

Q1 2023

INTERIM REPORT

JANUARY-MARCH 2023

**CEO SONDRE GRAVIR
CFO CECILIE ELDE**

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RECORD-HIGH Q1 RESULT DRIVEN BY CONSISTENT OPERATIONAL STRONG PERFORMANCE



Significant step-up in the financial performance



Solid member development combined with price increases proves willingness to pay for gym memberships

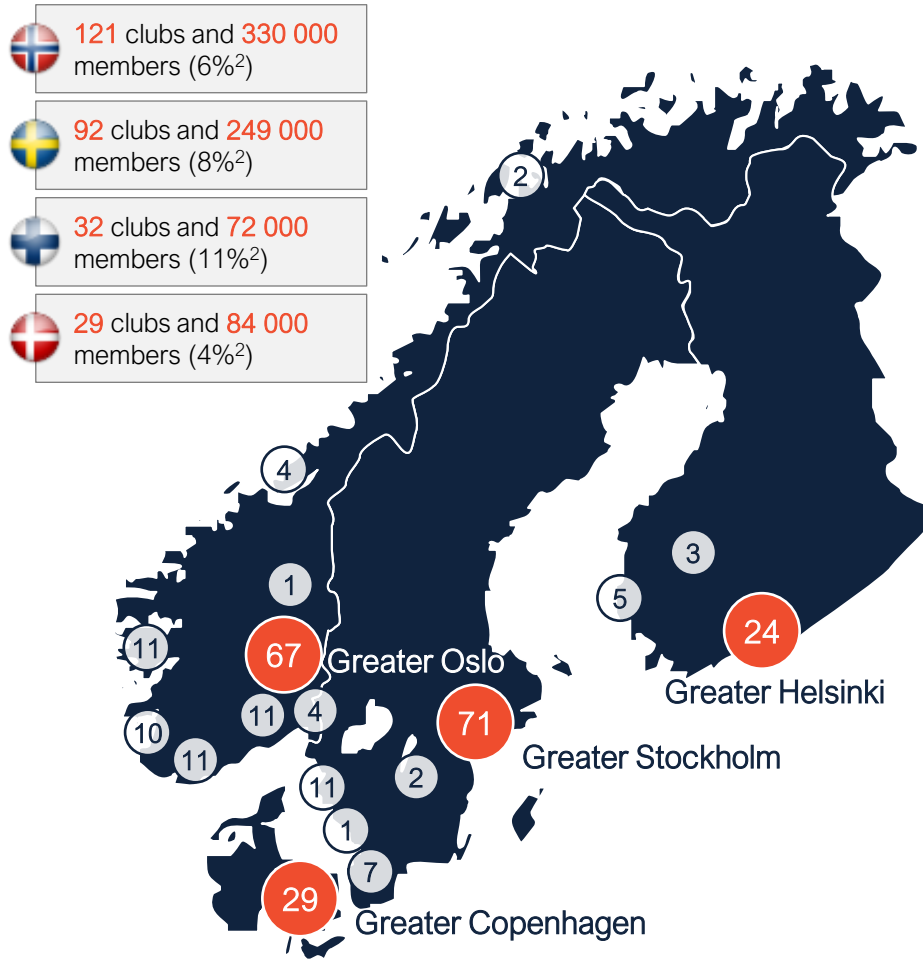


Cost discipline in operations and overhead costs addressed to utilize scale



Continuing the journey toward healthy financials and healthy members, in line with the ambition outlined on the CMD in October 2022

Q1 2023 SUMMARY

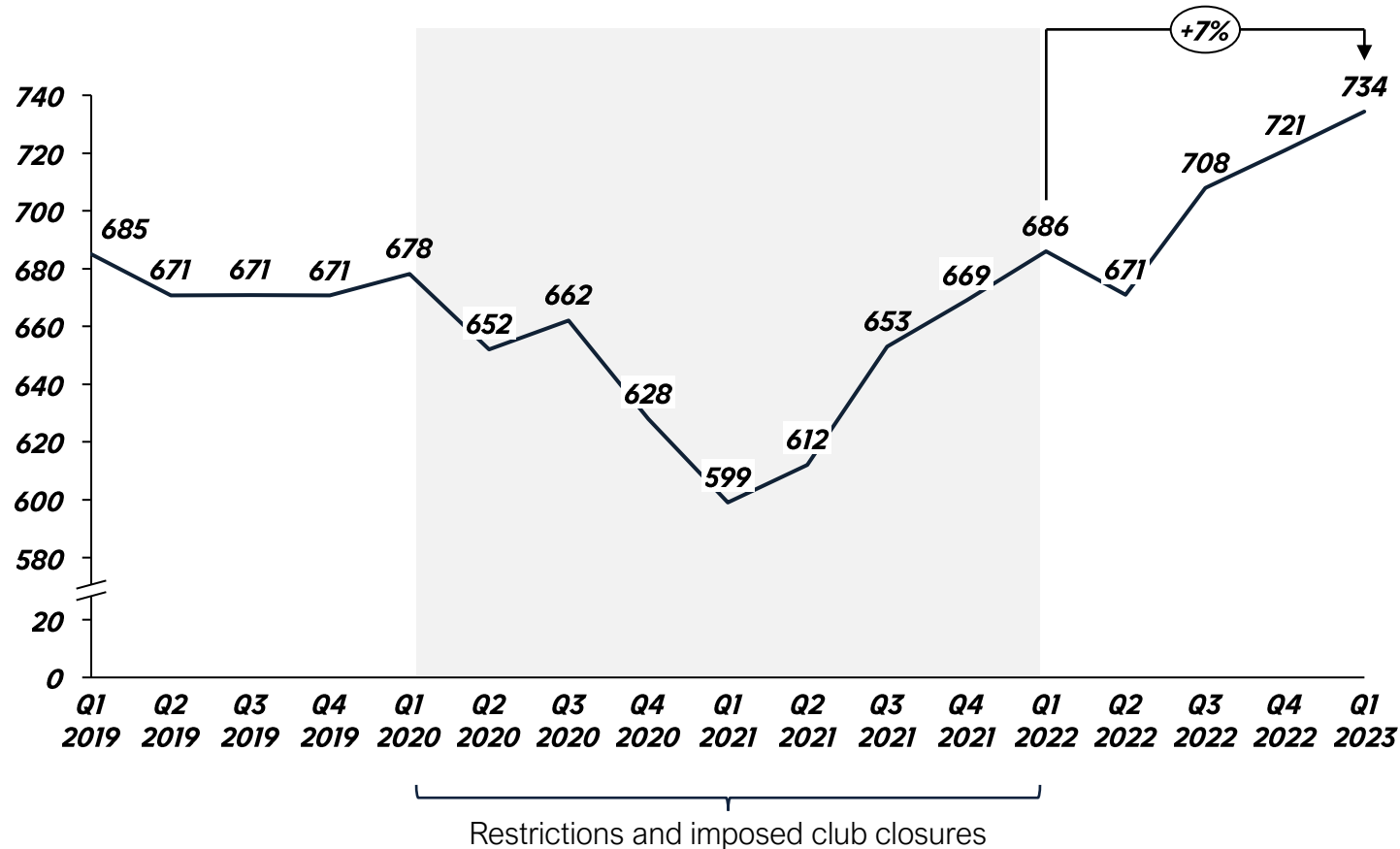


KEY FIGURES	Q1 2023	CHANGE VS Q1 2022
TOTAL REVENUES	1 201 MNOK	19%
EBITDA BEFORE IFRS 16	137 MNOK	359%
EBITDA BEFORE IFRS 16 MARGIN	11%	8 P.P.

1) Measured by 2021 revenues based on figures from Deloitte EuropeActive EHFMR 2022
 2) Compared to Q1 2022

POSITIVE NET GROWTH IN THE QUARTER DUE TO SOLID SALES AND STABLE CHURN DEVELOPMENT DESPITE PRICE INCREASES

OUTGOING MEMBER BASE ('000)

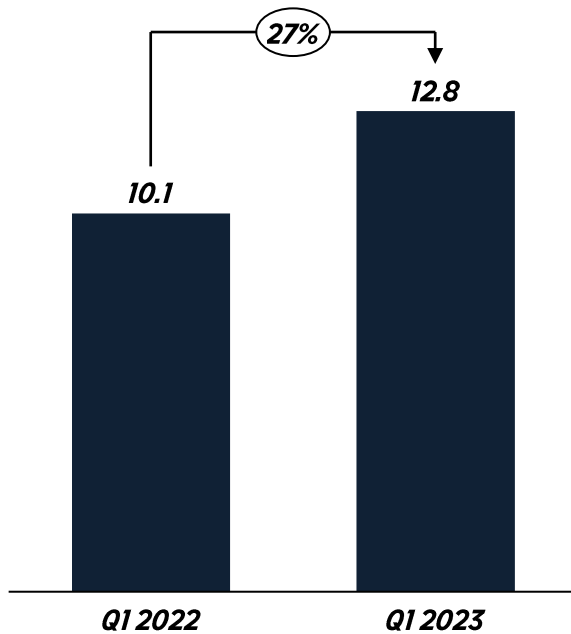


- Financial result driven by strong member net growth over time
- Revenue growth additionally fueled by price increases both for existing and new members
- Solid sales continued despite price increases
- Churn slightly elevated, as expected

