness, which is one of the studio brands developed by FitLab, for high-intensity training classes.

The projected scope of the network of Nike Studios and its geographic reach could not be confirmed. "We'll continue to evaluate locations where we have the best opportunity to connect with consumers through premium services, experiences and products," Nike stated.

Nike Studios are offering a special founding membership. It provides unlimited monthly workouts at the member's studio for just $99 per month, which is less than half the standard price "when doors open."

Nike Studios will work with more flexible options, such as drop-in classes. The monthly workout plans are without commitment and their price will be based on location. All access memberships will be launched later.

Nike Training Studios are meant to combine interval and strength training, using functional training gear. The program is broken into training blocks that rotate through three workout types.

Nike Running Studios will provide workouts on treadmills and the studio floor. They're meant to work on cardio, strength, balance and mobility. These studios should have large screens to deliver "competitive features".

The Nike group, which owns Nike along "with the Converse and Jordan brands, reported sales of $48,763 million for the Nike brand alone in the fiscal year until May. When it last broke down sales per sports category two years ago, training made up nearly 9% of its turnover.

Nike has long been involved in digital training content through its Nike Run Club and Nike Training Club apps. It makes apparel and footwear for training, indoor cycling, yoga and more ranges directly relevant to fitness.

However, some specialists are skeptical about the combination with fitness clubs. "This will end badly," was the succinct online reaction of Matt Powell, one of the most respected analysts in the sneaker business.

The Fithubs created with Reebok were mentioned by critics as a less than encouraging precedent. Adidas has adopted another strategy by teaming up with Les Mills to target GenZ consumers.

The other studio brands developed by FitLab include Yoga Vida and Racked, for weightlifting classes. The group's activities include McGregor Fast, focused on combat sports. XPT is a training system from the surfer Laird Hamilton and the beach volley player Gabby Reece.

Early last year FitLab acquired Fitplan, a leading fitness app, and Ragnar, an overnight running relay series with more than 100,000 runners per year. The firm also owns Electric, an action sports brand.

# Steady gym investments push Technogym

Consistent investments from fitness clubs across the U.K., Spain and the Benelux countries helped Technogym to raise its sales by 14.9% to €173.3 million in all European markets other than Italy in the first half of this year.

The entire Italian group's sales jumped by 13.8% to €370.0 million for the six months. This was a rise of 15% in constant currencies, with increases in nearly all regional markets.

RETURN TO CONTENTS

The exception was Asia Pacific, where sales declined by 3.0% in reported terms. The 4% sales increase in North America was relatively weak as well, in part due to unfavourable seasonality and exchange rate changes.

The Middle East, India and Africa was a standout. With a rise of 45.2% to €46.6 million, the regional market has reached almost the same scope as North America. As previously reported, the comparison with last year is somewhat distorted by the consolidation of Technogym Emirates.

Technogym's performance was driven by commercial sales, which were up 20.2% to €290.0 million, while its consumer sales dipped by 4.6% to €79.9 million.

Then again, Technogym said that this business is stabilising. Its sales to consumers increased by 3.3% in the second quarter and they were about twice the size of the first half in 2019. The group's focus in the consumer market is on sales of high-end products to affluent individuals.

The quarter was marked by the launch of Technogym Run and enhancements of the Technogym app, using artificial intelligence to adapt to the requirements of over 50 million users. The group said this led to a 30% rise in performance for equivalent training time.

On the commercial side, Technogym continues to benefit from a more productive direct sales network. Its wholesale business was outstanding in several countries in Europe as well as the Middle East, India and Africa. Just a few days ago, Technogym displayed a high-end installation at Royal Fitness in Sierra Leone.

Technogym's adjusted EBITDA moved up by 14.6% for the half-year, slightly faster than sales. It was pushed by leverage on higher sales, a more favourable product mix and the price hikes implemented last year. The adjusted EBITDA margin firmed up to 16.1%, up from 15.9%.

Technogym ended the six months with adjusted profit of €28.1 million, up 12.6% from the year-ago period. It referred to higher depreciation costs related to investments in digitalisation of its offering, ranging from new technologies to contents.

