Q3 2023

INTERIM REPORT
JULY-SEPTEMBER 2023

CEO SONDRE GRAVIR
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INVESTOR RELATIONS: STINE.KLUND@SATS.NO, +47 98 69 92 59

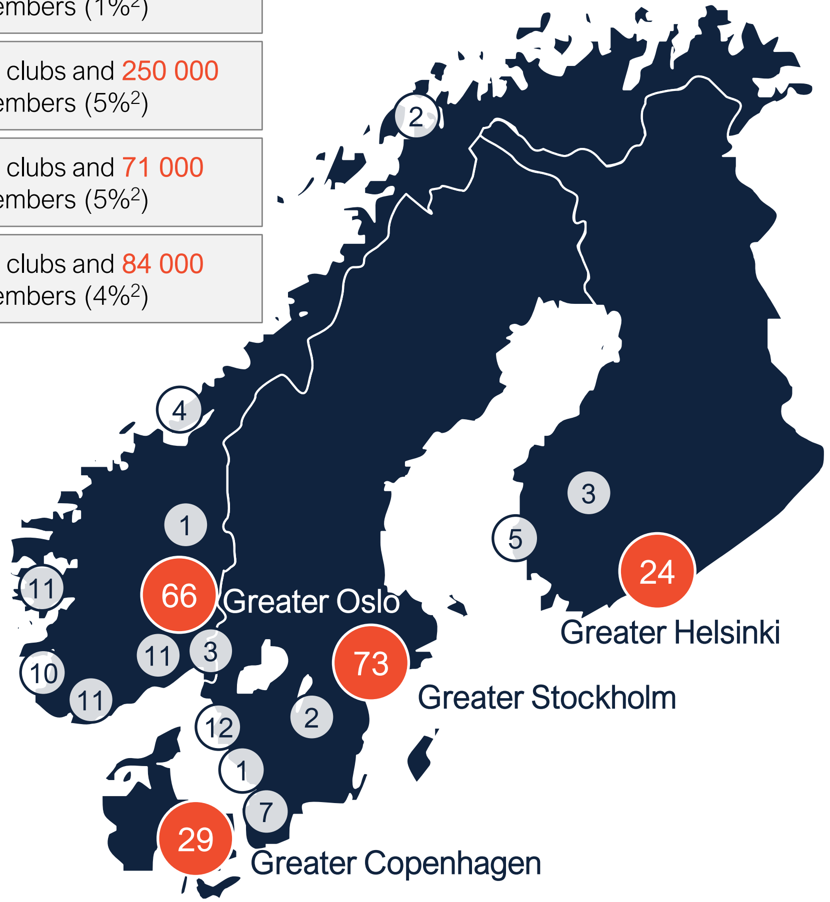
Q3 2023 SUMMARY

119 clubs and 326 000 members (1%[2])

95 clubs and 250 000 members (5%[2])

32 clubs and 71 000 members (5%[2])

29 clubs and 84 000 members (4%[2])



275 CLUBS

731 000 MEMBERS

#1 IN THE NORDICS[1]

#4 IN EUROPE[1]

KEY FIGURES	Q3 2023	CHANGE VS Q3 2022
TOTAL REVENUES	1 106 MNOK	14%
EBITDA BEFORE IFRS 16	155 MNOK	673%
EBITDA BEFORE IFRS 16 MARGIN	14%	12 P.P.

1) Measured by 2022 revenues based on figures from Deloitte EuropeActive EHFMR 2023
2) Compared to Q3 2022

STRONG FINANCIAL DELIVERY IN THE THIRD QUARTER

Strong financial delivery YTD with total revenues of NOK 3 507 million (+12% curr. adj.) and EBITDA[1] of NOK 486 million (+279% curr. adj.)

Steady member growth, significant yield increase and improvement in club utilization by increasing members per square meter, contributing substantially to improved financials due to a high drop-through to EBITDA

Maintained a strong cost discipline and a conservative capex spend

Improved earnings and cash generation resulting in high-paced deleveraging from 10.5x to 3.1x (net debt to EBITDA[1])

1) Before IFRS 16

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STRONG GROWTH IN CORE BUSINESS

No signs of weakened consumer sentiment within gym memberships, which is the core business, constituting ~80% of revenues

Somewhat slower additional sales, constituting ~20% of revenues

STRONG PRICE DEVELOPMENT

Average membership price (curr. adj.) for:

NEW MEMBERSHIPS: **+18%**

FULL MEMBER BASE: **+6%**

VS Q3 2022

Higher membership prices driven by price adjustments during the winter, as well as lower campaign level.

SUPPORTIVE MEMBER SALES

Sales of new memberships:

+23% **VS Q3 2019**

-11% **VS Q3 2022**

Continued steady member growth in the quarter, in line with the trajectory indicated in previous outlook sections.

SOMEWHAT SLOWER ADDITIONAL SALES

PT and retail revenues (curr. adj.):

PT REVENUES: **-1%**

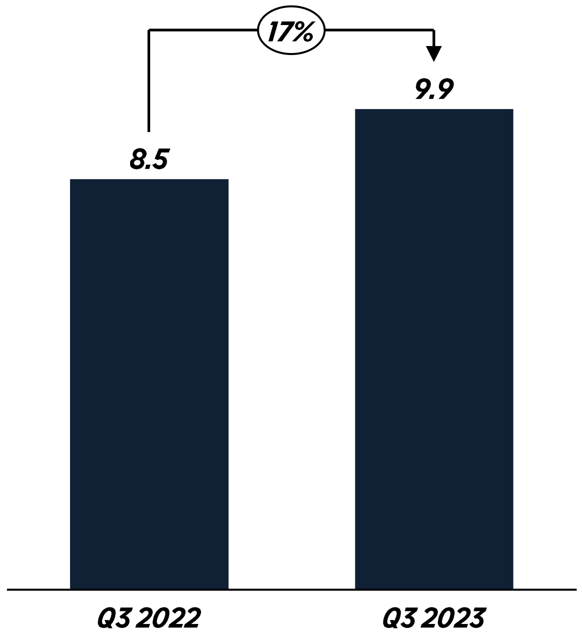
RETAIL REVENUES: **+2%**

VS Q3 2022

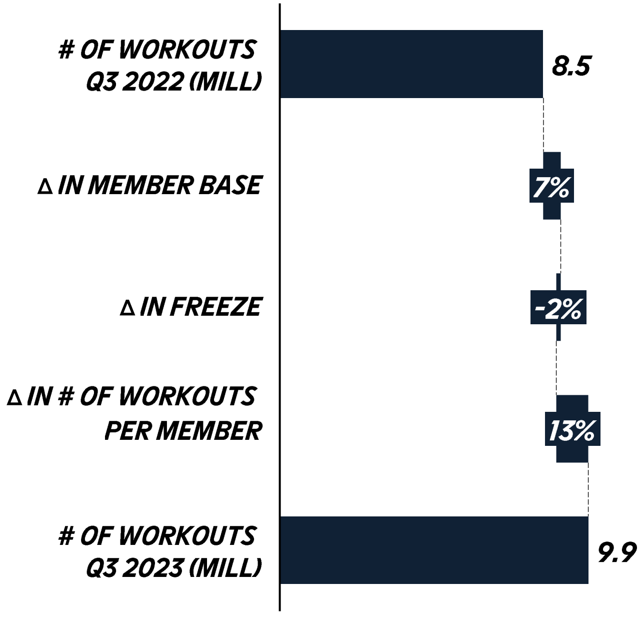
PT demand dampened, but higher prices and better margins compensating. Reduced retail revenues per visit, offset by visit increase.

HIGHER ACTIVITY LEVEL LAYS THE FOUNDATION FOR BETTER PUBLIC HEALTH AND HEALTHY FINANCIALS GOING FORWARD

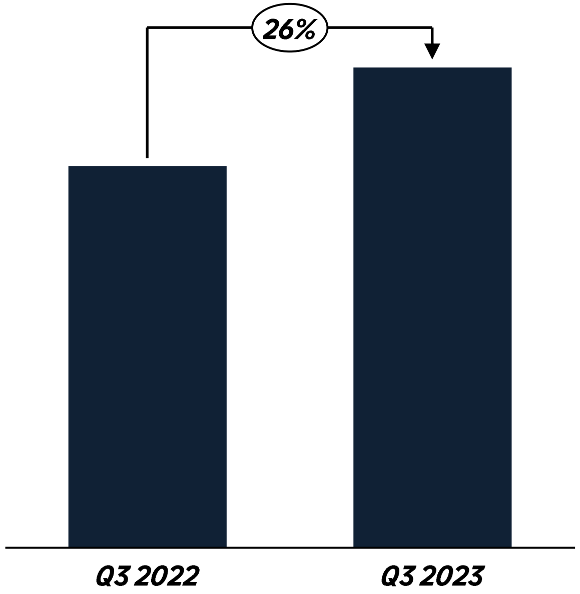
OF WORKOUTS (MILL)



DRIVERS FOR CHANGE IN # OF WORKOUTS



OF GROUP TRAINING WORKOUTS



- The combination of more members and the higher activity level per member drives the activity level up
- The trend in the third quarter is consistent with the first half of the year, indicating a positive shift in loyalty in the member base
- Group training up 26% compared to last year, in combination with higher member satisfaction with the group training product

HEALTHIER MEMBERS = HEALTHIER SOCIETY

IN THE LAST 12 MONTHS SATS MEMBERS HAVE CONTRIBUTED WITH:

~ NOK 22.6 BILLION IN SOCIO-ECONOMIC WELFARE GAIN

~16 000 QUALITY-ADJUSTED LIFE YEARS (QALYS)

SUPPORTED BY:

- Robust megatrends driving activity levels and higher health awareness
- SATS helping members succeeding with their training
- Higher fitness membership penetration among younger generations - expected to keep those habits through life

Please see appendix for methodology

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ZOOMING OUT AND TURNING THE CLOCK BACK ONE YEAR

REVISITING THE KEY MESSAGES FROM THE CMD (1/2)

SHORT TERM ROAD TO PROFITABILITY ALIGNS WITH OUR LONG-TERM VALUE CREATION STRATEGY

- The long-term outlook remains:
  - The fitness industry does not look fundamentally different than it did prior to the pandemic
  - SATS' long-term strategy remains
  - The company's club portfolio is stronger than at the IPO, possessing significant potential and untapped EBITDA capacity

- However, short-term measures are aimed at keeping a sharp focus on the core business:
  - Grow members per club, both through recovery of the LFL clubs and maturation of the new clubs
  - Grow average revenue per member
  - Reduce overhead and club cost to utilize scale and operational leverage
  - Apply a precautionary expansion approach in the short term: Pausing further club growth, prioritizing to reduce net debt

