

Q2 2023

INTERIM REPORT

APRIL-JUNE 2023

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ANOTHER STRONG QUARTERLY RESULT



Revenue growth of 12% in Q2 2023 and 13% in H1 2023 (curr. adj.), driven by more members and higher yield



Tight cost control has mitigated the inflationary pressure



Another quarter with record-high profitability: Q2 EBITDA of NOK 194 million (NOK 83 million) and H1 EBITDA of NOK 332 million (NOK 113 million)

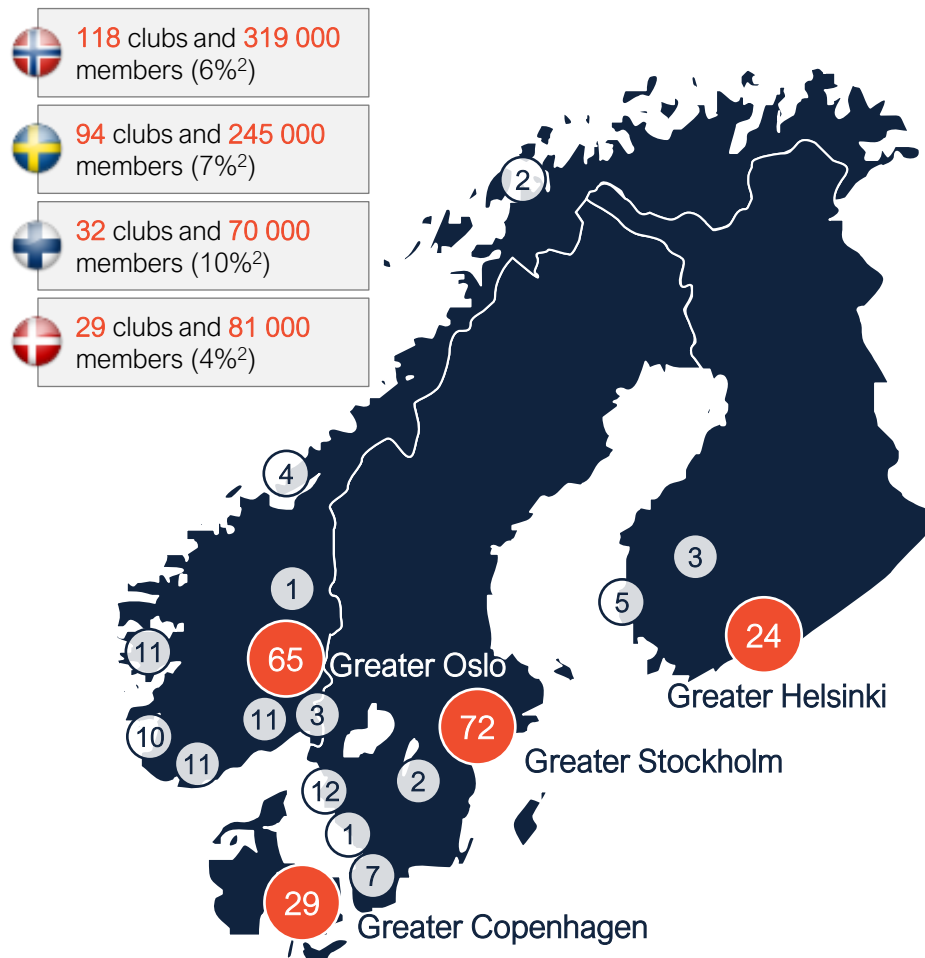


Expect to cancel the covenant waiver of the revolving credit facility ahead of expiry at the end of 2023, returning to the original covenant of 4.0x net debt to Adj. EBITDA



High activity levels at the clubs, with 16% more visits during the second quarter than in the comparable quarter last year, a trend that has persisted into the third quarter