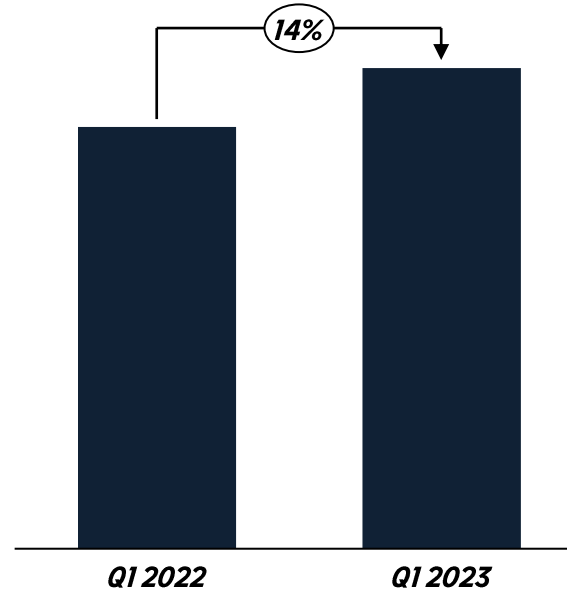
1) Excl. clubs in the Jylland/Fyn cluster sold in Q2 2020

CONTINUED POSITIVE ACTIVITY TREND

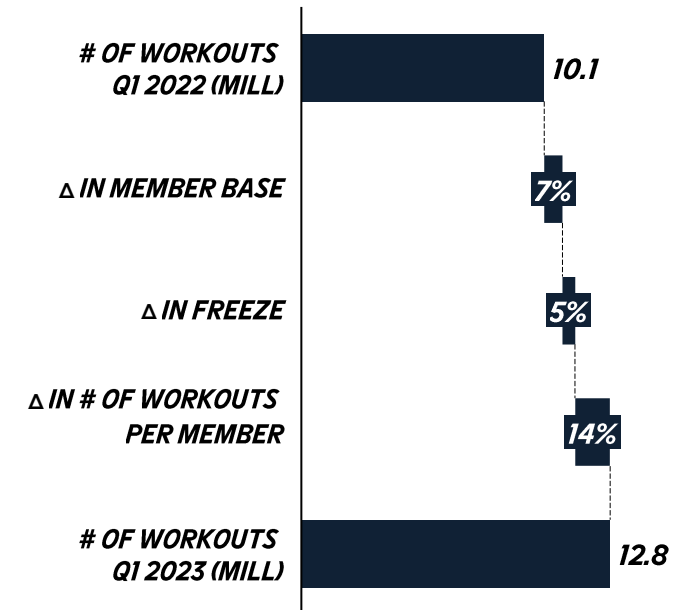
OF WORKOUTS (MILL)



OF WORKOUTS PER PAYING MEMBER



DRIVERS FOR CHANGE IN # OF WORKOUTS

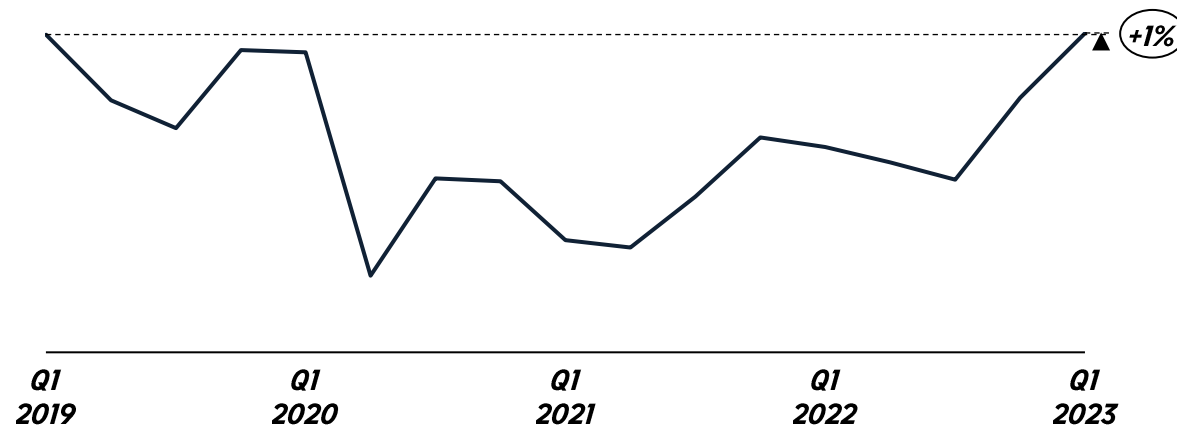


- Active members are loyal members, and # of workouts is thus an important KPI both financially and in terms of public health
- The increase in number of workouts is driven by both an increase in the member base, a reduction of freeze, and an increase in workouts per member

GROUP TRAINING BACK ON TRACK WITH RECORD-HIGH DEMAND

- The group training product was more challenging to recover after the pandemic than studio training, but in Q1, the number of group training sessions passed by our previous top performance from Q1 2019
- This is the result of a strong group training focus in the organization since the summer of 2022, and a long list of initiatives to get members back
- The group training product is important because group training members are more satisfied and stay longer than non-group training members
- The increase in group training sessions in combination with a smarter scheduling, has led to more participants per class and higher utilization

OF GROUP TRAINING SESSIONS



THE SATS CALCULATOR: SOCIOECONOMIC CONTRIBUTION OF NOK 20.5 BILLION

- SATS works every day to make people healthier and happier
- Contributing to the UN sustainability goal #3: Good Health and Well-being
- When only taking into account the members who have reached the WHO's recommendation for physical activity at SATS alone, SATS members have, the past 12 months, contributed to:



~ 14 000 QUALITY-ADJUSTED LIFE YEARS (QALYS)



~ NOK 20.5 BILLION IN SOCIO-ECONOMIC WELFARE GAIN

MAKING PEOPLE HEALTHIER AND HAPPIER

- Taking an extended public health responsibility toward students during the often sedentary, but highly important exam period
- Opening all our clubs across the Nordics for students during daytime one month from May 9
- “Train your brain” at its most relevant

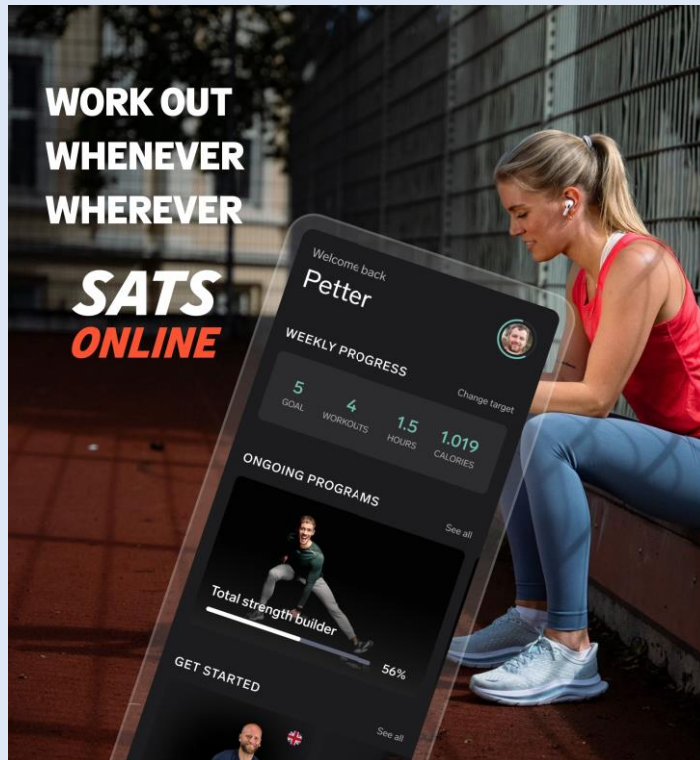


OFFERING THE LARGEST FITNESS LIBRARY IN THE NORDICS THROUGH SATS ONLINE

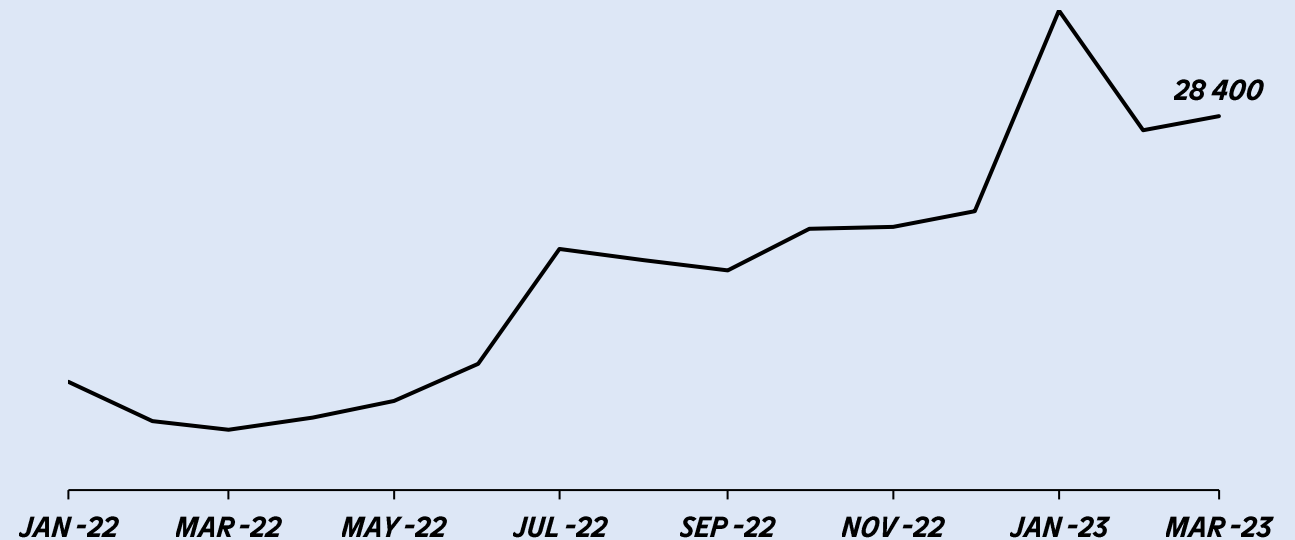
61 000 REGISTERED USERS

~8 000 WEEKLY WORKOUTS IN Q1 2023

- SATS Mentra integrated into SATS to capitalize on the SATS brand
- The largest fitness library in the Nordics with 750+ classes
- Offered both to members and non-members