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ZOOMING OUT AND TURNING THE CLOCK BACK ONE YEAR

REVISITING THE KEY MESSAGES FROM THE CMD (2/2)

THERE IS SIGNIFICANT POTENTIAL IN FILLING OUR EXISTING CLUB PORTFOLIO WITH MORE MEMBERS

- With high a drop-through from membership revenue to EBITDA of ~90%, the earnings potential of filling up clubs with more members is significant
- Still ample room for growth beyond pre-covid level in terms of members per club, optimizing visits per sqm as key performance metric
- Most important levers to realize the potential:
  1. Improve the product offering, both on an individual club and cluster basis
  2. Upgrade or relocate clubs
  3. Optimize club layout at our fullest clubs
  4. Downsize and/or relocate clubs with spare capacity

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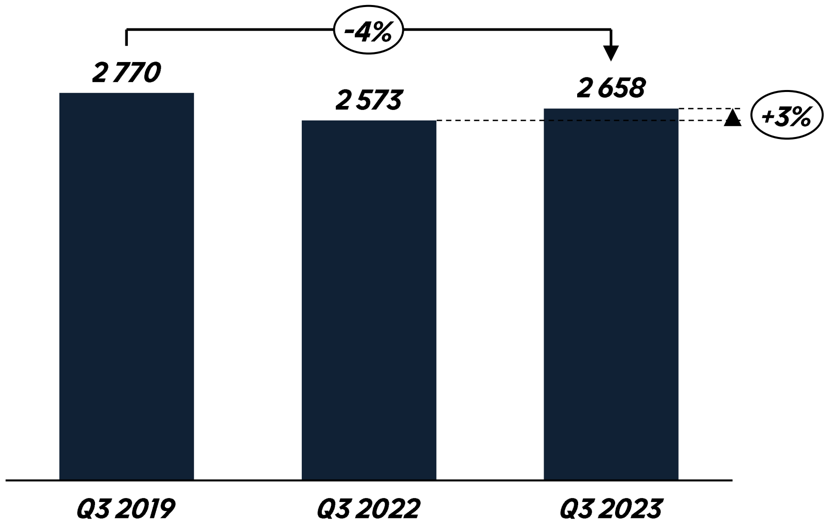
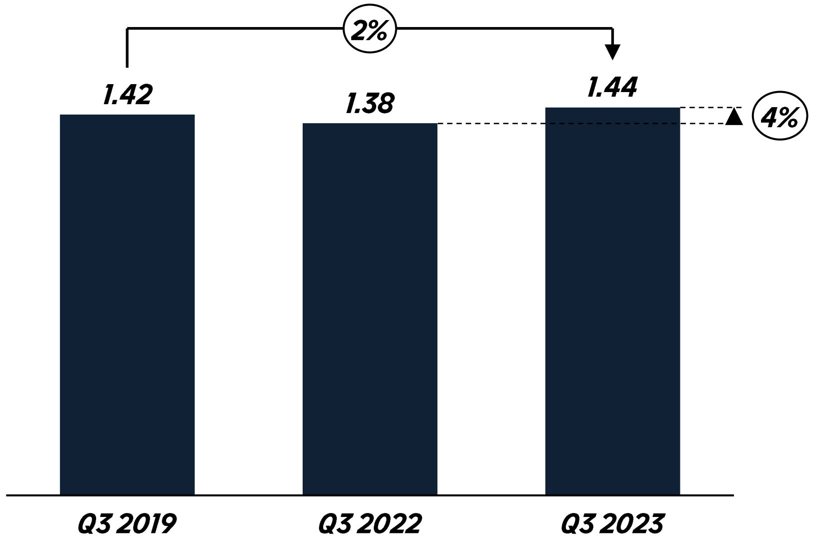
WITH RENT BEING ONE OF OUR LARGEST COST COMPONENTS, THE IMPROVEMENT IN SPACE UTILIZATION IS KEY TO SUCCESS

MEMBERS PER CLUB



MEMBERS PER SQM



- Still behind pre-pandemic levels in terms of members per club, but utilizing the total rented space better, with more members per sqm
- Opening slightly smaller clubs than the average in the base due to higher space utilization, as well as downsizing clubs with spare capacity
- Still significant unleashed potential in improving members per sqm

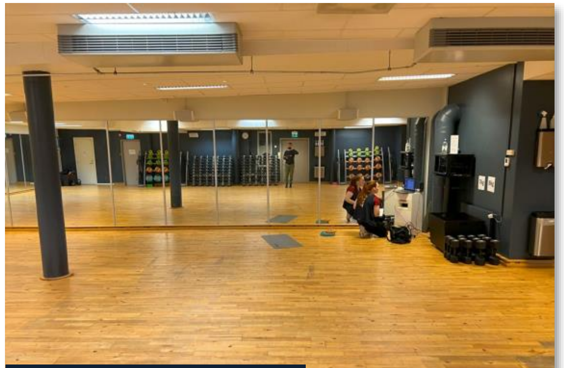
FACILITATING MORE MEMBERS AND VISITS: EXAMPLES FROM THE PAST YEAR

UPGRADE OF SATS NATIONALTHEATERET

- Refurbished during the Summer to achieve a fresh look and feel, as well as an attractive equipment mix, based on usage data
- Removed group training rooms to facilitate more gym floor space, as SATS Nationaltheateret is a small club with a broad group training offering in the micro cluster

VISITS
+126%
AUG & SEPT Y/Y

NPS
+37%
AUG & SEPT Y/Y



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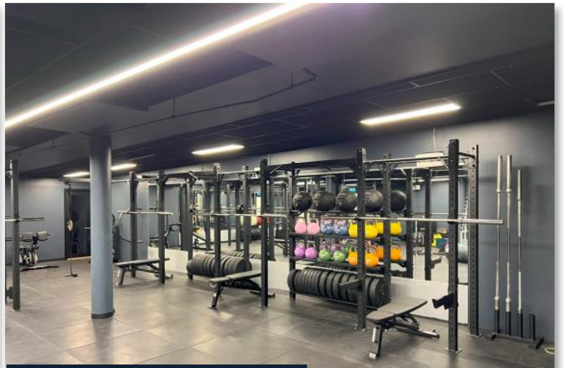


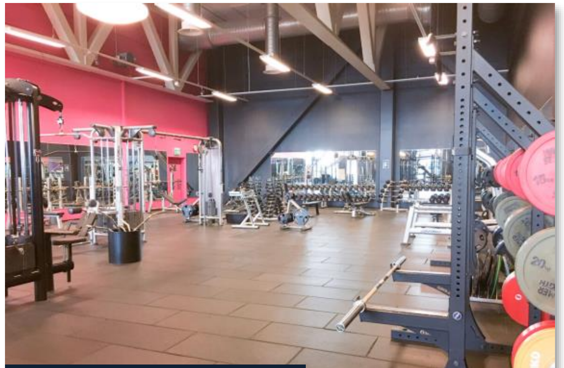
AFTER

RELOCATION OF ELIXIA RUOHOLAHTI

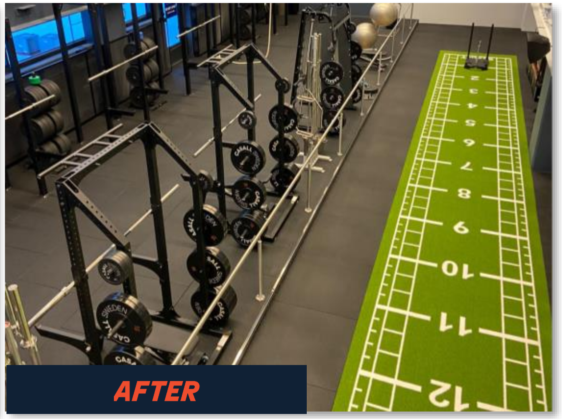
- Relocated in December 2022 to improve micro-location in terms of availability and visibility, as well as upgraded facilities

VISITS/SQM
+148%
YTD Y/Y

CLUB EBITDA
+221%
YTD VS 2019



BEFORE



AFTER

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NO CHANGES TO THE CLUB GROWTH PIPELINE, FOCUSING ON OPTIMIZING CLUB PROFITABILITY AND REDUCING NET DEBT

	Q3 2023	Q4 2023 - FY 2024
+	**2 GREENFIELDS** SATS Karlaplan SATS Triaden	**5 GREENFIELDS PLANNED FOR THE NEXT YEAR** ELIXIA Ratina (Q4 2023) SATS Sluseholmen (Q1 2024) SATS Kungsmässan (Q1 2024) SATS Mölndal (Q3 2024) SATS Haga Norra (Q3 2024)
–	**NO CLUB REDUCTIONS**	**NO FURTHER CONCLUDED CLUB REDUCTIONS**

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MEMBER GROWTH, YIELD GROWTH, COST AND CAPEX DISCIPLINE – WE DELIVER ON THE CMD ACTIONS…

	INITIATIVES COMMUNICATED ON THE CMD	STATUS	PROOF POINT
1	Increased the utilization of the existing club portfolio	✓	Members per sqm +4% vs Q3 2022 and +2% vs Q3 2019
2	Lifted prices to counteract inflation and realize potential willingness-to-pay	✓	Yield +6% (curr. adj.) vs Q3 2022
3	Demonstrated strong cost discipline and executed an effective cost-reduction program	✓	Total operating costs -3% (curr. adj.) vs Q3 2022, despite high inflationary pressure
4	Proved strong maintenance CAPEX discipline	✓	Precautionary spending approach with maintenance capex at 1.6% of revenues YTD, to be increased from Q4
5	Kept the temporarily precautionary expansion approach with no further club growth, enabling deleveraging	✓	Leverage ratio[1] down to 3.1x vs 10.5x in Q3 2022