Q2 2023 SUMMARY



273
CLUBS

715 000
MEMBERS

#1
IN THE NORDICS¹

#4
IN EUROPE¹

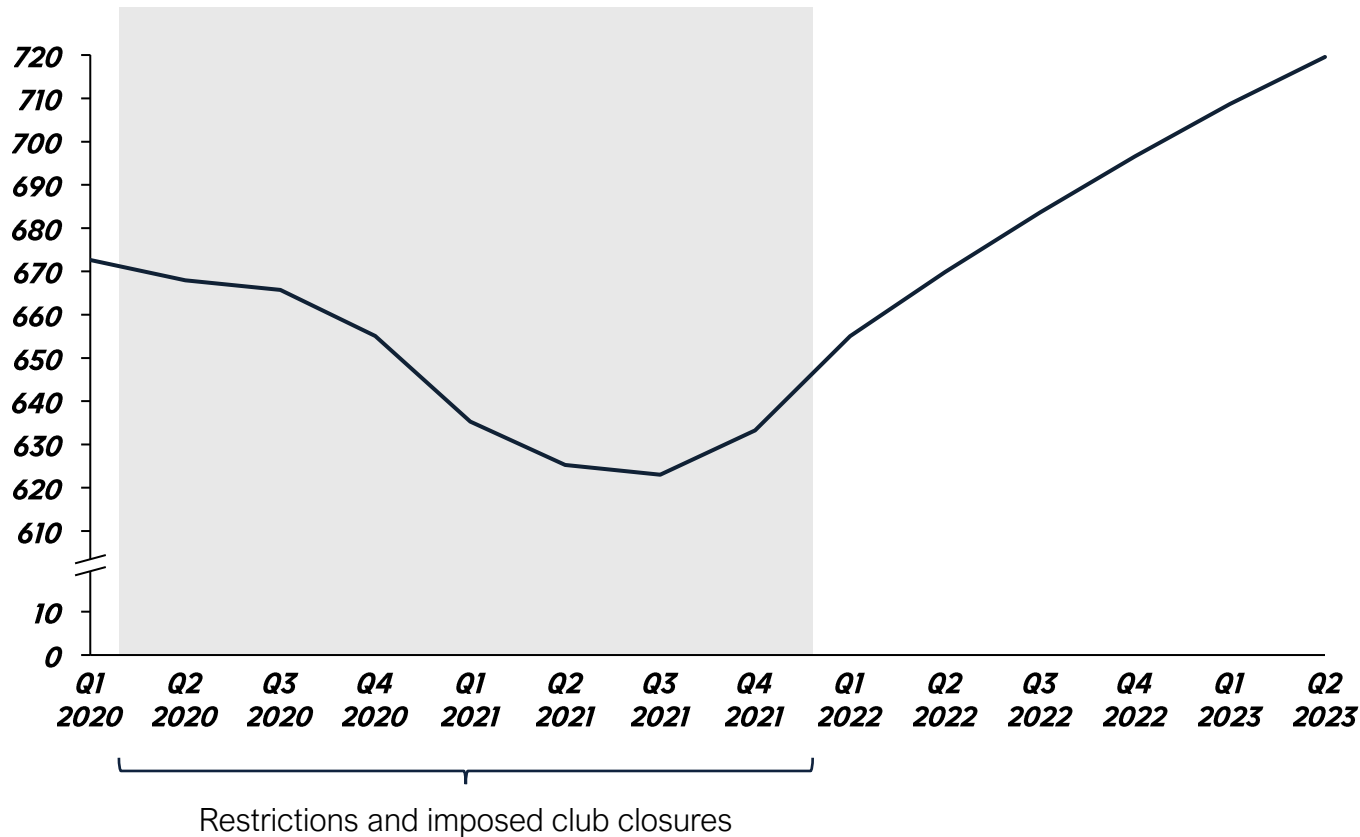
KEY FIGURES	Q2 2023	CHANGE VS Q2 2022
TOTAL REVENUES	1 200 MNOK	17%
EBITDA BEFORE IFRS 16	194 MNOK	133%
EBITDA BEFORE IFRS 16 MARGIN	16%	8 P.P.

1) Measured by 2022 revenues based on figures from Deloitte EuropeActive EHFMR 2023

2) Compared to Q2 2022

STRONG MEMBER DEVELOPMENT OVER TIME

OUTGOING MEMBER BASE, ROLLING 4 QUARTERS ('000)



- Strong member growth over time, with a 6% increase y/y
- The second quarter is typically a period with a decline in members due to lower sales
- Both sales and drop-off in the quarter in line with historical comparables, resulting in a net member base decline of 3%



HEALTHIER MEMBERS = HEALTHIER SOCIETY

IN THE LAST 12 MONTHS SATS
MEMBERS HAVE CONTRIBUTED WITH:



**~ NOK 21.6 BILLION
IN SOCIO-ECONOMIC
WELFARE GAIN**



**~15 000 QUALITY-
ADJUSTED LIFE
YEARS (QALYS)**



Robust megatrends driving
activity levels and higher health
awareness

SUPPORTED BY:

SATS helping members
succeeding with their
training



Higher fitness
membership
penetration among
younger generations
- expected to keep
those habits through
life

PHYSICAL ACTIVITY STILL SEEMS TO BE GIVEN HIGH PRIORITY, BUT ADDITIONAL SALES SOMEWHAT WEAKENED

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

Weakening of additional sales, constituting **~20% of revenues**

STRONG PRICE DEVELOPMENT

*Average membership price
for new members (curr. adj.):*

+15%

VS Q2 2022

The list price lift in December, as well as lower campaigning activity in DK, has driven up the membership prices for new members

SUPPORTIVE MEMBER SALES

Sales of new memberships:

+6%

VS Q2 2022

Strong sales of new memberships

SLOWER ADDITIONAL SALES

Retail and PT sales:

RETAIL SALES:

-3%

PT SALES:

-12%

VS Q2 2022

Reduced sales per visit, only partly offset by increase in visits. Lower personal training volume, partly offset by increased prices

NUMBER OF VISITS IS THE SINGLE MOST IMPORTANT KPI BOTH FINANCIALLY FOR SATS AND FOR THE PUBLIC HEALTH

SATS INCREASES ACTIVITY LEVELS BY IMPROVING THE PRODUCT AND COMMUNICATING WITH MEMBERS



THE POWER OF DATA AND INDIVIDUAL MOTIVATION TO CREATE HABITS AND STICKINESS



Se på dig selv 🥰
Du er så fit, at selv løbebåndene fik en høj puls.