MONTHLY WORKOUTS:



CONTINUOUSLY TUNING THE CLUB PORTFOLIO TO OPTIMIZE PROFITABILITY

	← Q1 2023	Q2 2023 - FY 2024 →
+	2 GREENFIELDS <ul style="list-style-type: none">🇳🇴 SATS Skedsmokorset🇸🇪 SATS Hyllie	9 GREENFIELDS PLANNED FOR THE NEXT 2 YEARS <ul style="list-style-type: none">🇸🇪 SATS Hyllie Corner (Q2 2023)🇸🇪 SATS DN Skrapan (Q2 2023)🇳🇴 SATS Sluseholmen (Q3 2023)🇸🇪 SATS Karlaplan (Q3 2023)🇳🇴 SATS Triaden (Q3 2023)🇸🇪 ELIXIA Ratina (Q4 2023)🇸🇪 SATS Kungsmässan (Q1 2024)🇸🇪 SATS Mölndal (Q2 2024)🇸🇪 SATS Haga Norra (2024)
-	3 CLUB REDUCTIONS <ul style="list-style-type: none">🇳🇴 SATS Hana🇳🇴 SATS Dikeveien🇸🇪 SATS Mölnvik	2 CLUB REDUCTIONS IN THE PIPELINE <ul style="list-style-type: none">🇳🇴 Fresh Fitness Moss (Q2 2023)🇳🇴 SATS Spektrum (Q2 2023)
★	2 HIYOGA CLUBS IN OSLO REBRANDED TO SATS YOGA <p>Making the boutique yoga product available for all members with group training membership</p>	

ON TRACK TOWARD HEALTHY FINANCIALS AND HEALTHY MEMBERS

1

Like-for-like profitability regained, but still untapped earnings potential by improving club economics



2

Continue developing maturing clubs and signed greenfields, to reach target profitability



3

Utilize the operational leverage and scale through club optimizations and overhead discipline



4

Continue to expand, both in terms of club footprint in existing and new markets, and tapping into new revenue streams close to the core



FINANCIAL REVIEW

SATS

FINANCIAL CHANGE OF PACE

REVENUES

Full run-rate effect from membership development in H2 2022

Continued solid sales in Q1 2023

Strong yield development without any significant additional churn after price adjustments the past few months

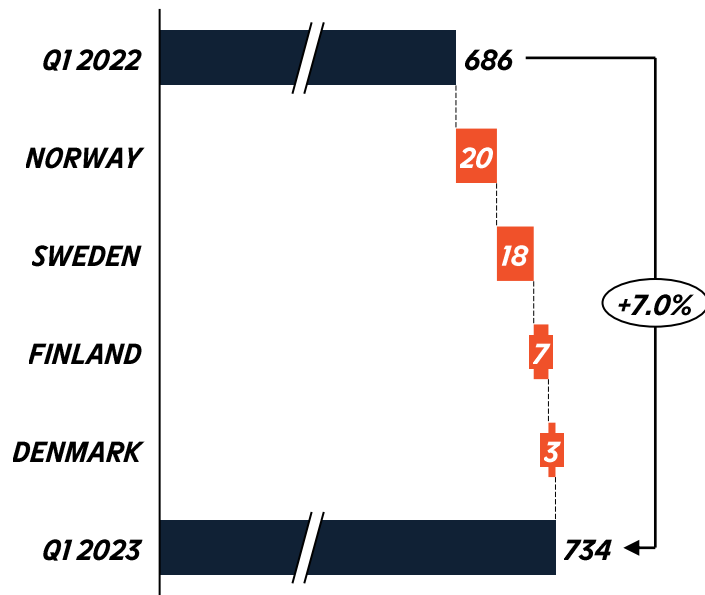
COSTS

Cost discipline in operations

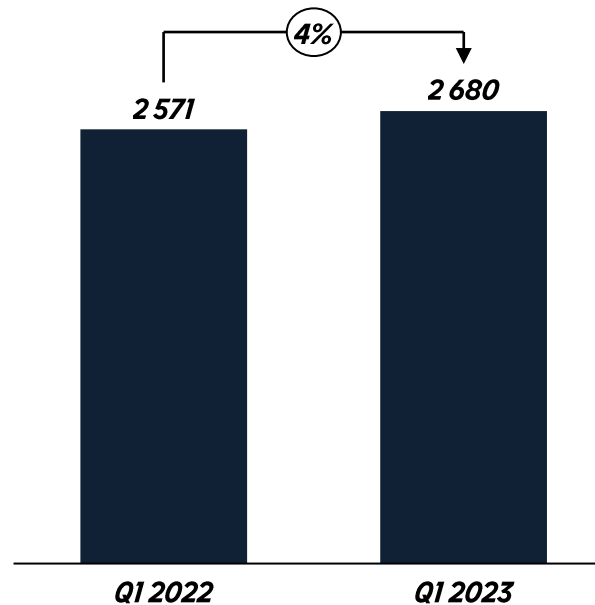
Group-wide profitability program starting to yield returns, mainly through reduction of overhead costs to utilize scale

CONTINUED MEMBER RESILIENCE, WITH NET GROWTH DRIVEN BY STRONG SALES

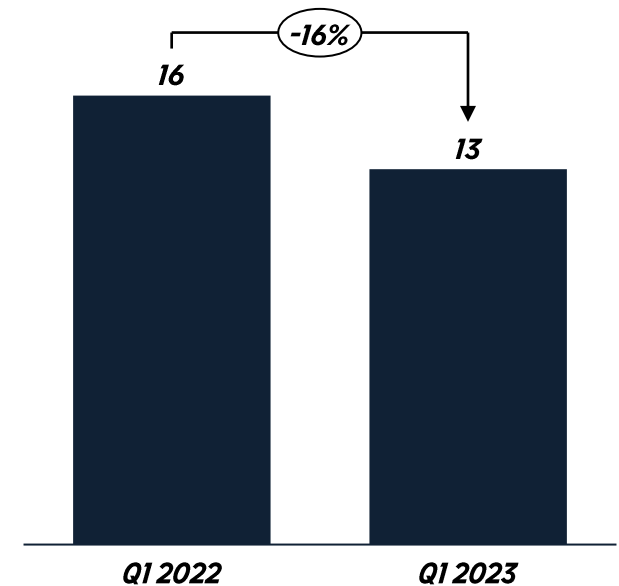
TOTAL MEMBERS ('000) BY SEGMENT



MEMBERS PER CLUB



NET MEMBER GROWTH ('000)¹



- Somewhat slower seasonality-adjusted member growth in Q1 2023 as a result of a price/volume trade-off
 - Continued solid sales in the quarter with less campaign activities compared to previous quarters
 - Fall-off also at a decent level considering the significant price increases affecting net growth
- Still no signs of change in member behaviour or willingness to invest in their own health

1) Excl. acquisitions

RECENT PRICE ADJUSTMENTS MITIGATE INFLATION DRIVEN COST INCREASES LAST YEAR

PRICE ADJUSTMENTS



LIST PRICE ADJUSTMENT

- List prices for memberships and personal training adjusted 1 December 2022
- Avg. increase of 8% across the product portfolio, equivalent to NOK 45 per month



INFLATION ADJUSTMENT

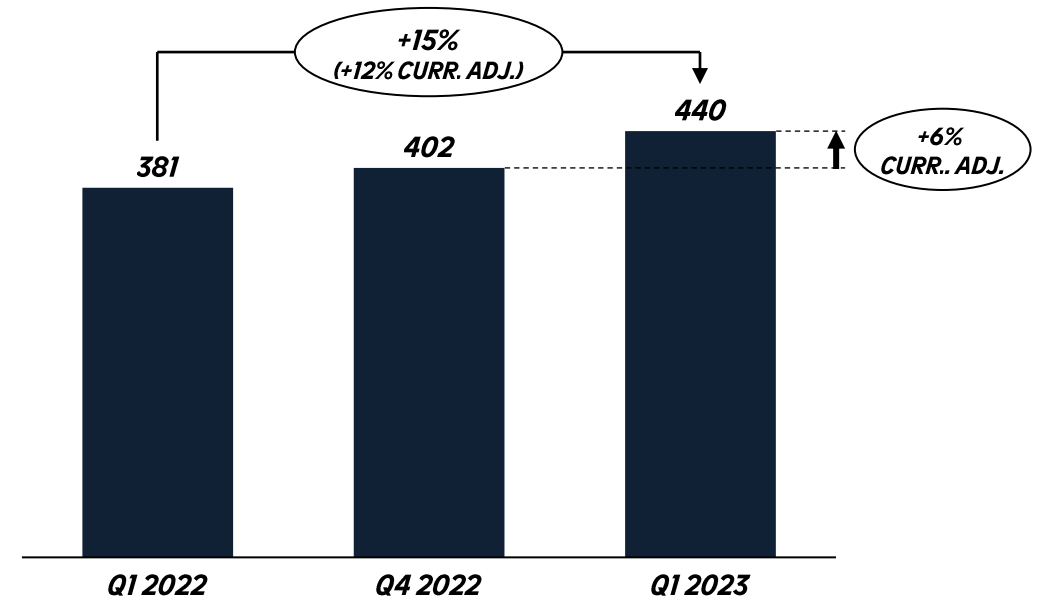
- Inflation adjustment of memberships in accordance with the October 2022 CPIs (7.5-10.9%) with effect from January 2023