1) Net debt divided by last twelve months Adj. EBITDA before IFRS 16

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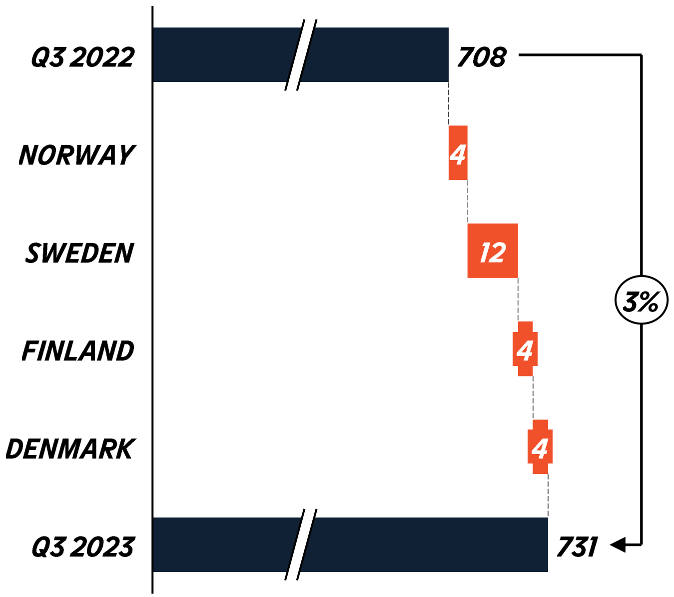
...AND WE ARE COMMITTED TO CONTINUE DELIVERING ON THIS ALSO GOING FORWARD

- We will further improve club efficiency and our subscription-based business model provides predictability for revenues and time to adapt to changes, if necessary
- We will continue to grow the member base and members per club, growing our financial results and cash generation due to high operational leverage; revenues from new members drops 90% to EBTIDA
- We will focus on our core business and further reduce our debt levels in the short term
- We will increase investments in our existing clubs, growing the existing club capacity and improving our product offering for existing and new members
- By doing this, we are building financial robustness in order to enable future growth in a growing market

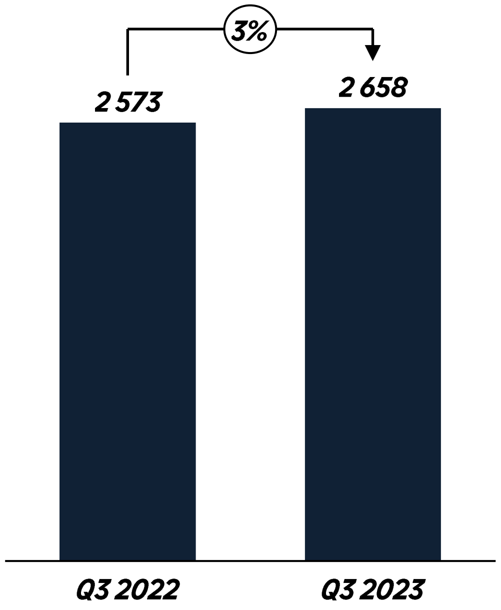
FINANCIAL REVIEW

STRONG MEMBER GROWTH

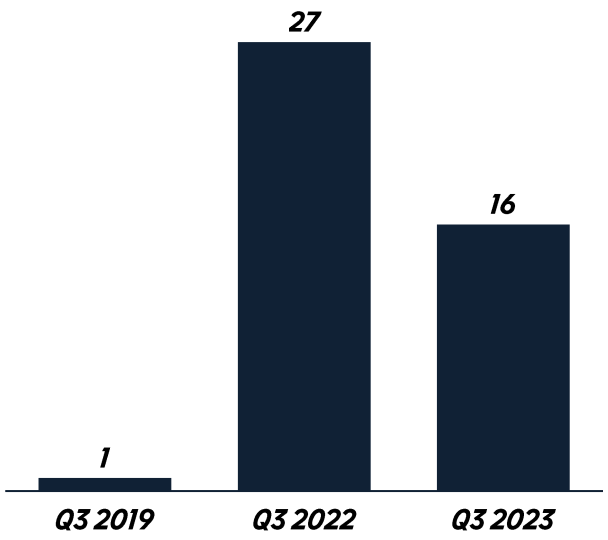
TOTAL MEMBERS ('000) BY SEGMENT



MEMBERS PER CLUB



NET MEMBER GROWTH ('000)[1]

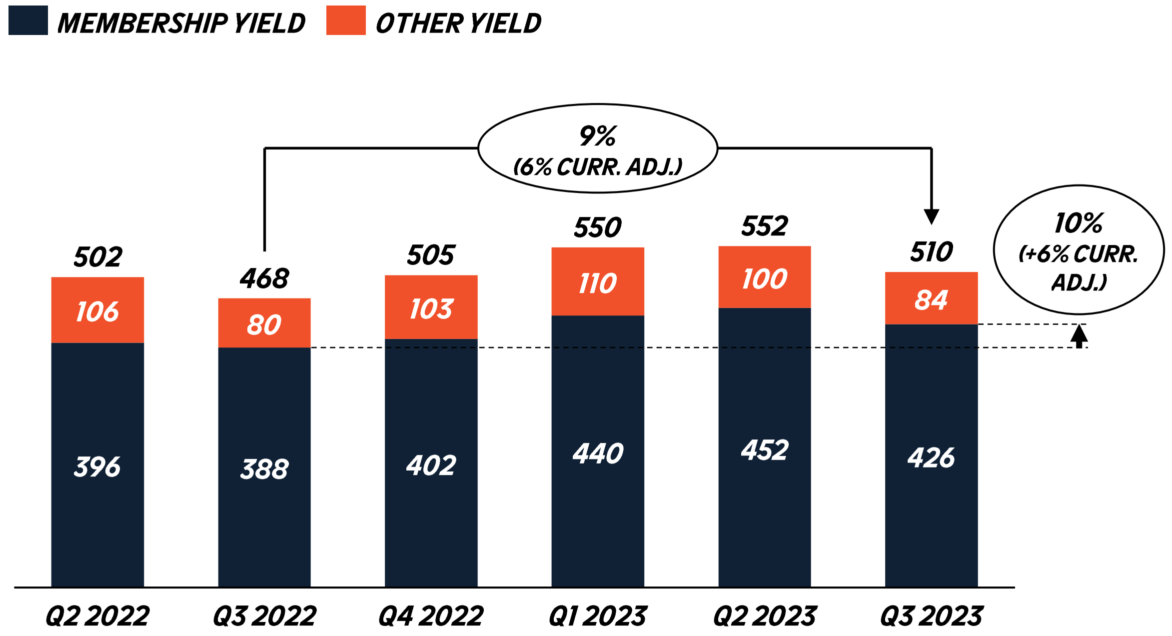


- Resilient member base in a challenging macro environment with steady member base growth the past year
- Net growth of 16 000 members is seasonally strong despite being behind tough comparable numbers for last year
- Members per club at healthy levels, but still potential for further growth by optimizing capacity in existing clubs

1) Excl. acquisitions and closed clubs

GROWTH IN YIELD AND UNDERLYING PRICES

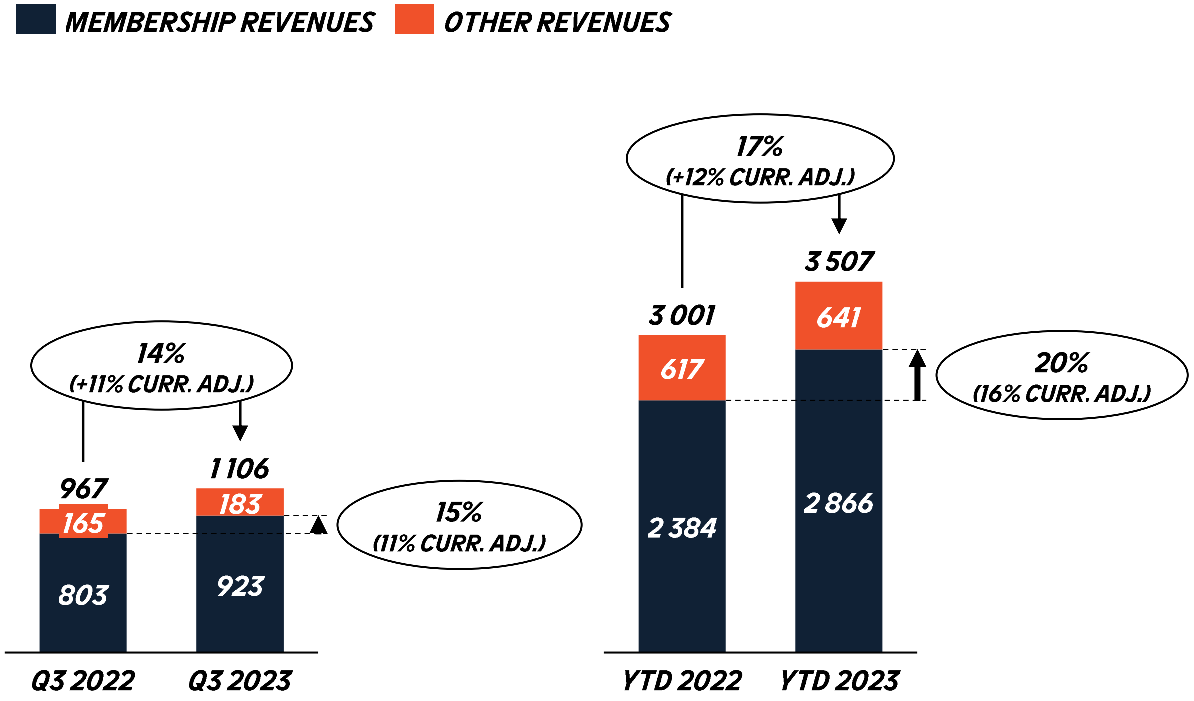
TOTAL ARPM (NOK)



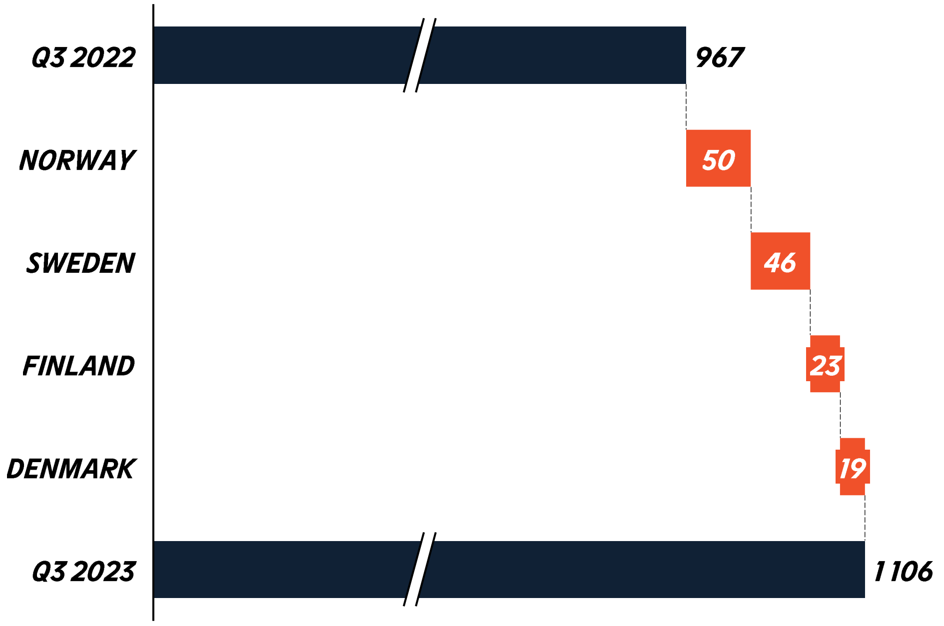
- ARPM improvement mainly driven by membership yield increase after price adjustments during the winter
- 6% curr. adj. membership yield increase implies a membership yield-driven revenue improvement in the quarter of 50 million
- Seasonally higher freeze during summer months temporarily reduce membership yield
- Other revenues developing slower, with flat curr. adj. development in revenue per member compared to last year, both for personal training and retail