nå



Grattis! 🏆
Du har gennemført dagens træningspass med bravur 🙌 Ta en velfortjent vila, så ses vi snart igen. Vi hejar på dig!

nå

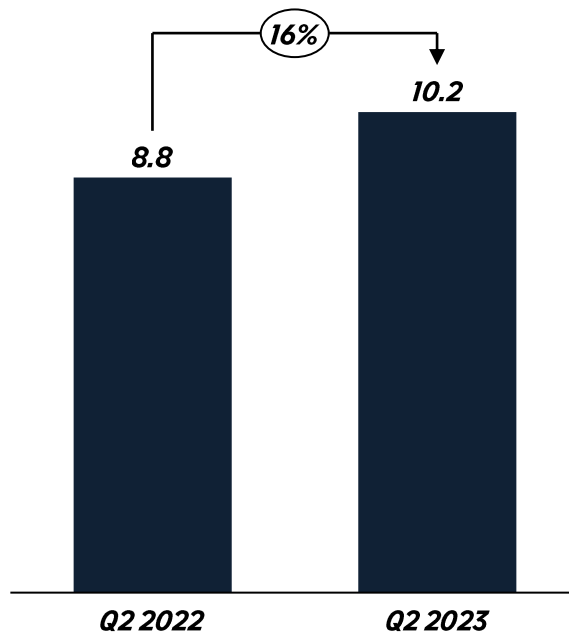
Hei Ida Kristin! Vi savner deg på SATS... Vi har lagt merke til at det har gått noen uker siden sist du var på trening, og det er greit. Noen ganger kommer ting i veien. Men vi er klare til å sparke i gang energinivået ditt igjen! Håper du tar turen snart. Treningen blir morsommere med deg.

Klem fra SATS

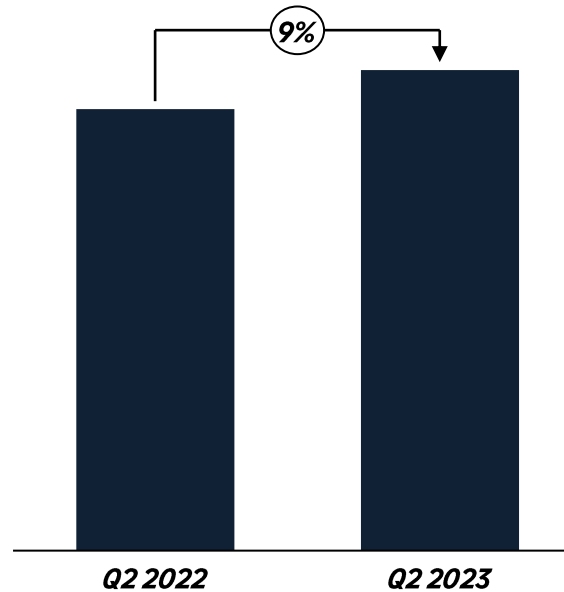
Melde deg av SMS? Send STOPP til [+4759448324](tel:+4759448324)

Q2: THE LONG-LASTING POSITIVE ACTIVITY TREND IS CONTINUING

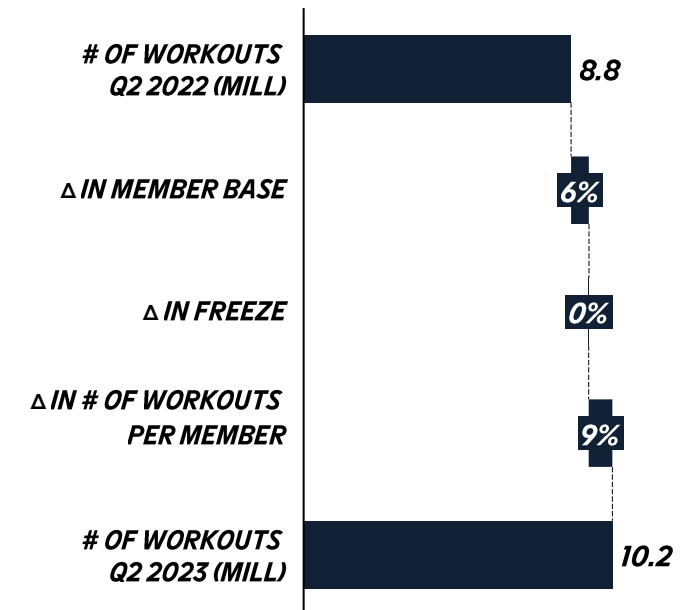
OF WORKOUTS (MILL)