MINIMUM PRICE ADJUSTMENT

- Price increases for members with the highest deviation from the list price with effect as of February 2023

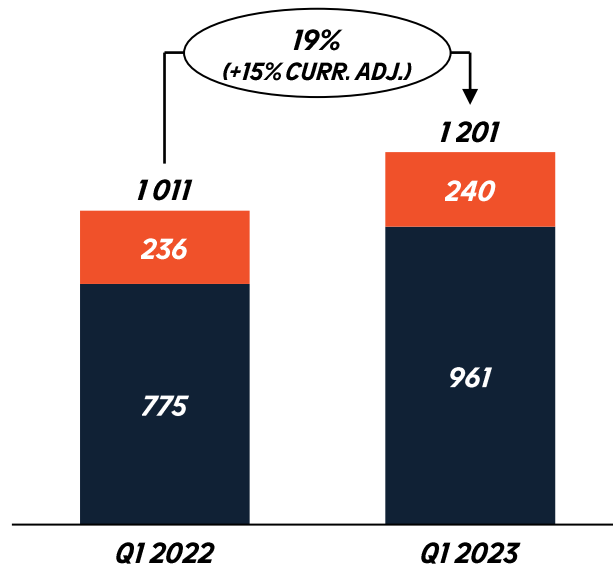
MEMBERSHIP YIELD (NOK)



SIGNIFICANT REVENUE LIFT DRIVEN BY BOTH VOLUME GROWTH AND PRICE ADJUSTMENTS

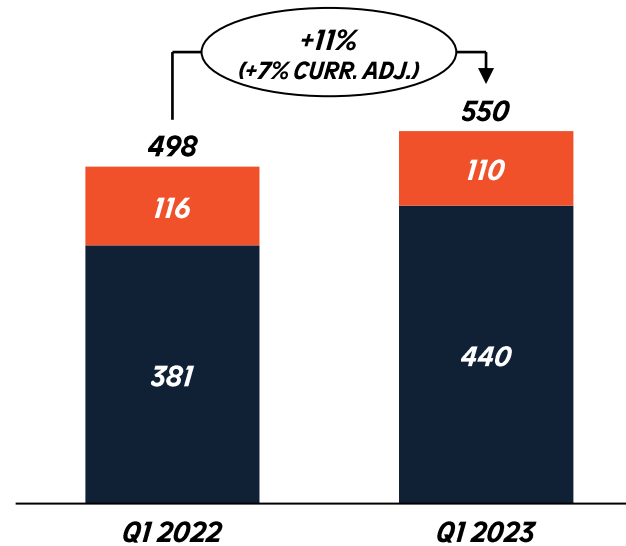
TOTAL REVENUES (MNOK)

MEMBERSHIP REVENUES OTHER REVENUES

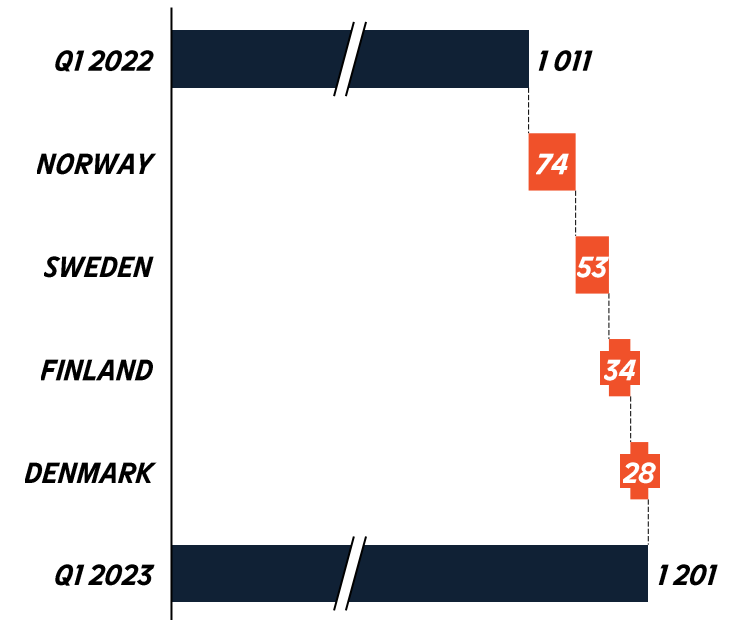


TOTAL ARPM (NOK)

MEMBER REVENUES OTHER REVENUES



TOTAL REVENUES (MNOK) BY SEGMENT

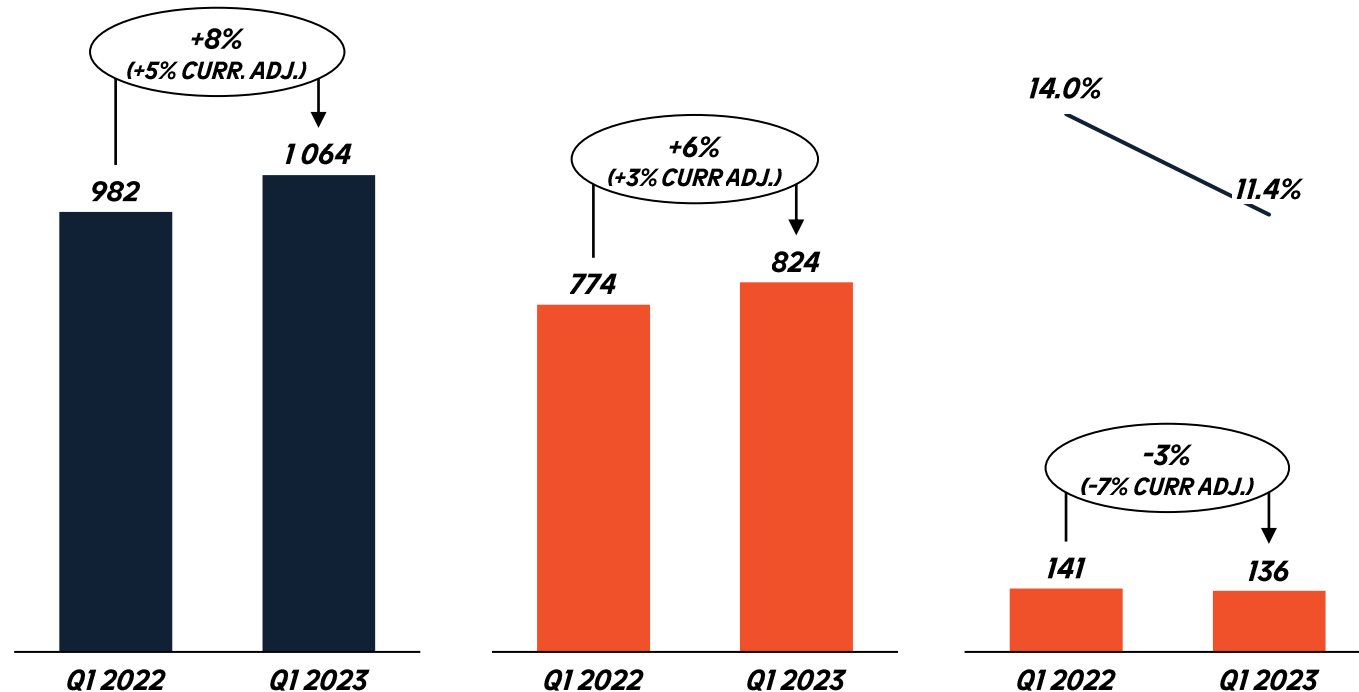


- Continued progression in revenues (+15% curr. adj.) mainly driven by membership revenue increasing by 20% (curr. adj) year-over-year
- Slower personal training business due to fewer personal trainers both in SATS and in the industry overall, ending in line with last year
- Retail sales in line with last year, but distributed across more visits

COST DISCIPLINE IN OPERATIONS AND OVERHEAD COSTS ADDRESSED TO UTILIZE SCALE

OPERATING COSTS

Total operating costs (MNOK)¹ - whereof like-for-like club costs (MNOK)¹ - whereof overhead costs²



- Cost base addressed through profitability improvement program, gradually coming into effect during 2023
- Energy costs are stabilizing, but continue to be higher than usual, at NOK 59 million in the quarter
 - Hedged the electricity price for ~60% of the total estimated consumption in H1 2023 to reduce risk
 - Additional electricity cost of NOK 5 million related to the realized hedge for Q1
- GDPR fine of NOK 10 million booked in Q1 2023

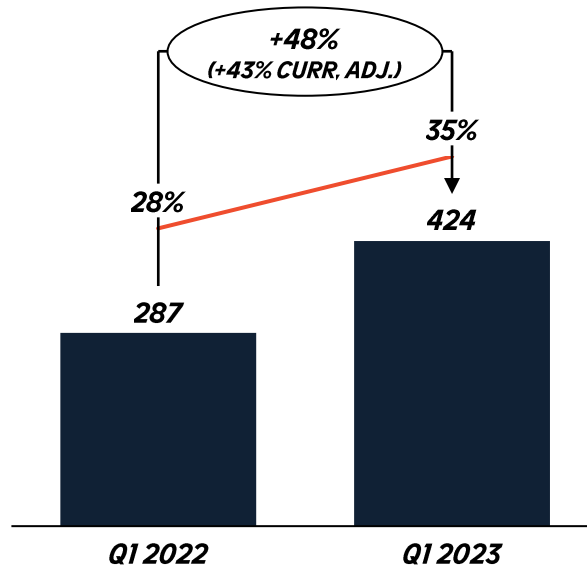
1) Before IFRS 16
2) Excluding extraordinary cost related to the GDPR fine