# Bowflex rebrands and shrinks loss

The Nautilus group is preparing to change its name, after a visual rebranding of Bowflex and a stronger than anticipated start of its fiscal year.

Its sales shrank by 23.8% to $41.8 million for the three months until June, with drops of 17.5% in its own retail business and 29.0% in sales to retailers. But it moved much closer to profitability, with a higher gross margin and sharply reduced costs.

Jim Barr, Nautilus chief executive, told analysts that he has been encouraged by consumer demand. Direct sales were lower for cardio gear but flat on a comparable basis for strength products. Then again, retailers remain cautious with their orders, to avoid building up inventory again.

Membership of the JRNY digital platform jumped by 48.0% to 537,000 at the end of June. Among them, subscribers grew by 17% to 150,000. Nautilus is targeting 625,000 members at the end of March.

Earlier this year, Nautilus launched the JRNY app with motion tracking. Leaning on machine learning from Vay, workouts with motion tracking provide personalised coaching, rep tracking, form guidance and more. They are picked twice as often as

RETURN TO CONTENTS

others on the JRNY app.

JRNY Mobile comes at just under $12 per month or $99 per year, for use on a mobile device with a connectable product. This compares with nearly $20 per month or $149 per year for the full JRNY subscription, which can also be used with Bowflex cardio gear with built-in touchscreens.

After the Nautilus brand's sale in May, Barr said that the group will be renamed by the end of the calendar year.

The visual update for Bowflex adopts distinctive bright colours, and it's meant to convey its "inclusive, empowering and inspiring" identity. It will be used for an updated version of the Bowflex C6 bike and a quieter Max Trainer. The group is launching a Schwinn elliptical as well.

The group's gross margin climbed by 8.0 percentage points to 20.7% for the quarter. It gained 11 percentage points in landed products costs and 2 percentage points in lower discounting.

Operating costs were lowered by 67.0%. Much of the drop is due to an asset impairment charge of $27.0 million in the year-ago quarter. Nautilus cut its staff by about 15% earlier this year, and it sharply lowered its media spend. Its loss from continuing operations shrank from $60.2 million to $4.9 million.

The group's cash position improved with net proceeds of $10.1 million from the sale of intellectual property, $4.6 million from an equity raise and $2.2 million from the sale of Vi Labs. Barr said its added financial flexibility would help to ramp up marketing in the next quarters.

Inventory amounted to $39.8 million, down 15% from the end of March and 62% from June last year, driven by sell-through and inventory management.

Nautilus reaffirmed guidance for sales in the range of $270 million to $300 million in the full fiscal year until March, and an adjusted EBITDA ranging from a loss of $15 million to breakeven.

# Ergofit assets sold to German group

After about two months in financial restructuring, Ergofit's assets are getting integrated by Physiomed Elektromedizin, a German company specialised in fitness and medical equipment.

Commenting on the asset deal, Physiomed said that the two companies have highly complementary assets, which will create substantial sales synergies. Most of Ergofit's employees will remain on board.

Ergofit is strongly established in the German market for fitness and therapy equipment. It provides training circuits as well as standalone machines for customised health training, for cardio and strength workouts.

After more than seven decades under the Resch family's leadership, Ergofit changed ownership last year. It was taken over by Holger Krakowski-Roosen, a professor in sport science, who became Ergofit's managing director. However, Ergofit filed for receivership under its own administration last May.

"We know the market and have appreciated the strongly established Ergofit as a supplier and cooperation partner for many years," said Marcus Melching, chief executive at Physiomed.

This company consists of a combination announced in June between Physiomed and

RETURN TO CONTENTS

Proxomed, two German suppliers specialised in equipment for training, rehabilitation and other medical purposes. They said the equal merger would create a group with joint sales in the range of €30 million.

The joint company has been named Physiomed but its leadership was attributed to Melching, who has been Proxomed's chief executive since 2017.

Berit Garbrecht, who heads up marketing at Physiomed, said that the group intends to continue trading with the three brands. While there is some overlap between the product offerings, some of the synergies could be achieved in international coverage. Physiomed is particularly strong in Latin America and the Middle East.

Physiomed and Proxomed target the market for physical and biomechanical equipment for diagnostics, medical therapy and training. The Ergofit assets could help them to target more fitness clubs, as the industry is focusing more strong on health.