OF WORKOUTS PER PAYING MEMBER



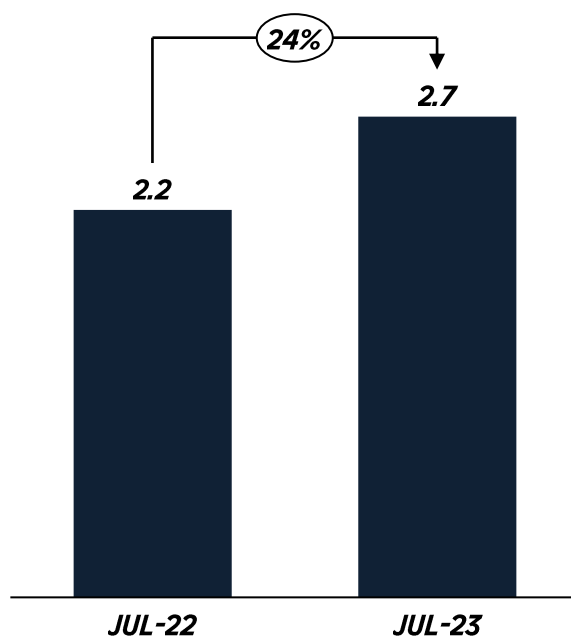
DRIVERS FOR CHANGE IN # OF WORKOUTS



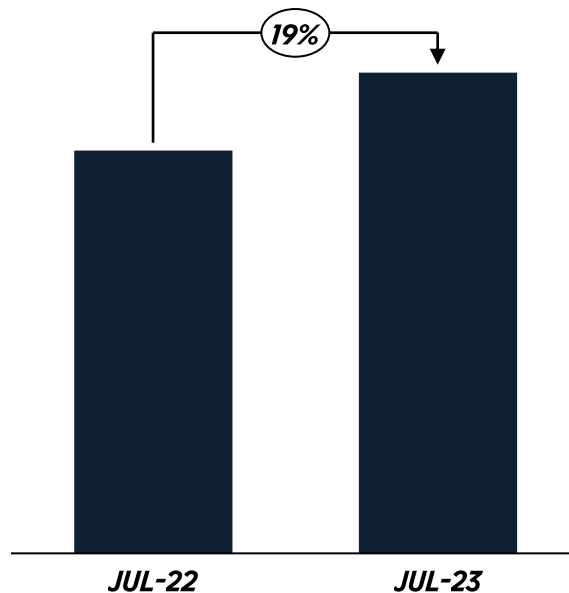
- Our members keep breaking activity records, visiting us more and more often and improving their health
- The increase is driven by both a growing member base and an increase in workouts per member

JULY: THE LONG-LASTING POSITIVE ACTIVITY TREND IS CONTINUING

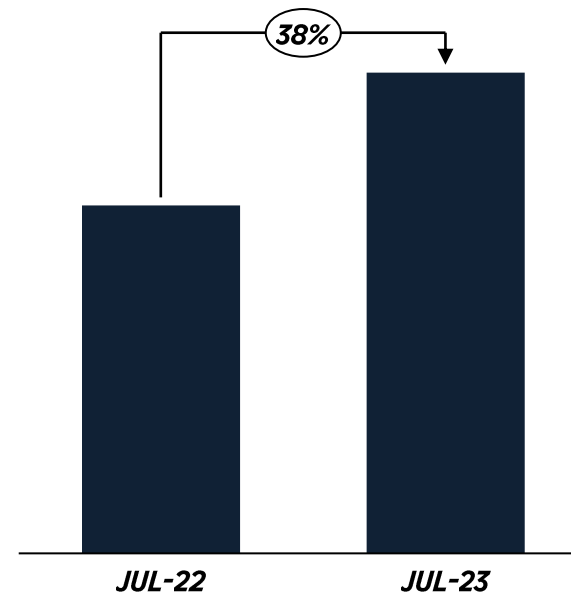
OF WORKOUTS (MILL)



OF WORKOUTS PER PAYING MEMBER







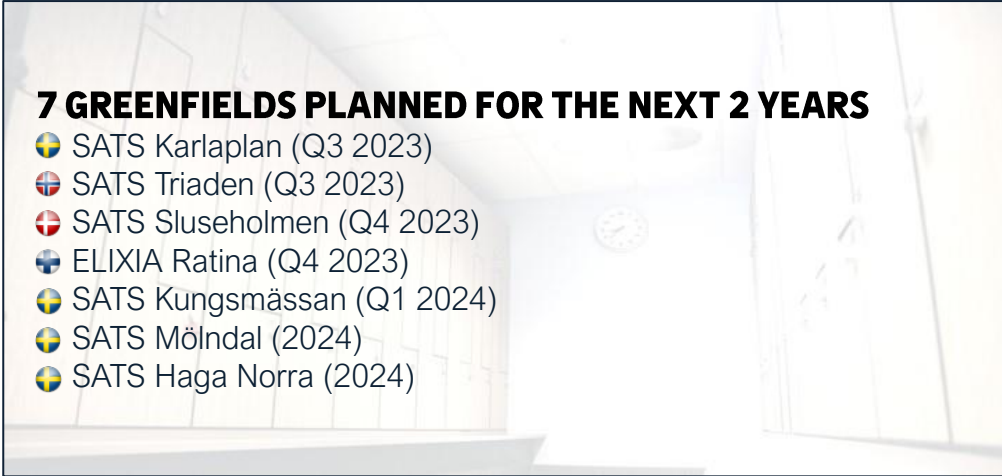














OF GROUP TRAINING SESSIONS



- High activity levels at our clubs, also during the Summer
- The significant increase in group training sessions proves the value of this product to our members