■ OVERHEAD
— OVERHEAD AS % OF REVENUES

FINANCIAL PERFORMANCE BACK ON TRACK

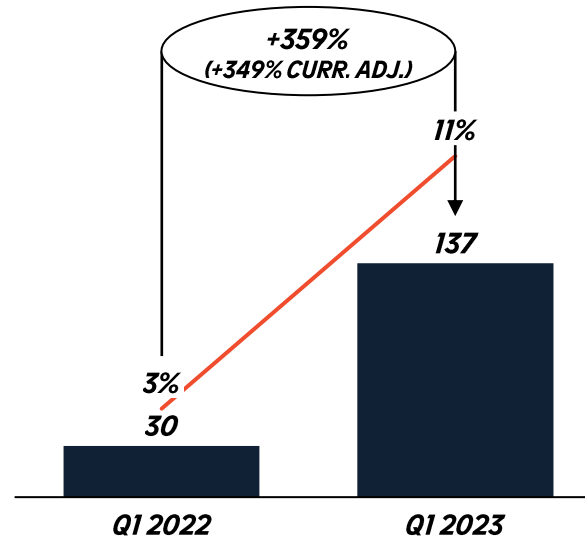
REPORTED EBITDA

■ EBITDA
— EBITDA MARGIN

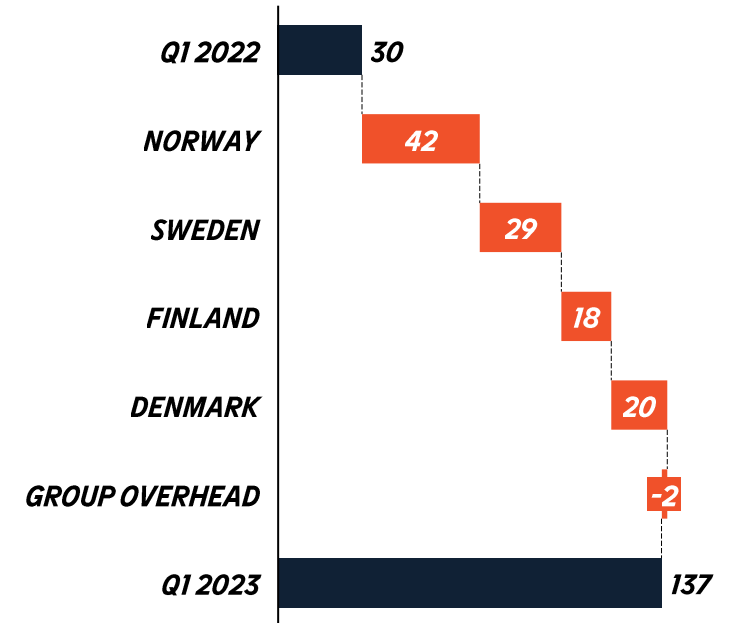


EBITDA BEFORE IFRS 16

■ EBITDA BEFORE IFRS 16
— EBITDA BEFORE IFRS 16 MARGIN



EBITDA BEFORE IFRS 16 (MNOK) BY SEGMENT



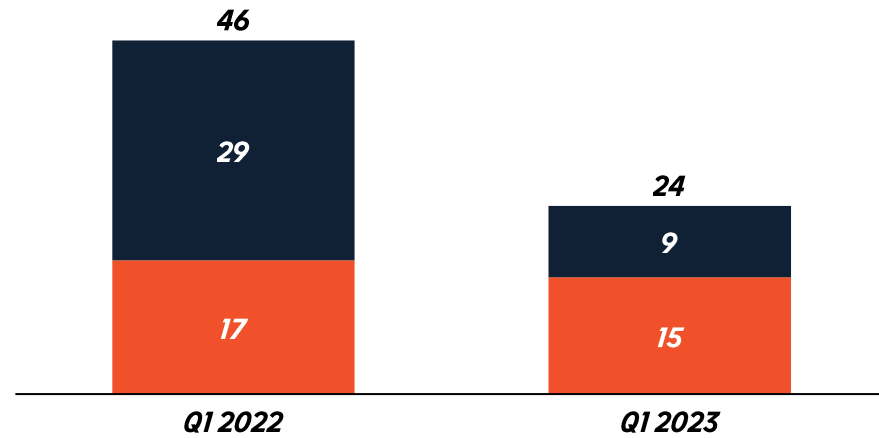
- The strong operational performance over the past year and our actions to regain profitability have yielded results:
 - Focus on regaining the member base, with significant member growth during H2 2022
 - Successful price adjustments of new and existing members
 - Group-wide profitability program implemented, primarily reducing overhead costs to utilize scale

MODERATE CAPEX IN THE QUARTER

CAPITAL EXPENDITURE (MNOK)

EXPANSION

UPGRADES AND MAINTENANCE

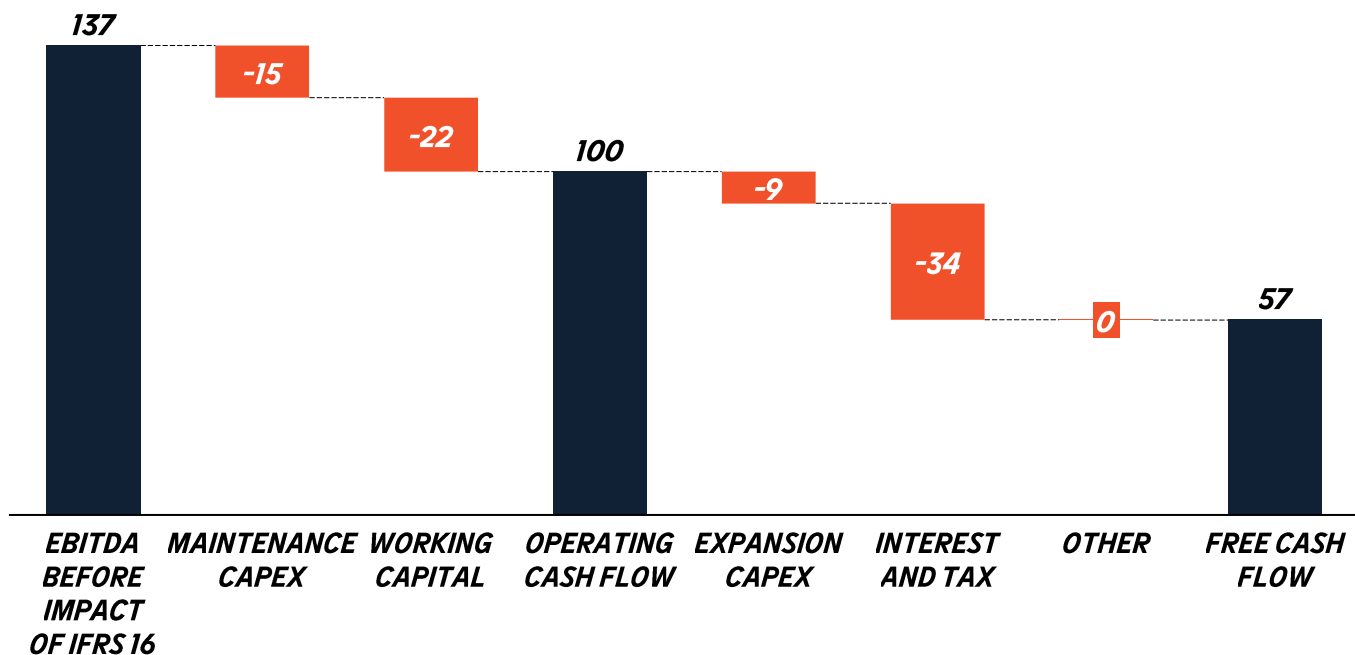


- Lower upgrades and maintenance capex in the quarter, as many maintenance activities are optimally planned to periods with lower activity at the clubs
- Pipeline of six new clubs opening in 2023, but further expansion is still temporarily paused due to the current macroeconomic climate



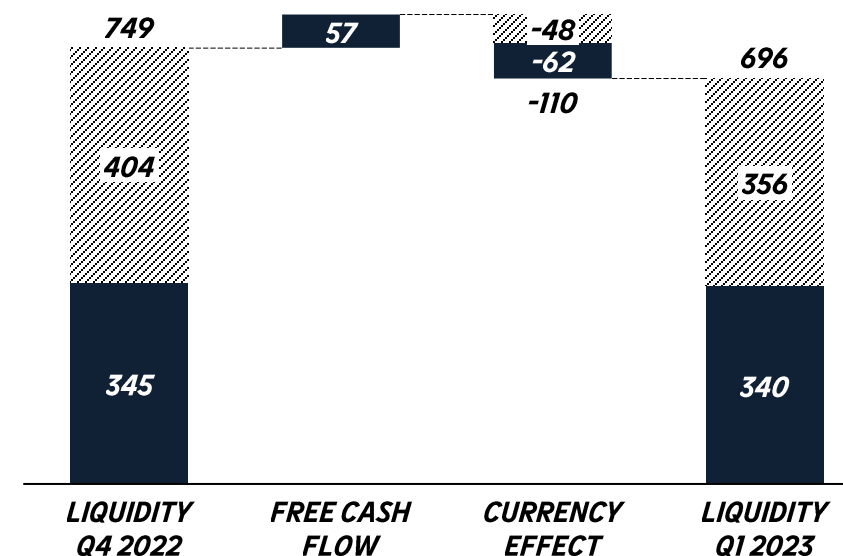
POSITIVE CASH FLOW OFFSET BY NEGATIVE CURRENCY EFFECTS