CONTINUED PROGRESSION IN REVENUES DRIVEN BY BOTH VOLUME AND PRICE

TOTAL REVENUES (MNOK)



TOTAL REVENUES (MNOK) BY SEGMENT



- Solid revenue development of 11% (curr. adj.), in line with the YTD development
- The member revenue increase of 11% (curr.adj.) in the quarter and 16% YTD is an important proof point of our ability to build member base and charge a fair price for memberships
- Moderate growth in other revenues with slower development for PT and retail, but with improved margins due to increased list prices and fewer campaigns

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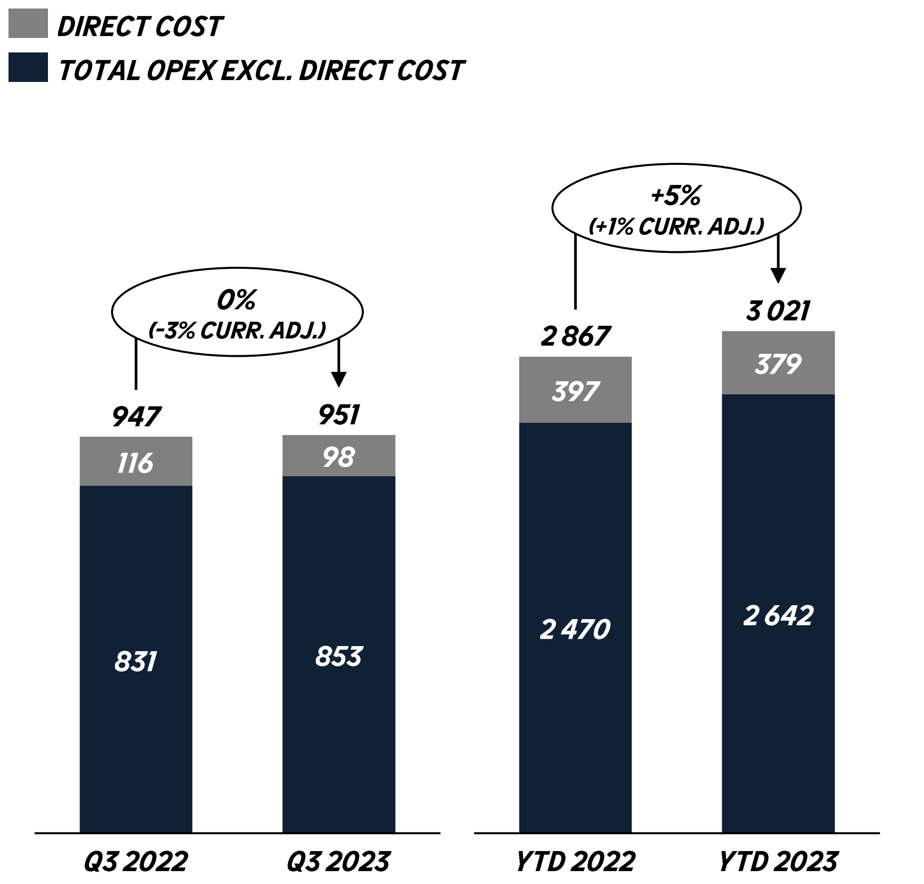
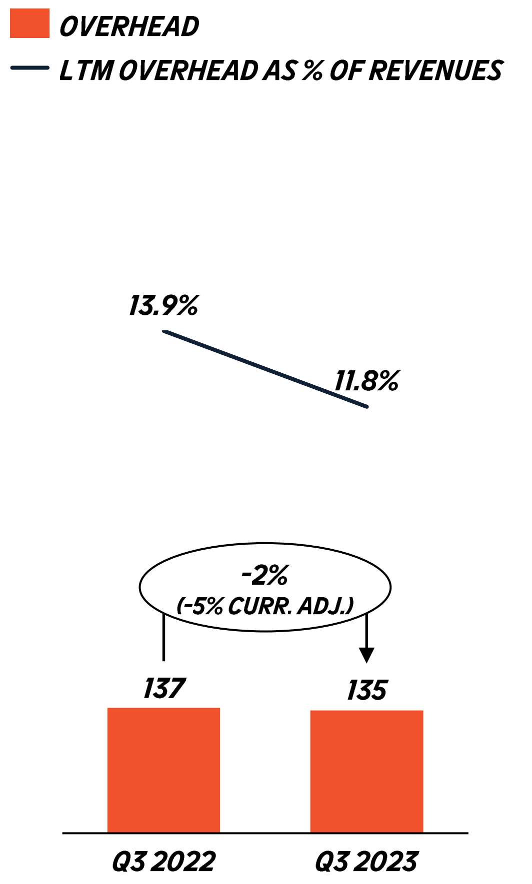
WELL CONTROLLED COST BASE, COST REDUCTION IN THE QUARTER DESPITE INFLATIONARY PRESSURE

TOTAL OPERATING COSTS (MNOK)[1]



- WHEREOF OVERHEAD COSTS

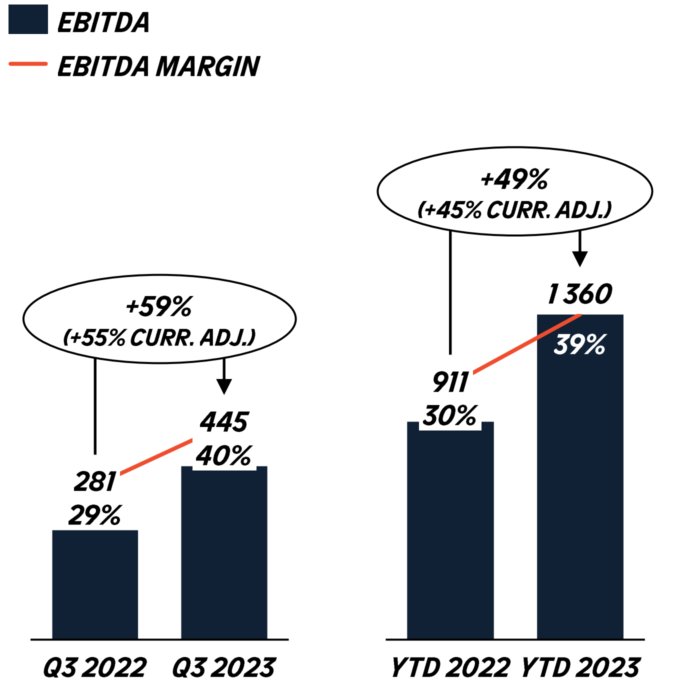


- Cost reduction driven by initiatives from profitability improvement program, mainly reducing costs related to salaries, marketing and rent
- Total operating cost is down 3% (curr. adj.), partly driven by:
  - Lower direct costs following lower additional sales
  - Electricity costs down NOK 28 million y/y
  - Excluding the effects from lower direct costs and electricity cost, the cost base is +1.7% (curr. adj.) in Q3 and +2.6% YTD
- Hedged the electricity price for ~50% of the total estimated consumption in Q4 2023 and Q1 2024 to reduce risk
- Expect cost increases in line with inflation from 2024 and onwards