"The company is an outstanding partner for us because it optimally complements our range of services and we can thus achieve considerable synergies," said Melching.

Physiomed's chief executive added that the asset deal fits with the group's purpose to deliver high-quality technology made in Germany. Physiomed equipment is made at its head office in Schnaittach, near Nürnberg.

Jens Lieser from Lieser Management in Koblenz, one of the two lawyers who supported Ergofit's management in the restructuring process, indicated that its financial woes under Krakowski-Roosen's ownership relate to the financing of the acquisition.

While the business was sustainable, its sales had declined due to gym closures in previous years. As things turned out, its profit was insufficient to cover the high interest and other costs around the buy, the lawyer indicated.

Four years ago a majority stake in Physiomed was taken over by KJK Management. It's an investment firm from Berlin named after Karl-J. Kraus, who formerly headed up the German management committee at Roland Berger.

# GEAR BRIEFS

■ **Peloton** has hired Greg Hybl to lead a full service offering for its corporate business. Joining from American Express, Hybl has worked in strategic partnerships and commercial development for more than 20 years. Peloton Business offers include Commercial Bike, allowing an unlimited number of users to ride at no charge to them, in setting such as office and community gyms. Others are built around employee benefits or special partnerships. This comes after Peloton moved to rebuild Precor as an independent entity, probably ahead of another attempted sale. Examples of commercial customers served by Peloton are Hilton, the YMCA, Volvo, Dropbox and Sequoia. Some 7.5 million rides were taken on Peloton bikes in commercial settings in the last 12 months. Markets covered by Peloton Business include the U.K. and Germany.

■ Joel Balagué, chief executive at **Volava**, has told *La Vanguardia* that he is finalising talks with an investor to rescue the Spanish supplier of connected home fitness gear, which filed for protection from creditors a few weeks ago. He said this investor from the American sports business should enable Volava to retain 23 staff and its office in Barcelona. Volava started by selling connected bikes for €1,699 and workouts at €39 per month. It later added treadmills and connected boxing gear. But reportedly, its sales shrank by 60% in the last year, and its losses accumulated to nearly €5 million

RETURN TO CONTENTS

since 2021. The service has not been interrupted. Launched by Joel Balagué in 2017, Volava obtained funding of €3.65 million in two transactions, led by Inveready. Other investors are Media Digital Ventures, Wayra, JME Ventures and participants in a crowdfunding.

■ Andreas Kreil, formerly head of sales at Milon, has become **Egym**'s director of customer experience. He will supervise partner programs and help to enhance the ecosystem. Kreil spent the last 14 years at Milon, after other assignments with Johnson Health Tech and Fitlinxx. He said in a statement that he was impressed with Egym's forward-looking approach and its resources to work with technologies such as artificial intelligence. Kreil has integrated the team headed by Christoph Bischoff, Egym's chief customer officer. As previously reported, Thomas Janz has been appointed as chief revenue officer at Milon, after its takeover by an entity for Christian Jäger, an Austrian entrepreneur. Kreil's appointment comes a few weeks after Egym secured €207 million in growth capital from Affinity Partners and existing investors.

■ **CLMBR** is said to be exploring a "strategic transaction" after a round of layoffs and the closure of its studio in Los Angeles, opened just last year. *Athletech News* reports that a deal is anticipated by the end of the year. The layoffs reportedly affected seven to ten employees, leaving about 30. The supplier of vertical climbers for home and gyms is holding on to its studio in Denver, where it has its head office. Avrum Elmakis, CLMBR's founder, has denied that it intends to file for bankruptcy. European expansion plans were launched last year. But Stefan Sillner's assignment to help drive international sales at CLMBR apparently ended in January. The brand previously attracted investors such as Jay-Z, LeBron James and Novak Djokovic, and it said last December that it secured more funding to launch its next climber.

# German clubs add 400,000 members

The German fitness club industry added about 400,000 members in the first half of this year. With that, membership reached 10.7 million at the end of June, amounting to nearly 13% of the German population.

The market hasn't yet fully returned to the level of 11.7 million members at the end of 2019. But remarkably, members trained about 25% more often in the first half of this year than last year.