FREE CASH FLOW (MNOK)



LIQUIDITY POSITION (MNOK)¹

UNDRAWN RCF CASH BALANCE



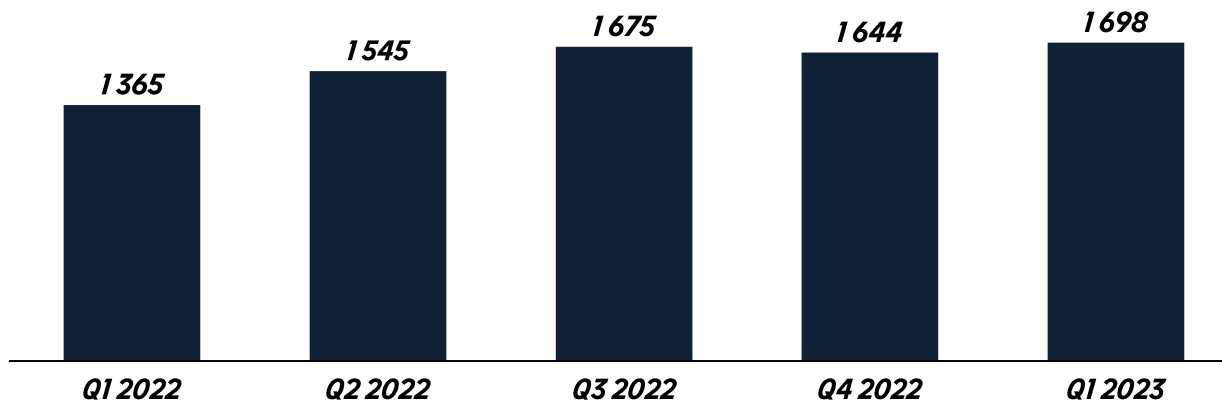
- Continue proving the cash generative ability with operating cash flow of NOK 100 million in the quarter
- Development in working capital affected by extraordinary cost from Q4 2022

- Satisfactory liquidity position to handle current operations and communicated expansion strategy, despite significant negative currency translation impact in the quarter

1) Liquidity includes cash balance and undrawn revolving credit facility

PRIORITIZING REDUCING DEBT IN THE SHORT TERM

NET DEBT (MNOK)



- Despite strong development in underlying cashflow, net debt is negatively impacted by currency effects in the quarter, with a NOK 48 million negative impact on total bank borrowings and a NOK 62 million negative impact on cash and cash equivalents
- Historically, we have shown strong cash generation capabilities and stable cash conversion, resulting in a solid deleveraging profile
- Solid cash conversion of 73%¹ in the quarter

1) EBITDA before IFRS 16 less maintenance capex and net working capital, divided by EBITDA before IFRS 16



OUTLOOK

SATS

OUTLOOK



Expect continued member growth in the long term



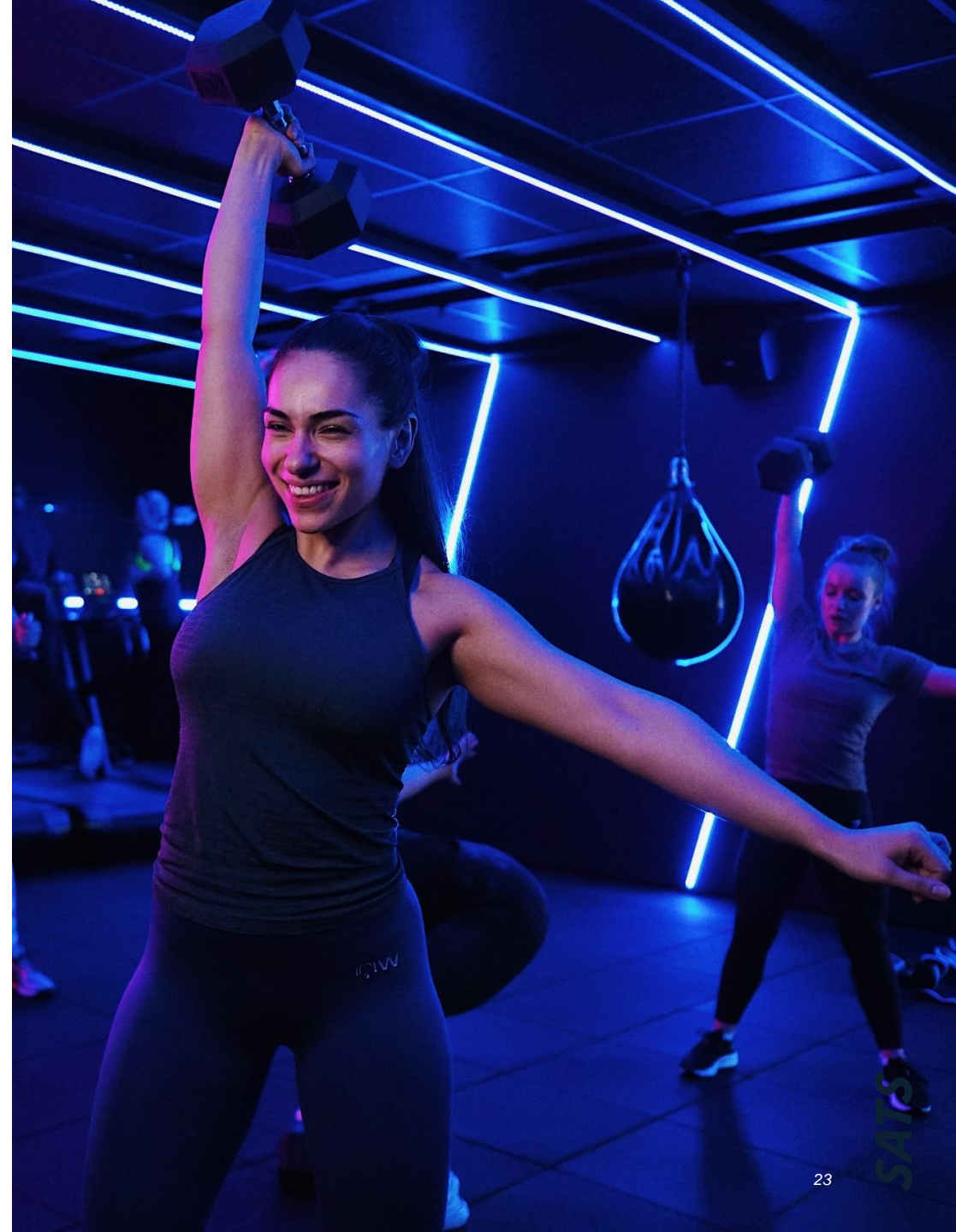
Yield improvement going forward mainly driven by new members on higher prices being rolling into the member base



Continuing the journey toward healthy financials and healthy members, in line with the ambition outlined on the CMD in October 2022



Helping members to succeed with their training, resulting in increased visits and fulfilling the vision of making people healthier and happier

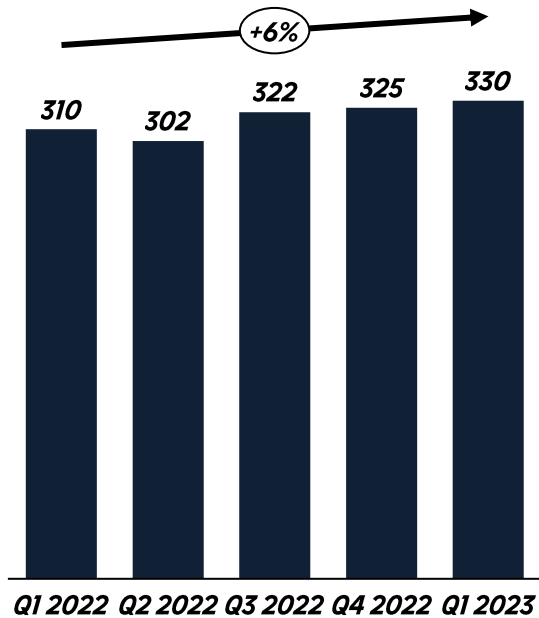


APPENDIX

SATS

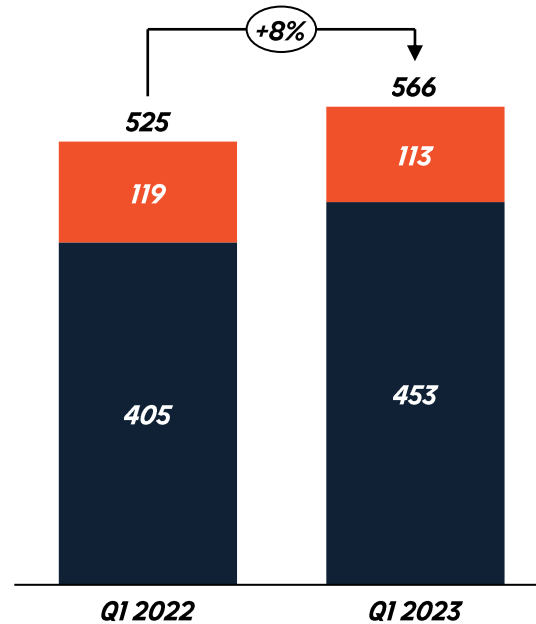
NORWAY

OUTGOING MEMBER BASE ('000)