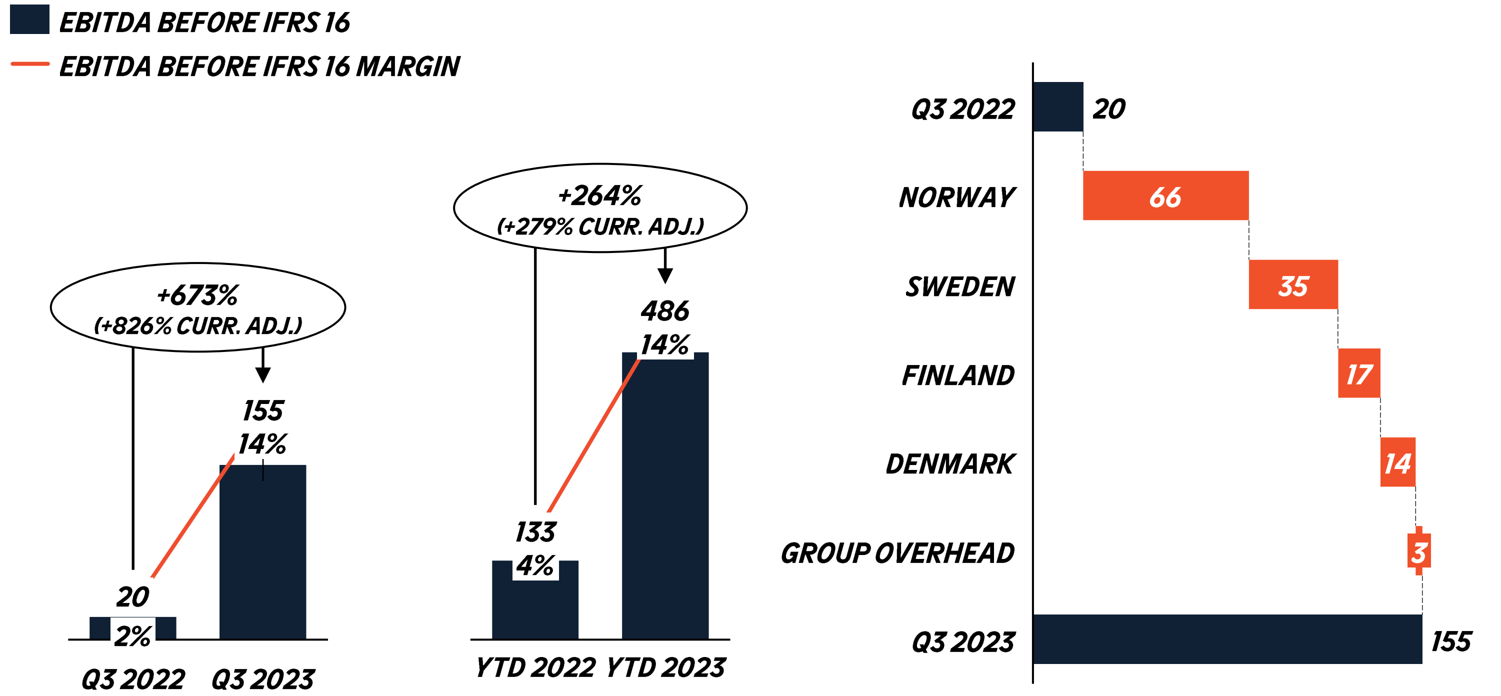
1) Before IFRS 16

YTD EBITDA BEFORE IFRS 16 OF NOK 486 MILLION

REPORTED EBITDA



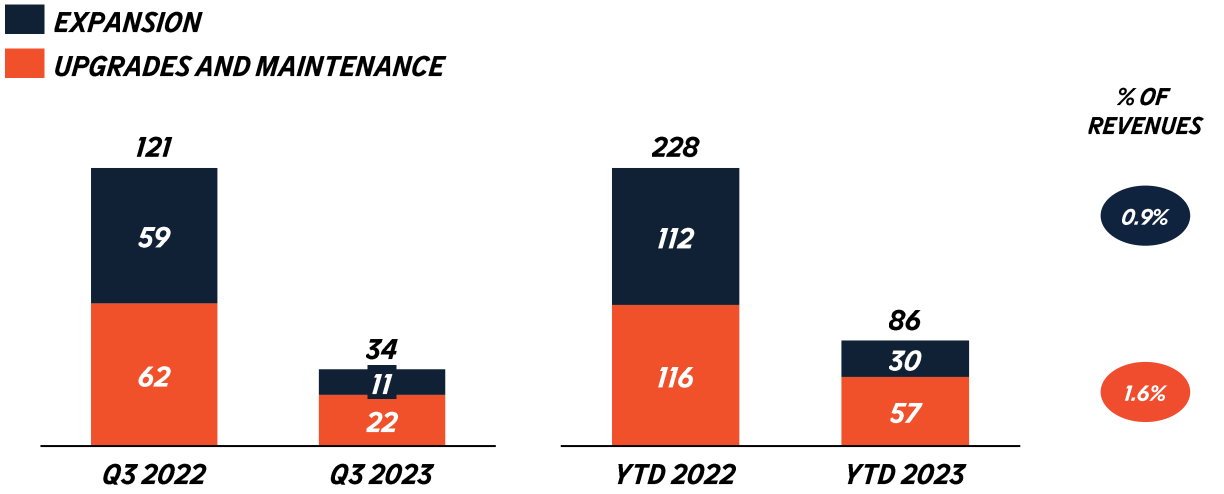
EBITDA BEFORE IFRS 16 (MNOK)



- Q3 built further on a strong H1, showing significant and accelerating performance momentum across the Group
- Strong financial delivery with EBITDA before IFRS 16 of NOK 155 million in the quarter and 486 million YTD
- Costs continue to be well controlled, leading to drop through of growing revenues to EBITDA, growing margins and strong cash conversion

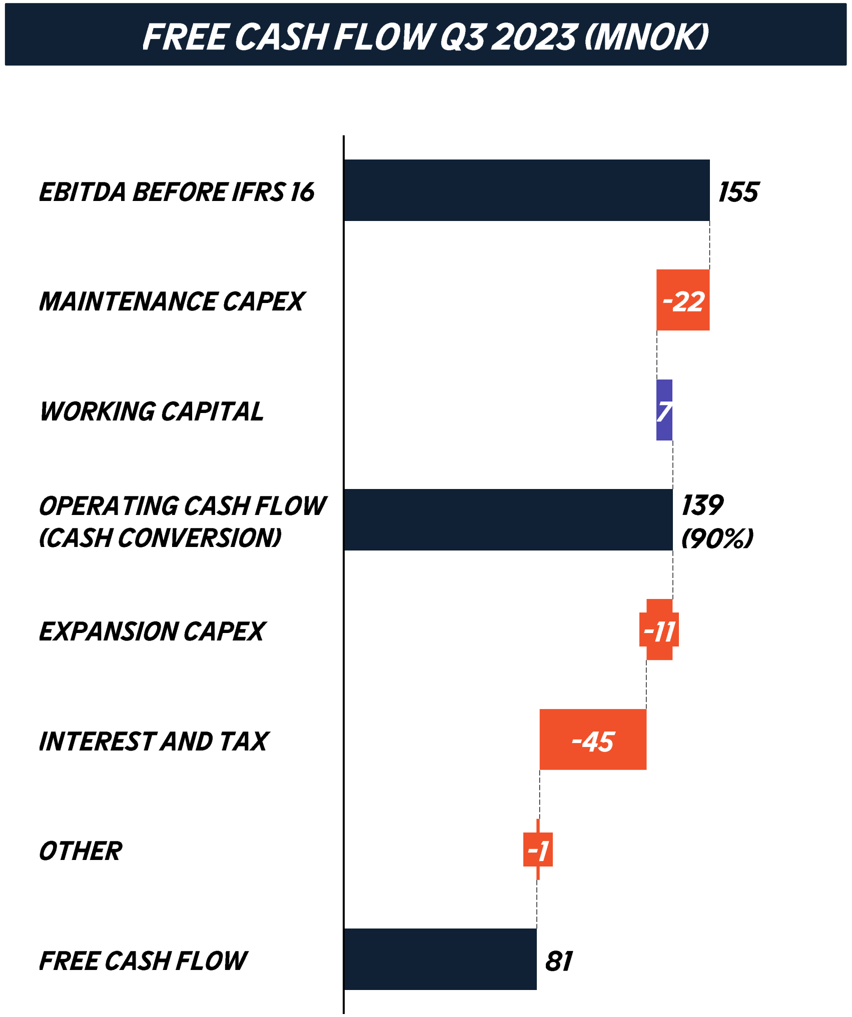
MODERATE CAPEX SO FAR IN 2023

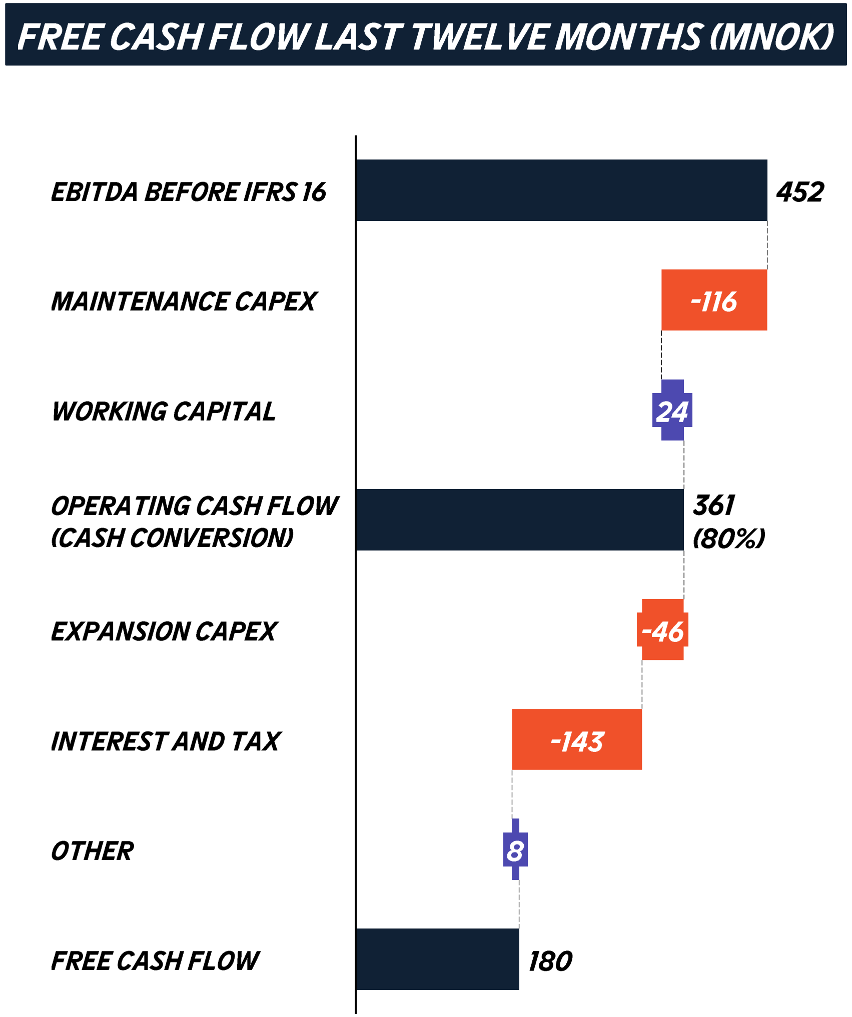
CAPITAL EXPENDITURE (MNOK)



- Lower upgrades and maintenance capex in H1 due to a precautionary spending approach
- Lower upgrades and maintenance capex in Q3 mainly due to delay of some Q3 projects, expected to be implemented in Q4
- Two new clubs opened in Q3
- Going forward, we will increase investments in our existing clubs, growing the existing club capacity and improving our product offering for our members
- Continuing the moderate club expansion