These are the estimates shared by the DSSV, the association that produces the annual Eckdaten study of the German industry, in partnership with Deloitte and the University of Applied Sciences in Saarbrücken.

The DSSV makes it clear that the jump since December is due in part to seasonality, since most annual contracts are signed at the start of the year. It adds that operators have started selling memberships with larger discounts, and they are facing higher costs for staff and operations.

This explains contrasted analysis of the economic situation among operators. About 41% of surveyed operators deemed it good or rather good, while 40% estimated that it's bad or rather bad. About 47% of the independent clubs or smaller

RETURN TO CONTENTS

groups said the situation was bad.

About 35% of the operators said that they already returned to their membership level of 2019. Another 11% estimated they would get there later this year, but 54% predicted it would take until at least next year. This share includes 35% of operators who estimate they will return to prior levels in the fourth quarter of 2024 at the earliest.

About 53% of the respondents said they intend to invest in the second half of this year. This compares with 75% of operators saying at the end of last year that they intended to invest in 2023.

Some 44% of the respondents said they intend to use their own financial resources, while 30% will use leasing facilities offered by suppliers or other parties. Another 22% will probably turn to their banks for loans to help finance investments.

About 71% said they didn't anticipate any issues to get financing. Only 10% thought it "highly unlikely" they would get the financing in the second half of this year.

The details clearly show the increased concentration in the German market. The country's gym chains, operating at least five clubs, reached 6.3 million members at the end of June, which is above the 6.1 million they had at the end of 2019.

But that is not the case for the independent clubs and smaller groups. They had 4.0 million members at the of June, which is up from 3.9 million at the end of last year but down about 18% from 4.9 million at the end of 2019.

The number of studio members remained roughly unchanged in the last six months, at 0.4 million members, implying that the studios lost market share against the groups.

# Fitseveneleven spreads its wings in Frankfurt

Frankfurt's fitness enthusiasts will soon be able to work out at Fitseveneleven when they fly in and out of the city, as the operator is opening a gym at the German financial capital's airport in September.

This will expand Fitseveneleven to 26 gyms around Frankfurt and the Rhein-Main area. It has turned into one of the most prominent regional players in the German market, operating several concepts under the same brand.

Yumina Maharaj, who heads up marketing for Fitseveneleven, said it's preparing to take its concept to at least one more city south of Frankfurt. But she added that there could still be more potential for the brand in Frankfurt, because it has adjusted its format to make it work on smaller surfaces.

Started in Eschborn in 2008, Fitseveneleven has taken up locations ranging from the small town of Nauheim to the Zeil, the busiest shopping street in Frankfurt. The facilities include clubs of about 500 square meters in the city center as well as 3,200 square meters with four floors and a roof terrace in Bad Homburg.

The airport club should open on about 1,000 square meters in The Squaire, an office complex across from Terminal 1, which will have restaurants, food stands and standalone stores.

This gym will be permanently open, unlike all the others. They all have reception counters, where members are meant to check in with a card or a wrist band.

The brand was launched by Markus Fritz, its owner and chief executive, with a payoff

RETURN TO CONTENTS

that proclaims "the end of boring gyms." Muharaj said it was steadily built without support from external investors, with one or two openings per year.

Fitseveneleven already has about 80,000 members paying from €15 to €45 per period of two weeks, with a commitment of 60 weeks. Without commitment, the prices range from €18 to €48 for two weeks.

Muharaj said that membership is split almost equally between the flexible and the annual memberships. The prices are inclusive of group exercise, onboarding advice, updated training plans and all services other than personal training.

The latest Fitseveneleven will be run under the Black Label concept, which offers cardio, strength and functional training gear. Most of the Fitseveneleven clubs were built for this concept, with classes and a wide range of equipment.

At €23 for two weeks over a period of 60 weeks, members at the Black Label clubs have access to all these clubs and Red Label facilities. With just two clubs so far, this second concept consists of "authentic, raw and functional" clubs, which are most suitable for strength training.

Another four Pink label clubs are for women, again offering a combination of cardio, strength and functional training - and a particularly wide variety of classes.

Then there is the White Label, which is the more upmarket version of Fitseveneleven. Situated in the Taunus tower, in Frankfurt's banking area, this single club is meant for training as well as recovery.