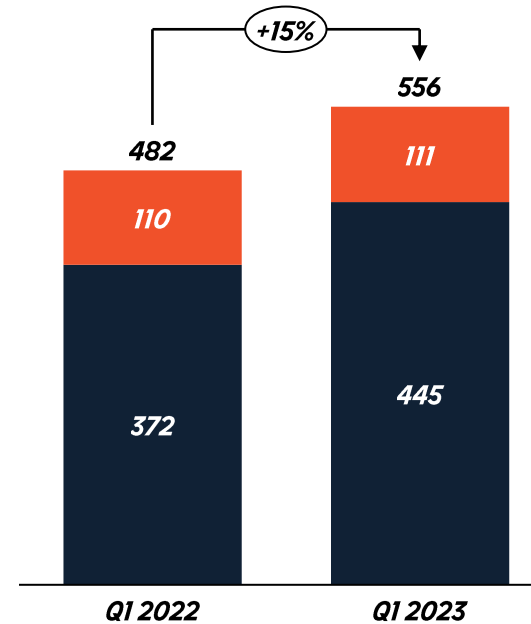
ARPM AND YIELD (NOK/MONTH)

MEMBERSHIP YIELD
OTHER YIELD

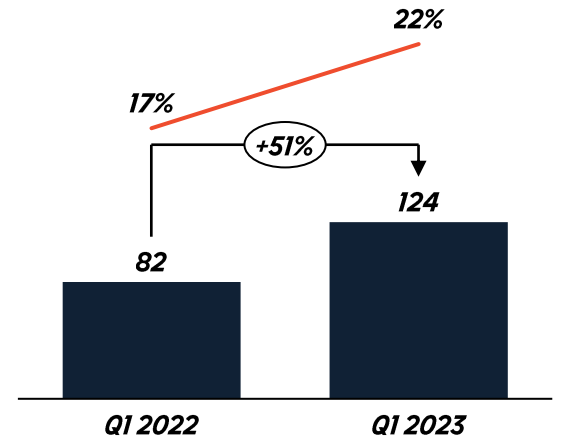


TOTAL REVENUES (MNOK)

MEMBERSHIP REVENUES
OTHER REVENUES

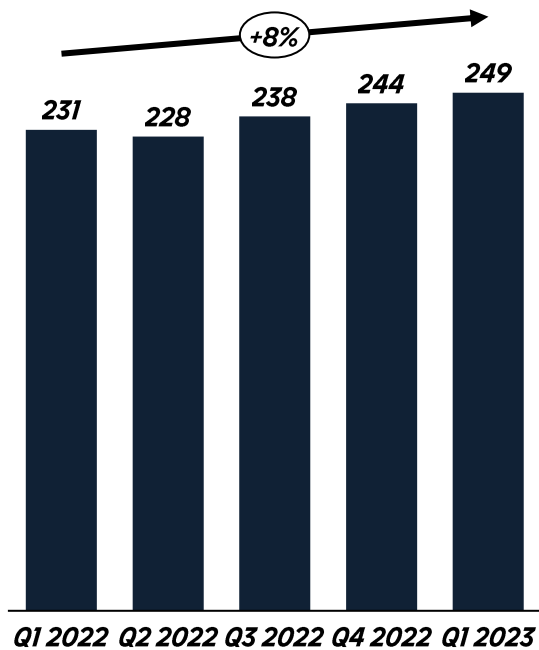


COUNTRY EBITDA BEFORE IMPACT OF IFRS 16 (MNOK)

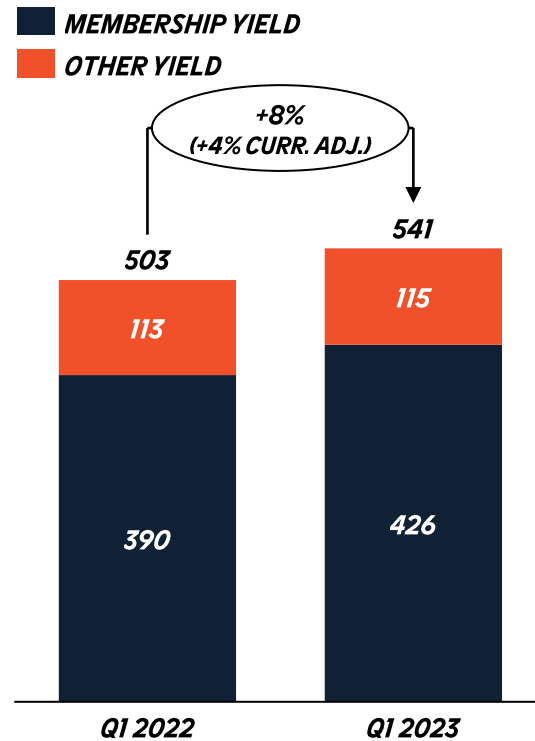


SWEDEN

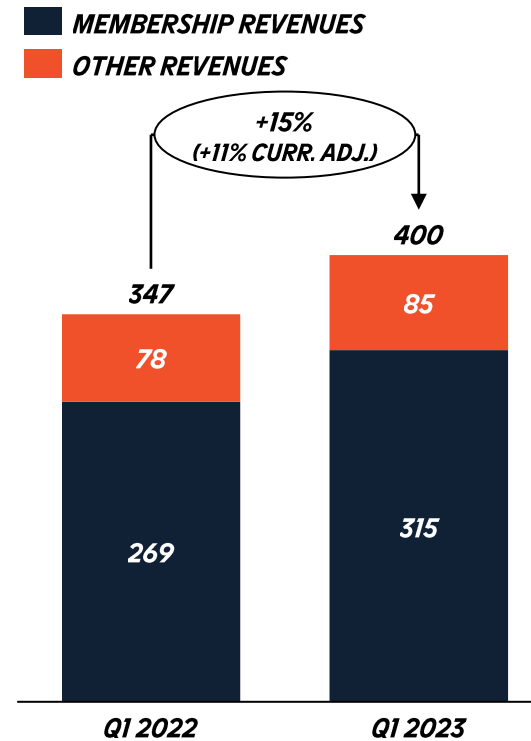
OUTGOING MEMBER BASE ('000)



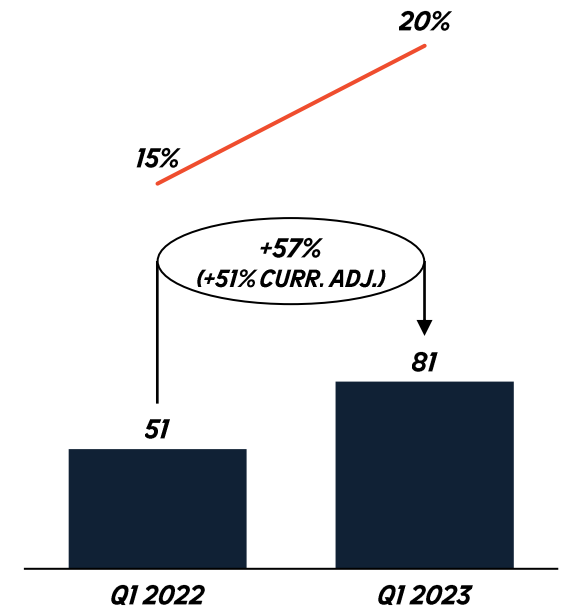
ARPM AND YIELD (NOK/MONTH)



TOTAL REVENUES (MNOK)

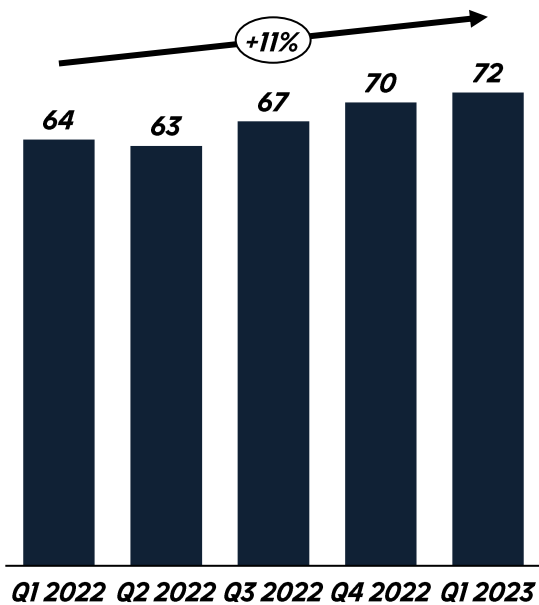


COUNTRY EBITDA BEFORE IMPACT OF IFRS 16 (MNOK)



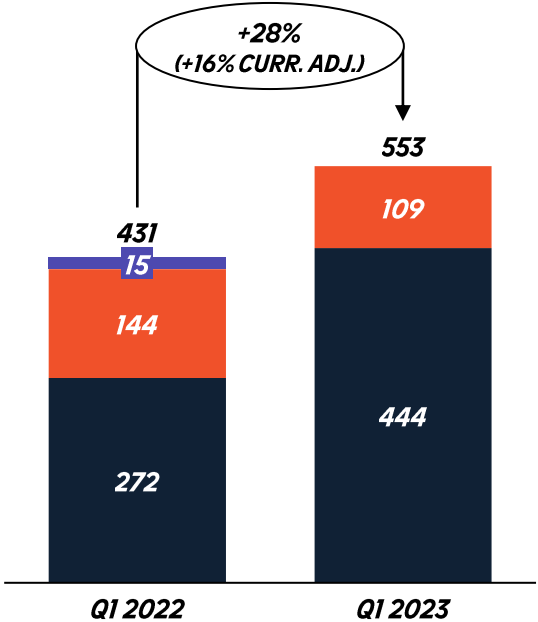
FINLAND

OUTGOING MEMBER BASE ('000)