CONTINUE PROVING THE CASH-GENERATIVE ABILITY

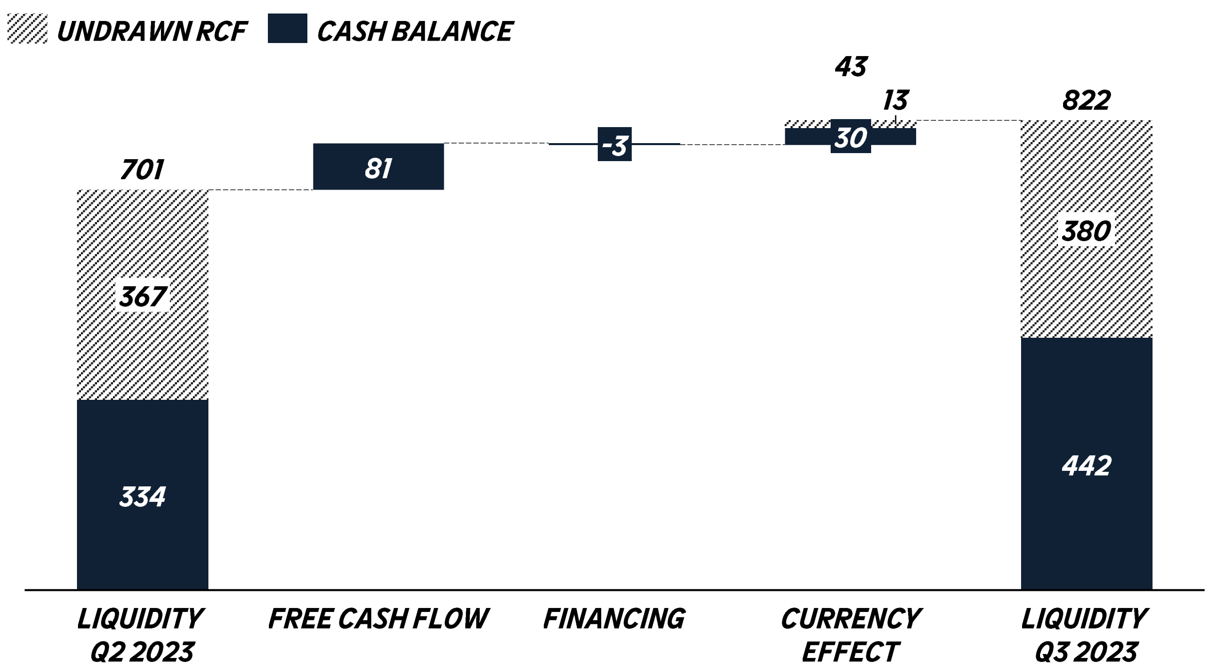




- Operating cash flow of NOK 139 million in the quarter and free cash flow of 81 million
- Positive working capital effects following the growing business with prepayment of memberships
- LTM Operating cash flow of 361 million and cash conversion of 80% shows that our cash-generating ability is recovering and is now well on the way to more "normal" levels
- Cash flow development last twelve months (LTM) shows that the business generated sufficient cash flow to more than cover all operating costs, maintenance and growth capex and financial cost, leaving room to reduce debt and deleverage

IMPROVEMENT IN AVAILABLE LIQUIDITY, CLOSING AT 822 MILLION AFTER Q3

LIQUIDITY POSITION (MNOK)[1]

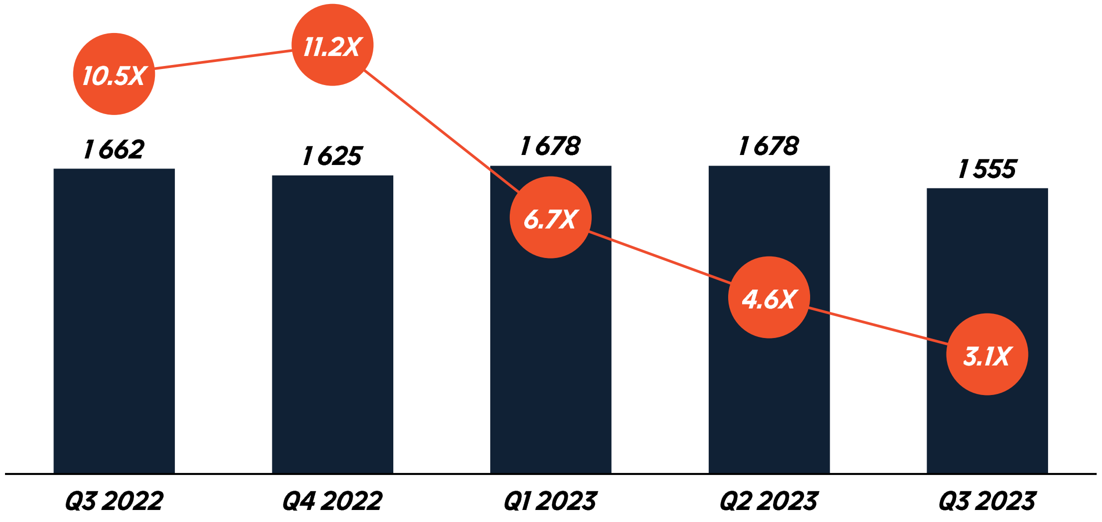


- Liquidity position improved with 121 million from Q2 after positive free cash flow and currency effects in the quarter
- Satisfactory liquidity position to handle current operations and communicated expansion strategy

1) Liquidity includes cash balance and undrawn revolving credit facility

HIGH-PACED DELEVERAGING

NET DEBT (MNOK) AND LEVERAGE RATIO[1]



- Strong deleveraging driven by improved earnings and cash generation, expected to continue throughout the remainder of the year and onwards
- Historically, we have shown strong cash generation capabilities and stable cash conversion, resulting in a strong deleveraging profile
- Covenant waiver of the revolving credit facility cancelled, resulting in reduced margins on RCF as of November 2023
  - Returning to the original covenant of 4.0x net debt to EBITDA before IFRS 16
  - The effect of lower margins will all else equal reduce annual interest cost by NOK 25 million

1) Net debt divided by last twelve months Adj. EBITDA before IFRS 16

OUTLOOK

OUTLOOK

Membership sales and churn in Q4 developing according to plan but expect slightly negative net growth in the quarter. Normal sales but somewhat higher churn after high volume growth H2 2022

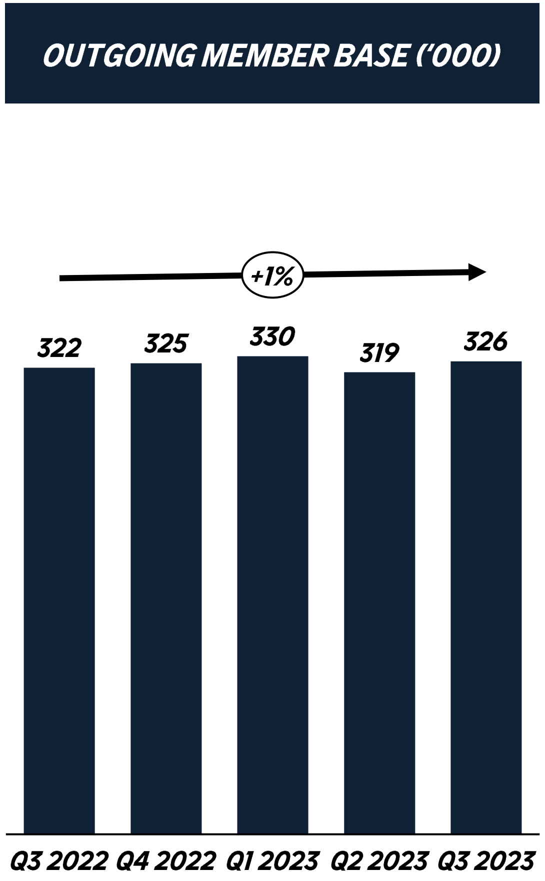
Continuing exploiting the unleashed potential to increase member utilization in the existing club portfolio

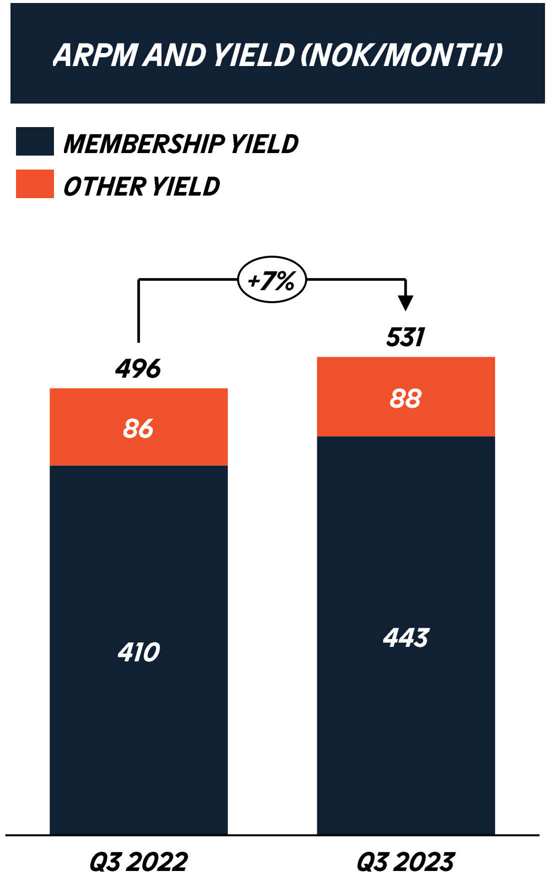
Forecasting maintenance capex for H2 2023 in the area of 5% of total revenues, with delay of some Q3 projects into Q4

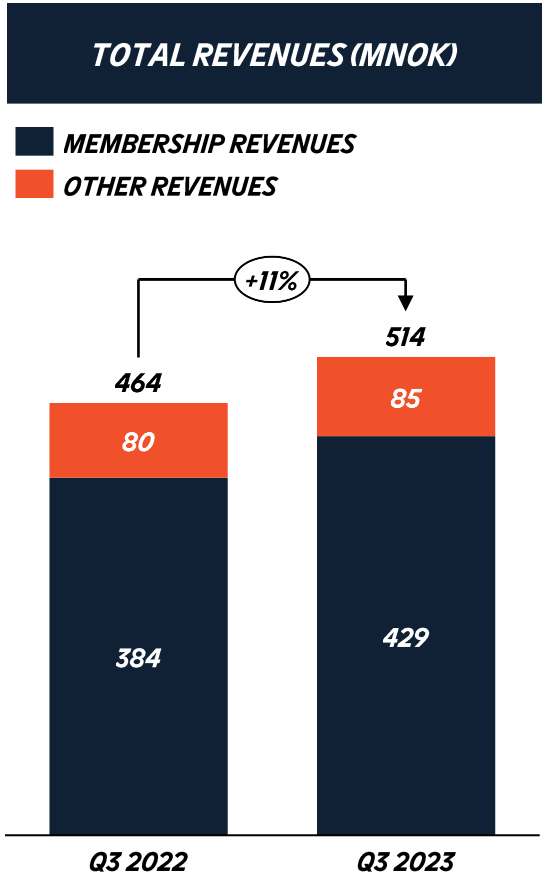
Maintaining a cautious approach to further club growth, prioritizing to continue the deleveraging