DELIBERATELY REDUCED THE CLUB GROWTH IN THE SHORT TERM, FOCUSING ON OPTIMIZING CLUB PROFITABILITY

	 Q2 2023	Q3 2023 - FY 2024 
	 <p>2 GREENFIELDS</p> <ul style="list-style-type: none"> SATS Hyllie Corner SATS DN Skrapan	 <p>7 GREENFIELDS PLANNED FOR THE NEXT 2 YEARS</p> <ul style="list-style-type: none"> SATS Karlaplan (Q3 2023) SATS Triaden (Q3 2023) SATS Sluseholmen (Q4 2023) ELIXIA Ratina (Q4 2023) SATS Kungsmässan (Q1 2024) SATS Mölndal (2024) SATS Haga Norra (2024)
	 <p>2 CLUB REDUCTIONS</p> <ul style="list-style-type: none"> Fresh Fitness Moss SATS Spektrum	 <p>NO FURTHER CONCLUDED CLUB REDUCTIONS</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

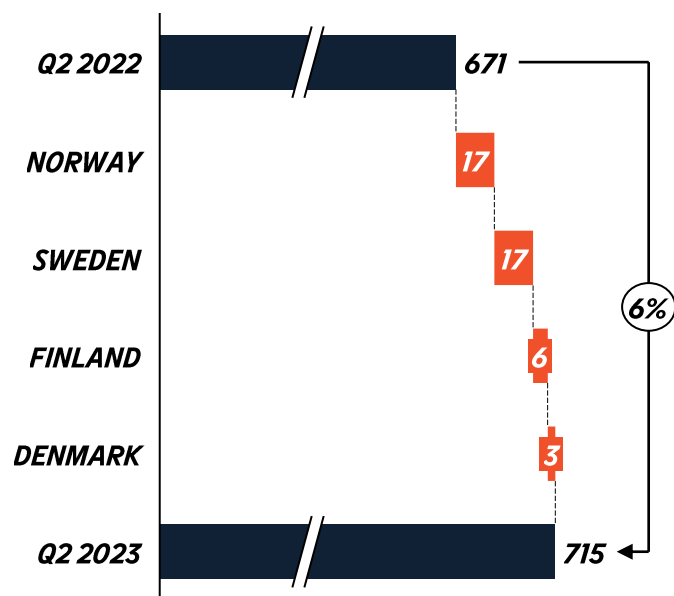


FINANCIAL REVIEW

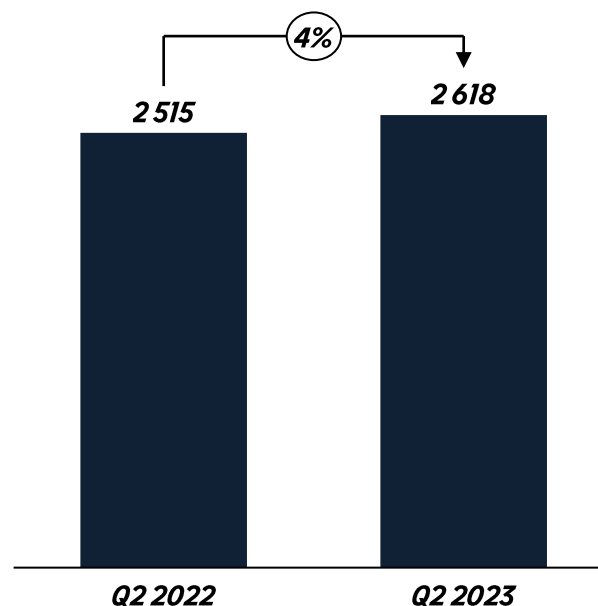
SATS

STRONG MEMBER DEVELOPMENT THE PAST YEAR

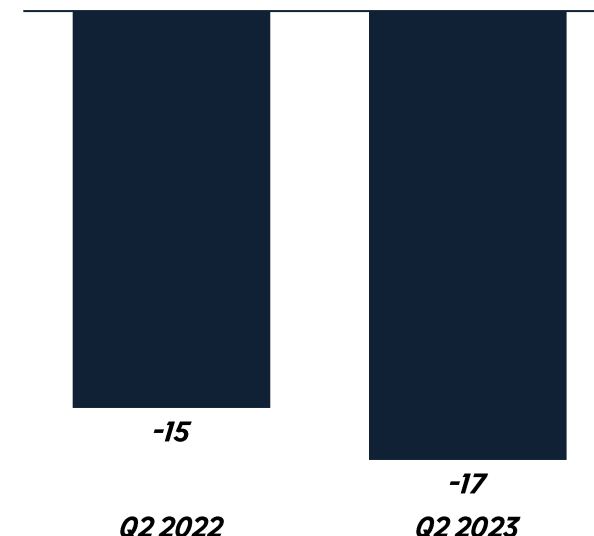
TOTAL MEMBERS ('000) BY SEGMENT



MEMBERS PER CLUB



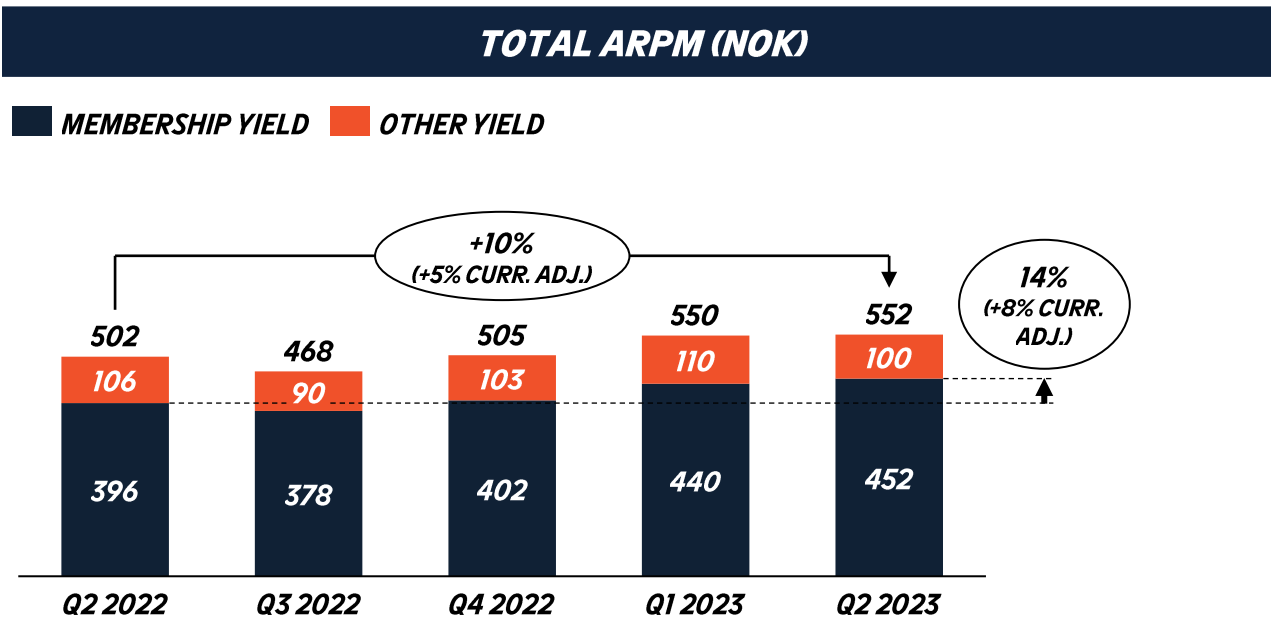