Fitseveneleven clubs all provide a wide range of training gear, from suppliers such as Technogym, Precor and Gym 80Some of them have group classes, and a few offer wellness areas.

After the airport, Fitseveneleven has scheduled another opening in Oberusel around the start of the year, and Frankfurt School later in 2024.

Just three years ago Fritz launched The Medical Gym, in Frankfurt Sachsenhausen. This separate concept provided equipment from brands such as Technogym, Milon and Proxomed, as well as wellness areas. But The Medical Gym was sold last year, and the location in Sachsenhausen was taken over by Prime Time Fitness.

# Polish market potential upgraded by Benefit Systems

Spreading demand for fitness, the potential of GenZ and structural market trends have led Benefit Systems to upgrade its estimates on the market potential in Poland.

The leading Polish aggregator reckons it could reach 2.5 million to 2.8 million Multisport cards in this market, up from an earlier estimate of 1.8 million to 2.2 million.

Along with the demand from employers and the younger generations, Benefit Systems mentions the relative decrease of sport card prices, and the potential to target smaller firms.

This comes after Benefit Systems reported 1.33 million Multisport cards in Poland at the end of June, up more than 31% from last year.

This compares with 3.05 million fitness club members in Poland in 2019, as estimated by Europe Active and Deloitte in their European Health and Fitness Club Market Report.

RETURN TO CONTENTS

Benefit Systems said the rise came from a mix of added customers and upselling to existing customers. Average sales per unit increased by 13% in the second quarter.

The combination raised the group's sales from Polish cards by 52% to 396.0 million zlotys (€88.6m) for the quarter, and the gross profit per card jumped by 30%.

Benefit Systems supports this growth through the expansion of its own clubs, under brands such as Zdrofit, Fabryka Formy and Total Fitness. It had 190 clubs around Poland at the end of June, up 19 from the previous year. That's after the takeover of 13 Calypso gyms and six Saturn clubs, as reported earlier.

Sales of the group's Polish clubs climbed by 55% to PLN149.1 (€33.4m) for the quarter. They turned in EBIT of PLN 14.8 million, after a loss of PLN 9.6 million for the year-ago quarter.

Moves to improve the offering in the group's clubs should include the wider usage of the Zdrofit app. The target is for half of all customers, be it card holders or club members, to use the Zdrofit app in 2025.The group intends to launch a loyalty program based on gamification next year. A higher rate of mobile membership purchases should help to optimise costs as well.

Several of the same factors were at play in other markets covered by Benefit Systems, from the Czech Republic and Slovakia to Bulgaria, Croatia and Turkey.

The volume of cards moved up by 31.5% to 470,500 across the five markets. But they fell by 5% in Bulgaria compared with the end of March, due to a change in the Multisport price list. Benefit Systems has more than 400 partners for its cards in Turkey, its latest market, where it sold over 3,000 cards.

Benefit Systems saw the sales of its foreign card business grow by 58% to PLN187.7 million (€42.0m) for the quarter, while its club business improved by 38% to PLN31.9 million (€7.1m), with higher sales per unit and more sales from Multisport visits. It had 25 Czech, Slovak and Bulgarian clubs at the end of June.

# F45 to delist shares

F45 intends to voluntarily delist from the New York stock exchange and to deregister its securities, after two turbulent years as a public company.

The high-intensity studio franchise holder listed its shares in July 2021, in a deal valuing it at more than $1.4 billion. Launched at $16, its shares declined steeply from late February last year, to less than $1.0 almost constant since April 29.

F45's had to slash its expansion plans in July last year, which sent its shares tumbling down by more than 60%. Adam Gilchrist, F45's co-founder and chief executive, transferred to the board as an independent member. He resigned from the board last April.

Part of the issue was that the low share price didn't help to secure financing to support F45's growth.

F45 said that it was delisting because it couldn't take advantage of the usual benefits of this status, such as the ability to raise capital from the public markets. The decision to "go dark" would yield "substantial cost savings" and help management to focus on operations. It anticipates that the delisting will become effective on September 3.