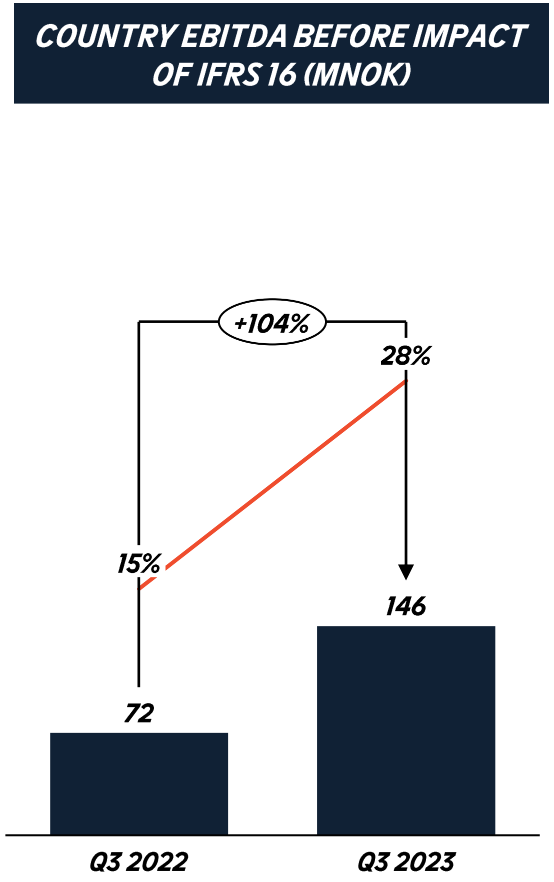
APPENDIX

NORWAY


OUTGOING MEMBER BASE ('000)
+1%
322
325
330
319
326
Q3 2022
Q4 2022
Q1 2023
Q2 2023
Q3 2023

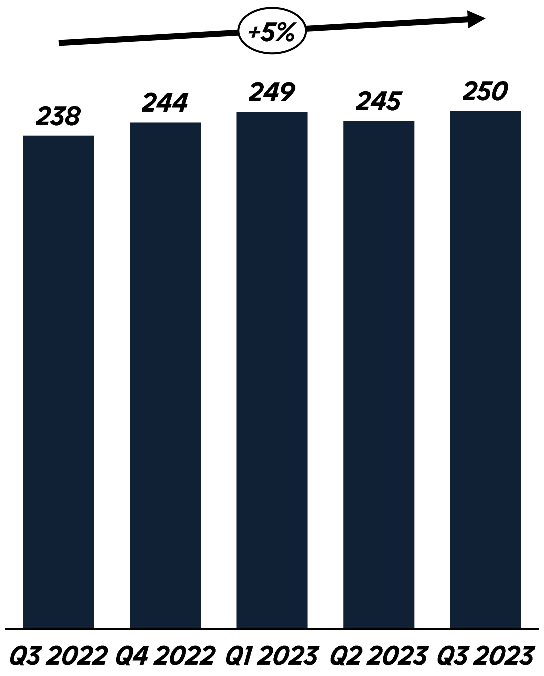

ARPM AND YIELD (NOK/MONTH)
MEMBERSHIP YIELD
OTHER YIELD
+7%
496
531
86
88
410
443
Q3 2022
Q3 2023


TOTAL REVENUES (MNOK)
MEMBERSHIP REVENUES
OTHER REVENUES
+11%
464
514
80
85
384
429
Q3 2022
Q3 2023

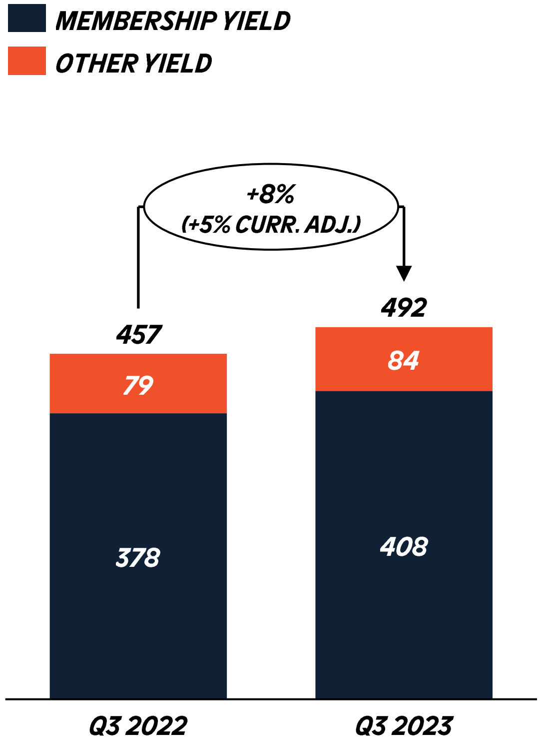

COUNTRY EBITDA BEFORE IMPACT OF IFRS 16 (MNOK)
+104%
28%
15%
146
72
Q3 2022
Q3 2023

SWEDEN

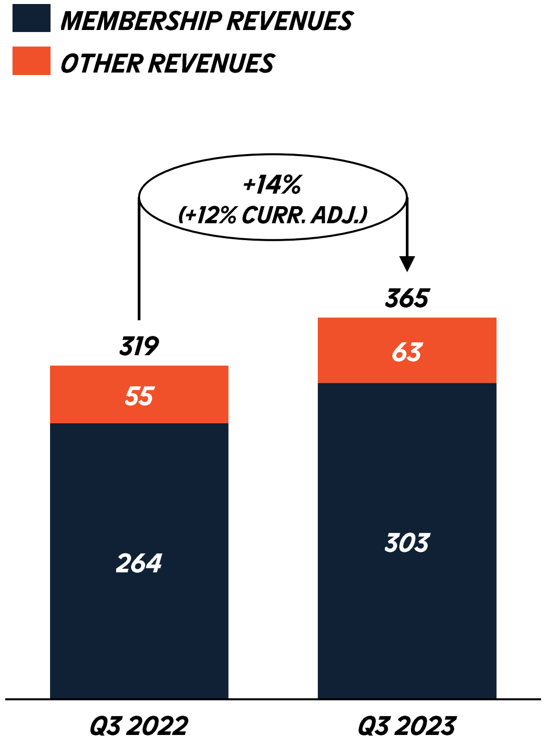
OUTGOING MEMBER BASE ('000)



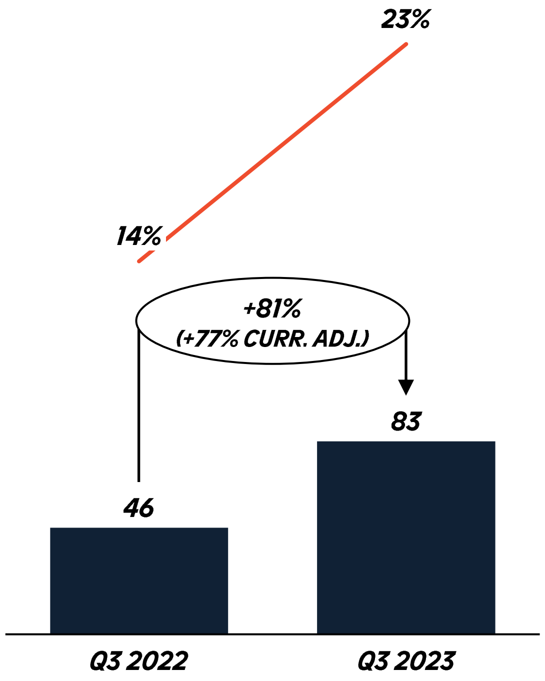
ARPM AND YIELD (NOK/MONTH)



TOTAL REVENUES (MNOK)

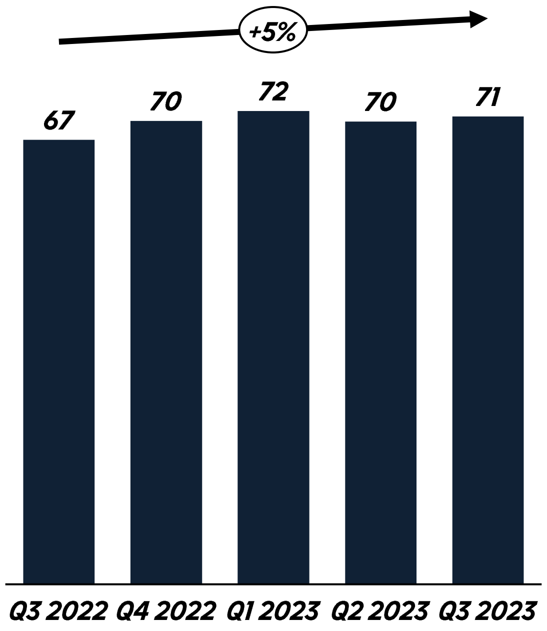


COUNTRY EBITDA BEFORE IMPACT OF IFRS 16 (MNOK)

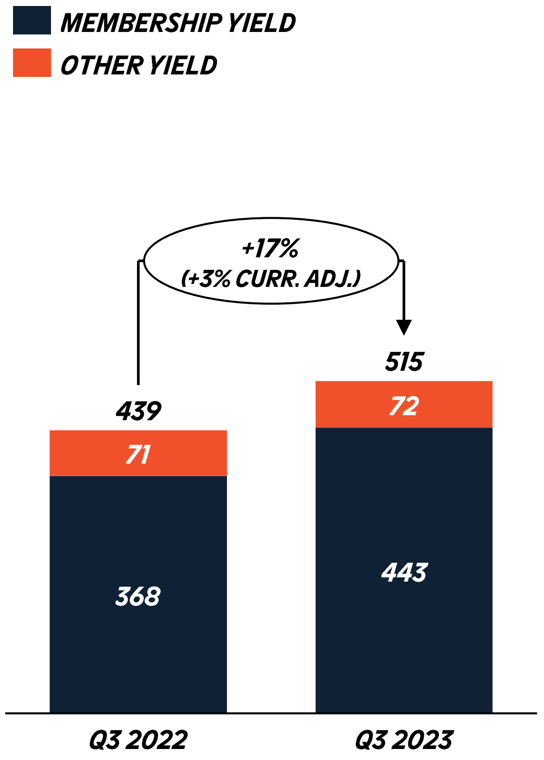


FINLAND

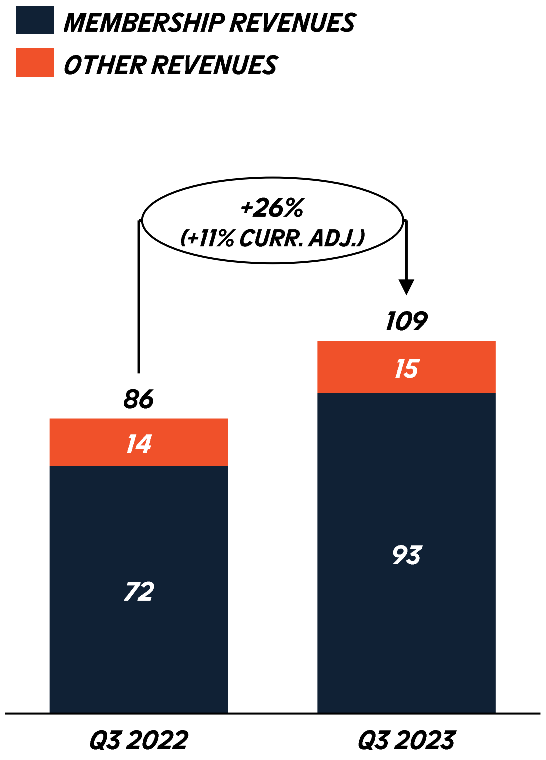
OUTGOING MEMBER BASE ('000)