NET MEMBER GROWTH ('000)¹



- Member base increase across all four Nordic countries during the past year, leading to a 4% increase in members per club
 - The second quarter is typically a period with a decline in members due to lower activity levels and sales
 - Both sales and drop-off in the quarter in line with historical pre-covid comparable

1) Excl. acquisitions and closed clubs

CONTINUED POSITIVE EFFECT FROM YIELD IMPROVEMENT STRATEGY



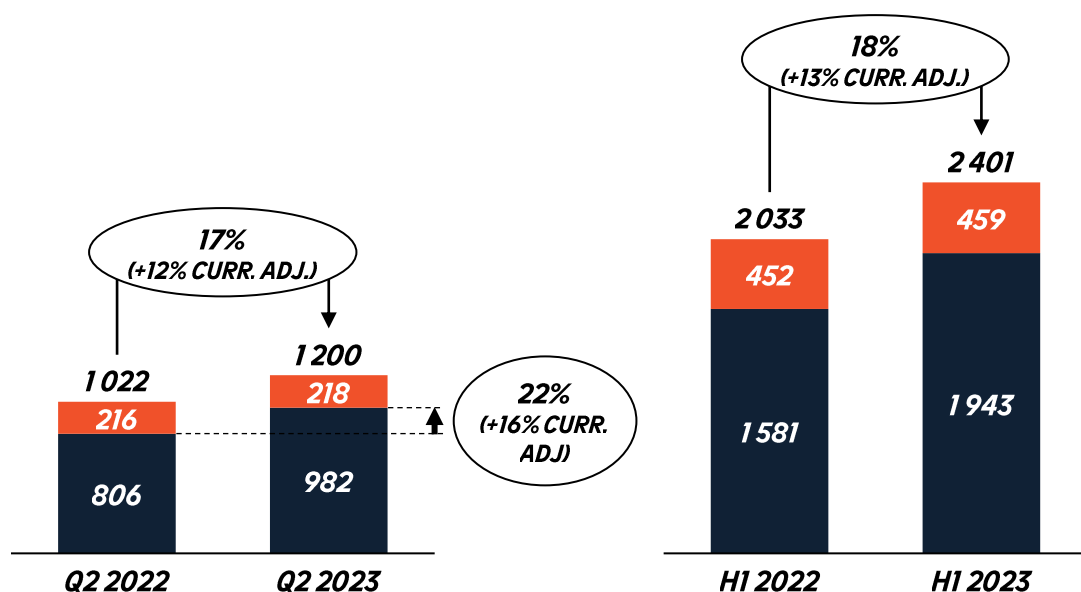
- ARPM improvement mainly driven by membership yield increase after price adjustments during the winter:
 - List price adjustment
 - Inflation adjustment
 - Minimum price adjustment
- 8% curr. adj. membership revenue increase implies a membership yield-driven revenue improvement in the quarter of 76 million
- Other revenues developing slower, with revenue per member down compared to last year, both for personal training and retail