The Australian concept that established its head office in Texas was warned by the securities and exchange commission that it was not compliant with listing requirements because it was behind with filings and its share price was below $1.00 for more than 30 trading days in a row.

RETURN TO CONTENTS

F45 has yet to issue financial statements for all of last year. A few weeks ago, it warned that its financial statements for 2021 and the first three quarters of 2022 would be restated, and that this should lead to a material rise of its net loss for these periods.

# GYM BRIEFS

■ The dynamics of the Saudi fitness club market transpire in a sales increase of 24.6% to 578.7 million Saudi riyals (€142.0m) for **Leejam** in the first half of this year. Its profit soared by 64.7% to SAR135.1 million (€33.2m) for the six months. Leejam is the group behind Fitness Time, the leading club brand in Saudi Arabia. Its membership sales grew by 24% to SAR387.5 million for male centers and by 30% to SAR114.9 million for female centers. Sales from personal training were up at both, leading to a sales uptick of 31% to SAR63.2 million. About 98% of sales came from Saudi Arabia, but SAR11.2 million in membership revenues came from the United Arab Emirates, up by 44% from the same six months last year. Leejam had more than 327,000 members at 156 centers at the end of last year, 112 for men and 44 for women. Most of them are large clubs, but it added nine Xpress clubs to end up with 25. Earlier this year it struck a partnership with Burjeel Holdings, an Emirati healthcare firm, to create 60 physiotherapy centers in Leejam facilities.

■ **Barry**'s is preparing for a launch in Israel, through a partnership between Israeli entrepreneurs and existing partners. The high-intensity training concept should get started in Tel Aviv, as part of a three-unit deal. The move was publicised online by Joey Gonzalez, Barry's chief executive. The brand is reportedly finalising other expansion plans in Bahrain and Egypt. The Middle East is targeted by a growing number of gym and studio franchise brands, from Europe and other regional markets. The partners for Barry's in Israel include Jonathan Betesh, a consultant and director of Betesh Group, along with Sam Keisner from Go10x Ventures. Messaging from Gonzalez indicates that Johan Nilsson is on the team as well. He heads up Barry's Nordic, which runs studios in Sweden, Norway and Denmark. Nilsson already supported Barry's launch in Spain last year. Barry's has 84 locations in 14 countries. It evolved last year with the launch of a strength and cycling concept, Ride x Lift, which is a lower-impact alternative to its high-intensity classes.

■ **Xponential** Fitness has slightly raised its guidance for sales to reach between $295 million and $305 million this year, with 540 to 560 studio openings. This comes as the group behind Cyclebar, Club Pilates, Rumble and many other brands is continuing to expand in Europe, as previously reported. The latest agreements allow Texan franchisees to take Club Pilates into France and the LifeFit Group to launch Club Pilates and Yoga Six in the Netherlands. The group's sales jumped by 30% to $77.3 million in the second quarter. Comparable studio sales in North America were up by 15%, after growth of 25% in the same three months last year. On a quarterly run rate basis, unit sales reached an average of $561,000. Xponential's adjusted income came in at $4.2 million for the three months, up from $0.1 million. Its partnership with Lululemon was prolonged and expanded in June. Sales of its North American system are pro-

RETURN TO CONTENTS

jected to land between $1.385 billion and $1.395 billion, up about 35% in the middle of this range.

# Balkan entrepreneurs back Rolla

Rolla has secured funding of €6.3 million for its fitness app, which makes the Bosnian company the recipient of the largest seed investment for a health and fitness startup in Eastern Europe.

Rolla set out to create a gamified fitness platform that makes it easier to stick with training habits, on treadmills or bicycles. Its app provides customised and adaptive features for individual fitness levels, preferences and goals.

The deal is all the more interesting since it was supported by two of the most high-profile tech entrepreneurs in the Balkans, Mate Rimac from Croatia and Sacha Dragic from Superbet Group in Romania.

The Bosnian fitness tech company was created in Mostar by Igor Krezić. He previously established five other companies that jointly generated annual sales in the range of €30 million.

Rolla wants to stand apart from other fitness platforms by making it easy to get started and integrating data from connected services. An early version of the the app was launched earlier this year, and the complete gamified version should be ready early next year.