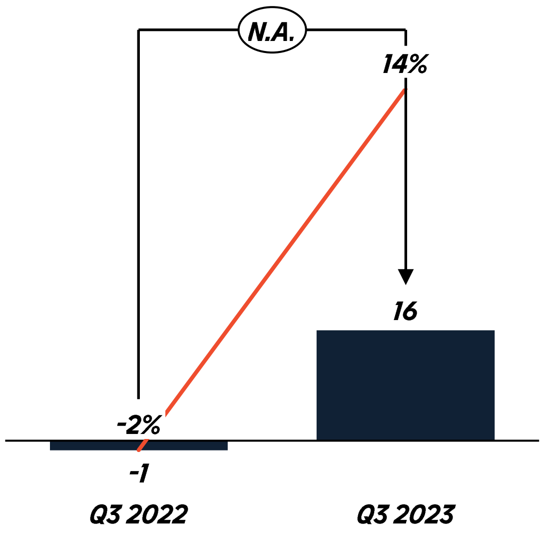
ARPM AND YIELD (NOK/MONTH)



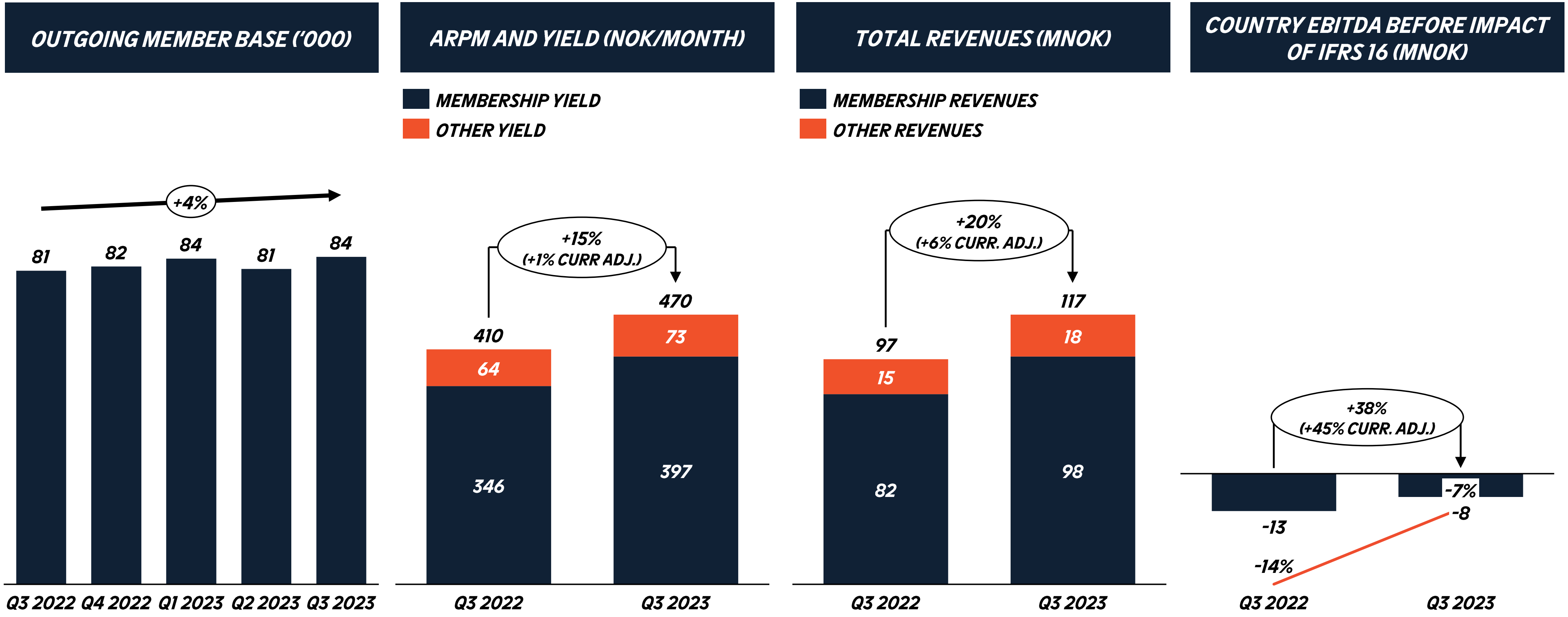
TOTAL REVENUES (MNOK)



COUNTRY EBITDA BEFORE IMPACT OF IFRS 16 (MNOK)



DENMARK



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SUMMARY TABLE

Amounts in NOK million	Q3 2023	Q3 2022
Number of clubs, EOP	275	275
Outgoing member base ('000s)	731	708
Average number of members per club	2 658	2 573
ARPM (NOK)	510	468
Yield (NOK)	426	388
Reported EBITDA (MNOK)	445	281
EBITDA before impact of IFRS 16 (MNOK)	155	20
EBITDA before impact of IFRS 16 margin	14%	2%
Country EBITDA before impact of IFRS 16 (MNOK)	237	103
Country EBITDA before impact of IFRS 16 margin	21%	11%
Net debt (MNOK)	1 555	1 662
Total capital expenditures (MNOK)	34	121
Expansion capital expenditures (MNOK)	11	59
Maintenance capital expenditures (MNOK)	22	62
Operating cash flow (MNOK)	139	-15
Leverage ratio	3.1	10.4
Cash conversion	90%	-77%

REPORTING UNDER IFRS 16

Amounts in NOK million	REPORTED Q3 2023	CHANGE IFRS 16	EXCL. IFRS 16 Q3 2023
BALANCE SHEET ITEMS - IFRS 16			
Property, plant and equipment	674	0	674
Right-of use assets	4 423	4 423	0
Deferred tax assets	243	75	168
Prepaid expenses and accrued income	234	-87	321
Total assets	9 009	4 412	4 598
Equity	1 022	-343	1 365
Non-current lease liability	3 878	3 878	0
Current lease liability	910	910	0
Other current liabilities	342	-34	376
Total liabilities	7 987	4 754	3 233
PROFIT & LOSS ITEMS - IFRS 16			
Revenue	1 106	0	1 106
Cost of goods sold	-28	0	-28
Personnel expenses	-371	0	-371
Other operating expenses	-263	290	-553
Depreciation and amortization	-289	-232	-57
Operating profit	156	58	98
Net financial items	-107	-57	-50
Profit/loss before tax	49	1	47

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DEFINITIONS

TERM	DEFINITION
Adjusted EBITDA before impact of IFRS 16	EBITDA adjusted for (i) closed clubs; (ii) certain comparability items; and (iii) the impact of implementation of the IFRS 16 lease standard
Average number of members per club	Outgoing member base divided by outgoing number of clubs
Average revenue per member (ARPM)	Calculated as monthly total revenue divided by the average member base
Capex: Expansion capital expenditures	The sum of investments related to acquisitions and greenfields, as well as capex related to the perfect club initiative and digital expansion
Capex: Upgrades and maintenance capital	Club upgrades and maintenance and IT capital expenditures
Cash conversion	Operating cash flow divided by EBITDA before impact of IFRS 16
Country EBITDA before impact of IFRS 16	EBITDA before impact of IFRS 16 less allocation of Group overhead and cost allocations
EBITDA	Profit/(loss) before net financial items, income tax expense, depreciation and amortization
EBITDA before impact of IFRS 16	EBITDA adjusted for the impact of implementation of the IFRS 16 lease standard

TERM	DEFINITION
Group overhead	Consists of group services such as commercial functions, IT, finance and administration
Leverage ratio	Net debt divided by last twelve months EBITDA before impact of IFRS 16
Member base	Number of members, including frozen memberships, excluding free memberships
Operating cash flow	EBITDA before impact of IFRS 16 less upgrades and maintenance capital expenditures and working capital
Other yield	Calculated as monthly other revenue in the period, divided by the average member base
Total overhead	The sum of country overhead and group overhead
Underlying operating cash flow	Operating cash flow less expansion capital expenditures
Yield	Calculated as monthly member revenue in the period, divided by the average member base

RECONCILIATION OF FREE CASH FLOW BRIDGE AND CONSOLIDATED STATEMENT OF CASH FLOWS

FREE CASH FLOW	CONSOLIDATED STATEMENT OF CASH FLOWS
EBITDA before impact of IFRS16	Profit before tax
	Depreciation, amortization and impairment
	Net financial items
	Installments on lease liabilities
	Interests on lease liabilities
Maintenance capex	Purchase of property, plant and equipment (contains both maintenance capex and expansion capex)
Working capital	Change in inventory
	Change in accounts receivables
	Change in trade payables
	Change in other receivables and accruals
Expansion capex	Purchase of property, plant and equipment (contains both maintenance capex and expansion capex)
	Proceeds from property, plant and equipment
	Acquisition of subsidiary, net of cash acquired
Interest and tax	Taxes paid in the period
	Paid interests on borrowings
Other	Gain/loss from disposal or sale of equipment
Cash flow items not included in free cash flow	Loan to related parties
	Repayments of borrowings
	Proceeds from borrowings
	Proceeds from issues of shares
	Proceeds from sale of own shares
	Transaction costs from issues of new shares
	Other financial items

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CALCULATION OF PUBLIC HEALTH EFFECT: METHODOLOGY

- Calculated health effect of all SATS members who meet WHO's recommendation of minimum 75-100 minutes of vigorous-intensity aerobic physical activity per week at SATS alone (World Health Organization, 2022)
  - Midpoint of 87.5 minutes applied
  - Assuming an average of 60 minutes per SATS workout

- Members who meet WHO's recommendation through a combination of SATS workouts and other workouts are not factored in

- Applying welfare effects of an average inactive 30-year-old person becoming moderately active of 1.9 QALYs (quality-adjusted life years) for men and 1.1 QALYs for women (Helsedirektoratet, 2008)

- Applying a value per QALY of NOK 1.4 million, not including the value labor force participation (Helsedirektoratet, 2016)

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