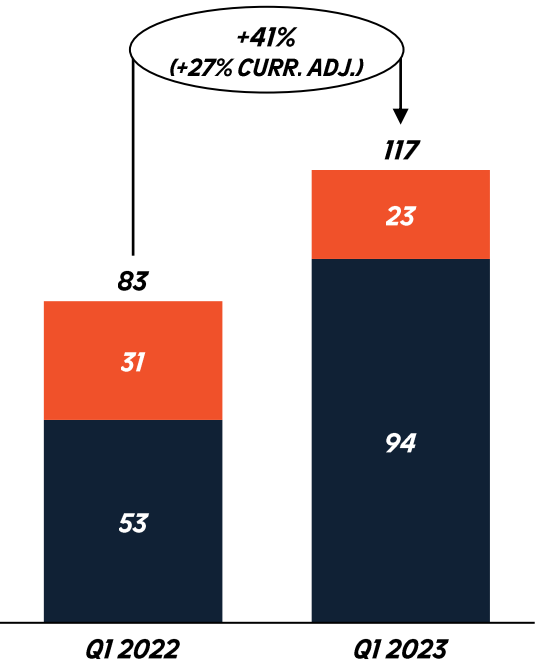
ARPM AND YIELD (NOK/MONTH)

■ MEMBERSHIP YIELD
■ OTHER YIELD
■ GOVERNMENTAL SUPPORTING PACKAGE

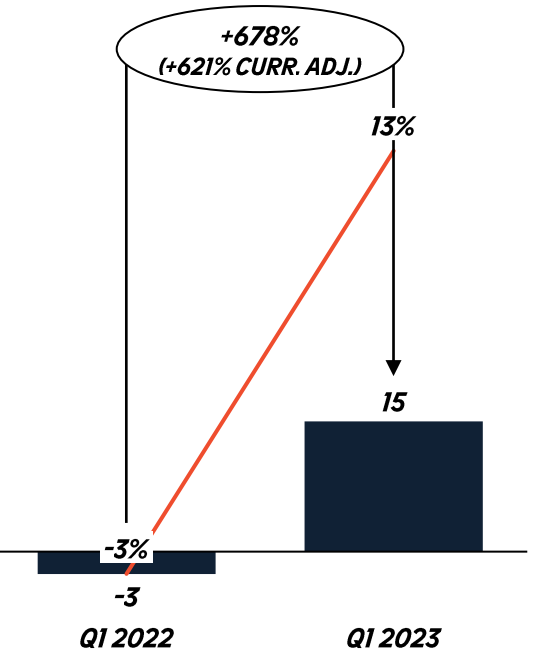


TOTAL REVENUES (MNOK)

■ MEMBERSHIP REVENUES
■ OTHER REVENUES

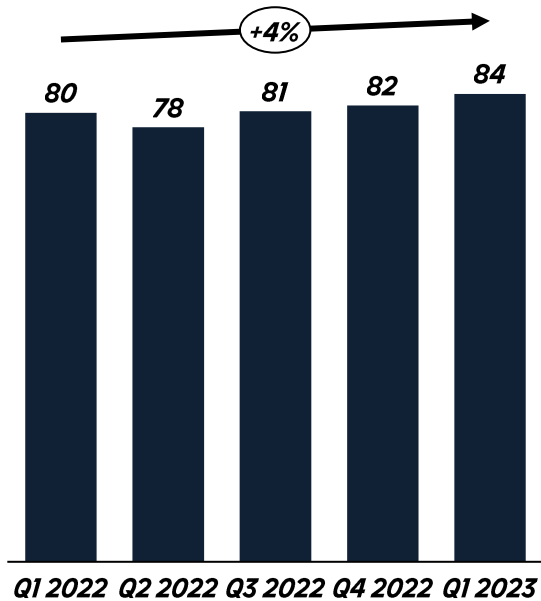


COUNTRY EBITDA BEFORE IMPACT OF IFRS 16 (MNOK)



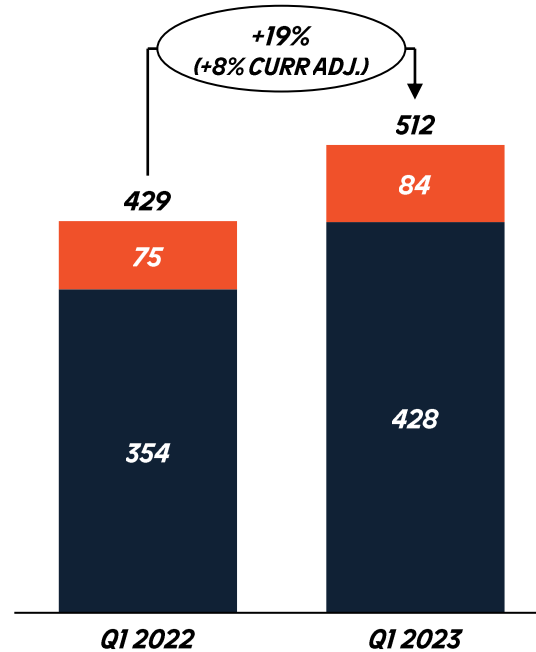
DENMARK

OUTGOING MEMBER BASE ('000)



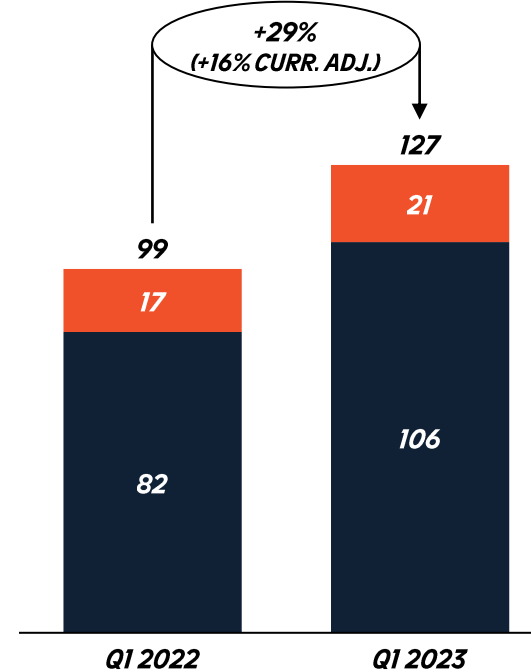
ARPM AND YIELD (NOK/MONTH)

MEMBERSHIP YIELD
OTHER YIELD

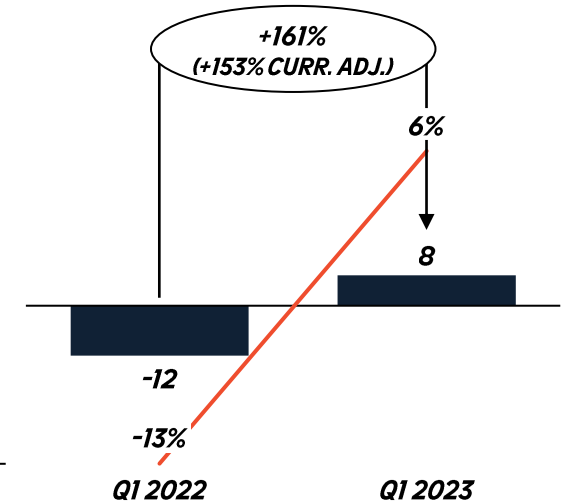


TOTAL REVENUES (MNOK)

MEMBERSHIP REVENUES
OTHER REVENUES



COUNTRY EBITDA BEFORE IMPACT OF IFRS 16 (MNOK)



SUMMARY TABLE

<i>Amounts in NOK million</i>	Q1 2023	Q1 2022
Number of clubs, EOP	274	267
Outgoing member base ('000s)	734	686
Average number of members per club	2 680	2 571
ARPM (NOK)	550	498
Yield (NOK)	440	381
Reported EBITDA (MNOK)	424	287
EBITDA before impact of IFRS 16 (MNOK)	137	30
EBITDA before impact of IFRS 16 margin	11%	3%
Country EBITDA before impact of IFRS 16 (MNOK)	227	118
Country EBITDA before impact of IFRS 16 margin	19%	12%
Net debt (MNOK)	1 698	1 365
Total capital expenditures (MNOK)	24	46
Expansion capital expenditures (MNOK)	9	29
Maintenance capital expenditures (MNOK)	15	18
Operating cash flow (MNOK)	100	-90
Leverage ratio	17.8	13.4
Cash conversion	73%	-302%

REPORTING UNDER IFRS 16

<i>Amounts in NOK million</i>	Reported Q1 2023	Change IFRS 16	Excl. IFRS 16 Q1 2023
Balance sheet items - IFRS 16			
Property, plant and equipment	726	0	726
Right-of use assets	4 497	4 497	0
Deferred tax assets	246	76	170
Prepaid expenses and accrued income	292	-88	380
Total assets	9 078	4 485	4 592
Equity	869	-347	1 216
Non-current lease liability	3 936	3 936	0
Current lease liability	941	941	0
Other current liabilities	445	-44	489
Total liabilities	8 209	4 832	3 377
Profit & loss items - IFRS 16			
Revenue	1 201	0	1 201
Cost of goods sold	-31	0	-31
Personnel expenses	-441	0	-441
Other operating expenses	-305	287	-592
Depreciation and amortization	-298	-231	-66
Operating profit	126	55	71
Net financial items	-42	-53	11
Profit/loss before tax	84	2	82

GLOSSARY

TERM	DEFINITION
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 expenditures	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 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

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)

SATS