The firm explains that the system takes into account abilities and effort, which helps create more engagement. It stimulates daily efforts as well as longer-term commitment, and makes it easy for users to navigate their progress.

The funding was led by Rimac, a Croatian entrepreneur who has been described as the Elon Musk of Eastern Europe. Rimac Group boasts that it makes the fastest "electric hypercar" in the market.

Another participant is Hellen's Rock, the Bucharest-based family office for Dragic. He created Superbet Group and led it until four years ago. This tech-driven Romanian group, focused on sports betting and gaming entertainement, received €175 million in funding from Blackstone.

With the funding, Rolla intends to continue developing its product and to rapidly expand its customer base. The plan is to set up another regional development hub in Bosnia and Herzegovina, along with a European commercial hub to drive growth in Western Europe.

Rimac and Dragic both emphasised that they were impressed with Krezić and his drive to invest in Bosnian tech. The two saw a gap in the market for a tool that helps consumers lead a healthier lifestyle with the help of data and gamification.

"It has the potential to reshape the fitness industry by creating a more personalised and inclusive approach to health and wellbeing," Dragic said in a statement.

Rimac has already been involved in the sports business with Greyp Bikes, the group's bicycle unit, making "fully connected" electric bikes. They used some of the same battery tech as the hypercars, but with added connectivity, sensors and gamification. Porsche Ventures bought a majority stake in Greyp two years ago.

RETURN TO CONTENTS

# German duo set out to disrupt gym sofware market

Two former Deutsche Bank managers have raised funding for gym software targeting larger operators and boasting a disruptive potential.

Serge Reit, Yond's chief executive, explains that its system helps gyms to fully automate key operating processes, instead of just assisting manual membership data management.

"That opens up huge opportunities in the fitness club market, where many software systems are built on outdated technology," said Reit.

Formerly head of data architecture at Deutsche Bank, Reit set up Yond last year with Nicolas Kübler, its chief technology officer. The system automates member administration and payments, and it allows for customer self-service.

The pre-seed funding was provided by the latest High-Tech Gründerfonds (HTGF), which is backed by the German government and some of the country's largest firms. Reit declined to share the size of the funding, but it should support Yond's development for at least one year.

Yond's product was launched in the German market in January at Prime Time Fitness, a group of 13 performance-oriented clubs in Frankfurt, Munich and Hamburg, and two in Switzerland.

Reit was a member, and he advised the chief executive, Henrik Gockel, on his software. He and Kübler ended up creating an entire system, which led Prime Time to switch from Magicline.

"Unlike traditional membership management software, they prioritise automating core processes, and enabling data-driven management," Gockel explained. "It's like creating an operating system for fitness clubs."

Another asset is that Yond is a cloud software. "Most software providers say that they use cloud technology, but this often means that the software is accessible through the cloud and built using an older tech stack," said Reit. "We're a real cloud software, meaning that we use cloud services, to secure scalability and to participate in the innovation driven by cloud providers."

As he explains, working with suppliers such as Google ensures that the system is always fully compliant, and its technical quality is constantly updated.

At the same time, Yond allows customers to use its APIs and to create their own integration with relevant partners. "What's unique in our industry is their radically open platform," Gockel says.

This is particularly useful for Prime Time's partnership with Egym Wellpass in Germany, which was announced this week. Gockel explained that the integration between Yond and the aggregator owned by Egym will eliminate the need for QR code scanning or additional app check-ins by Wellpass customers.

Another existing partner is Virtuagym, which provides Prime Time's training app. An integration with Yond allows members to directly book appointments with Prime Time trainers in the Virtuagym app.

The cost of using Yond is based on volume, down to 30 cents per member and per month for more than 100,000 members. "We're keeping it simple, there's one product and nothing to upsell," said Reit.

RETURN TO CONTENTS

Several more operators will switch to Yond in the next months. It's targeting larger groups so far, starting with Germany and other European markets.

However, Reit adds that Yond intends to launch its service for standalone clubs next year, and to get started in the U.S. at a later stage. He estimates that Yond's technology has even more potential in that gym market. The former banker adds that the country's payment systems are far from optimal.

Based in Wiesbaden, Yond has nine employees so far, eight of them working in development. Most of the funding will go into more development resources.