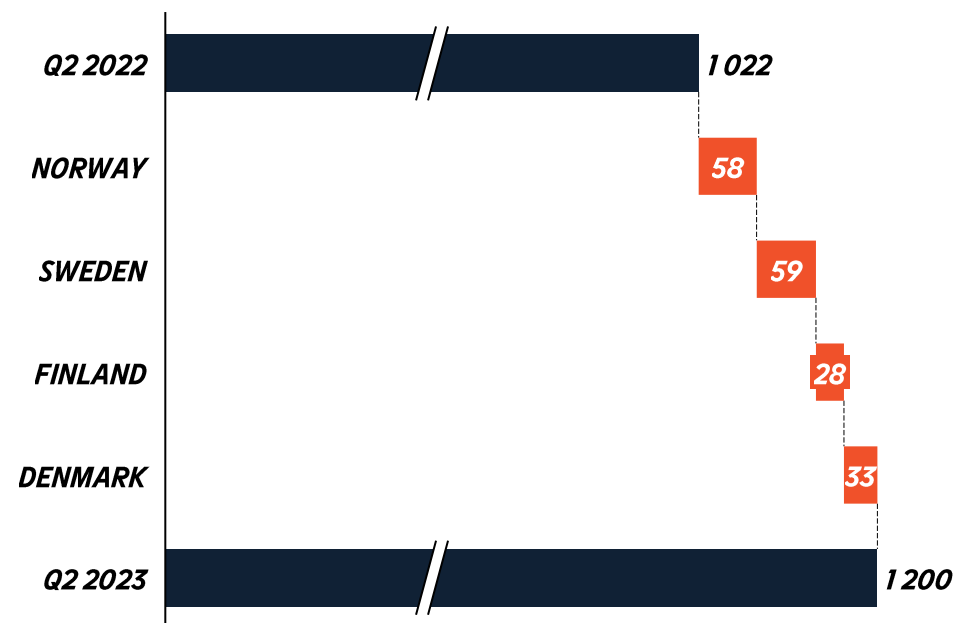
VOLUME-DRIVEN REVENUE GROWTH SUPPORTED BY INCREASE IN YIELD

TOTAL REVENUES (MNOK)

MEMBERSHIP REVENUES OTHER REVENUES



TOTAL REVENUES (MNOK) BY SEGMENT



- In line with expectations, progression in revenues continues in Q2 (+12% curr. adj.), mainly driven by membership revenue increasing by 16% (curr. adj) year-over-year
- Strong revenue development across all four Nordic markets
- Other revenues somewhat weakened

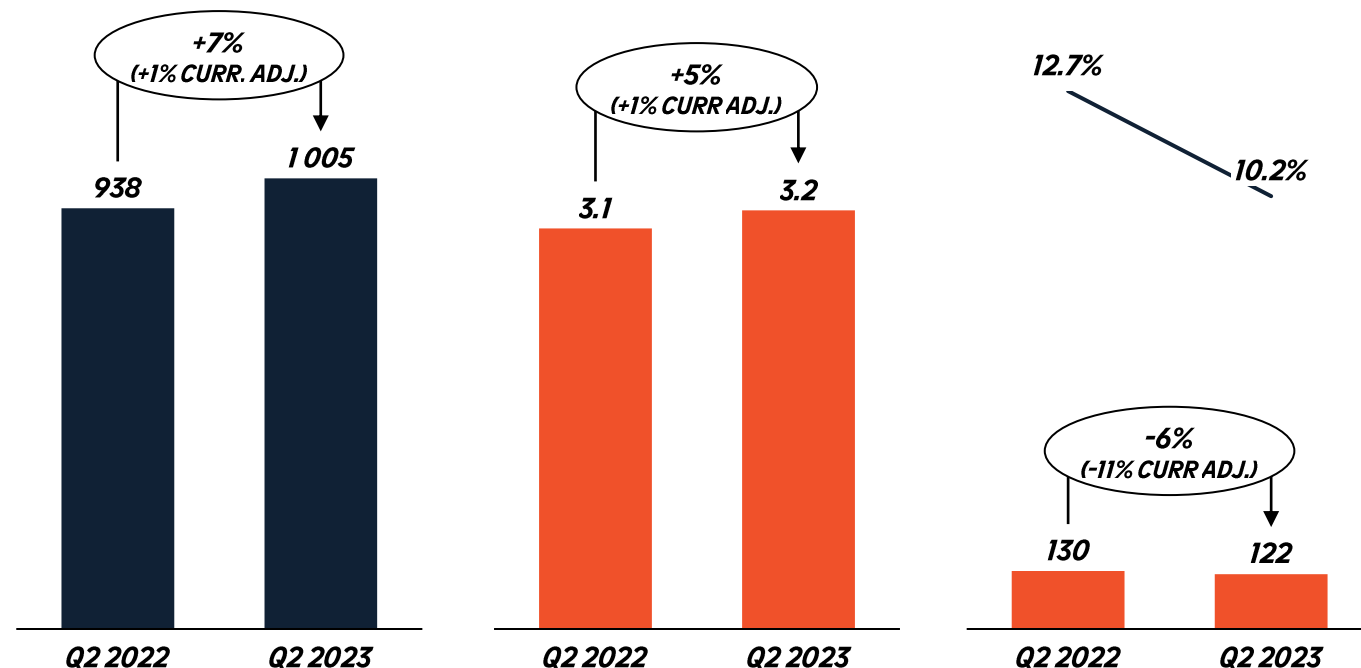
INFLATIONARY PRESSURE MITIGATED BY STRONG COST CONTROL

OPERATING COSTS

Total operating costs (MNOK)¹

- whereof like-for-like club costs per club (MNOK)¹

- whereof overhead costs



■ OVERHEAD
— OVERHEAD AS % OF REVENUES

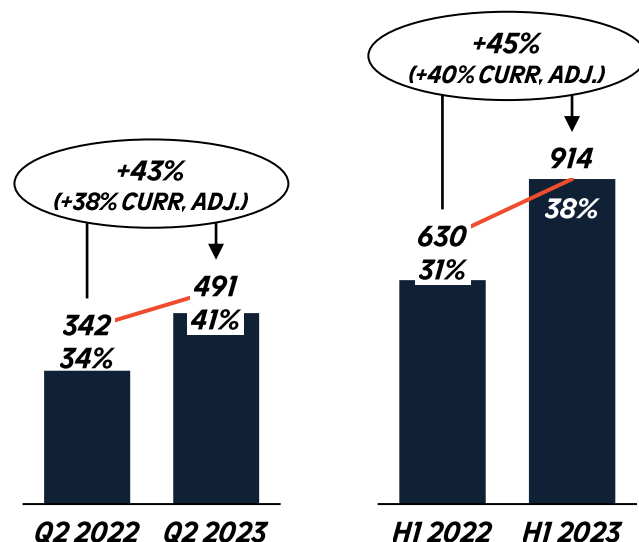
- Cost base addressed through profitability improvement program, gradually coming into effect
- Low overhead cost in Q2 due to normal seasonality effects (vacation), but continues to come down compared to last year
- Temporarily lower COGS and marketing spend in the quarter
- Annual wage increases coming into effect from Q3
- Energy hedges to be considered as a part of a long-term strategy

1) Before IFRS 16

REPORTING A RECORD-HIGH EBITDA OF NOK 491 MILLION

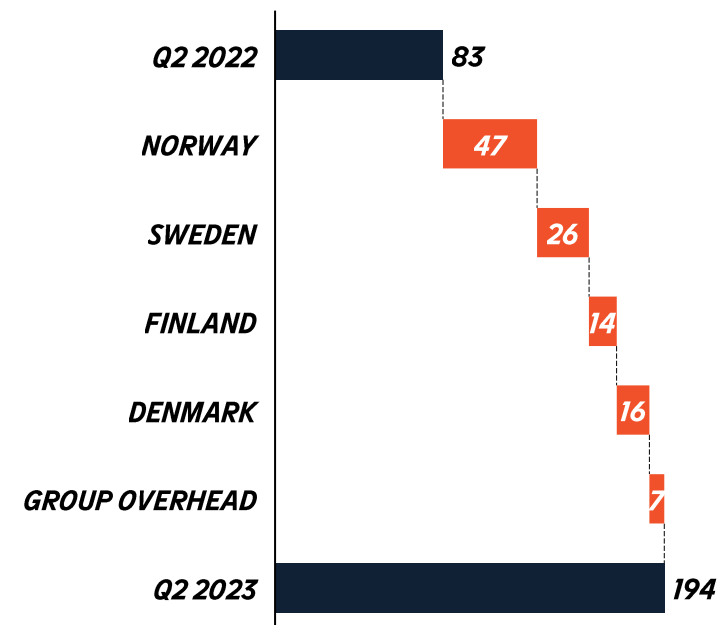
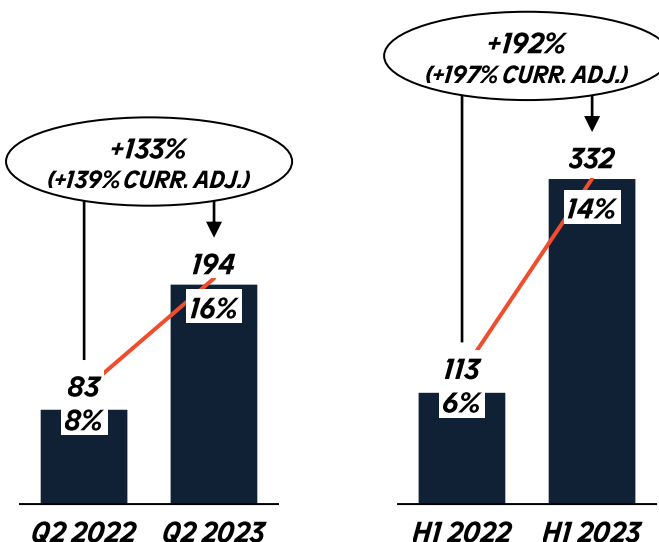
REPORTED EBITDA

■ EBITDA
— EBITDA MARGIN



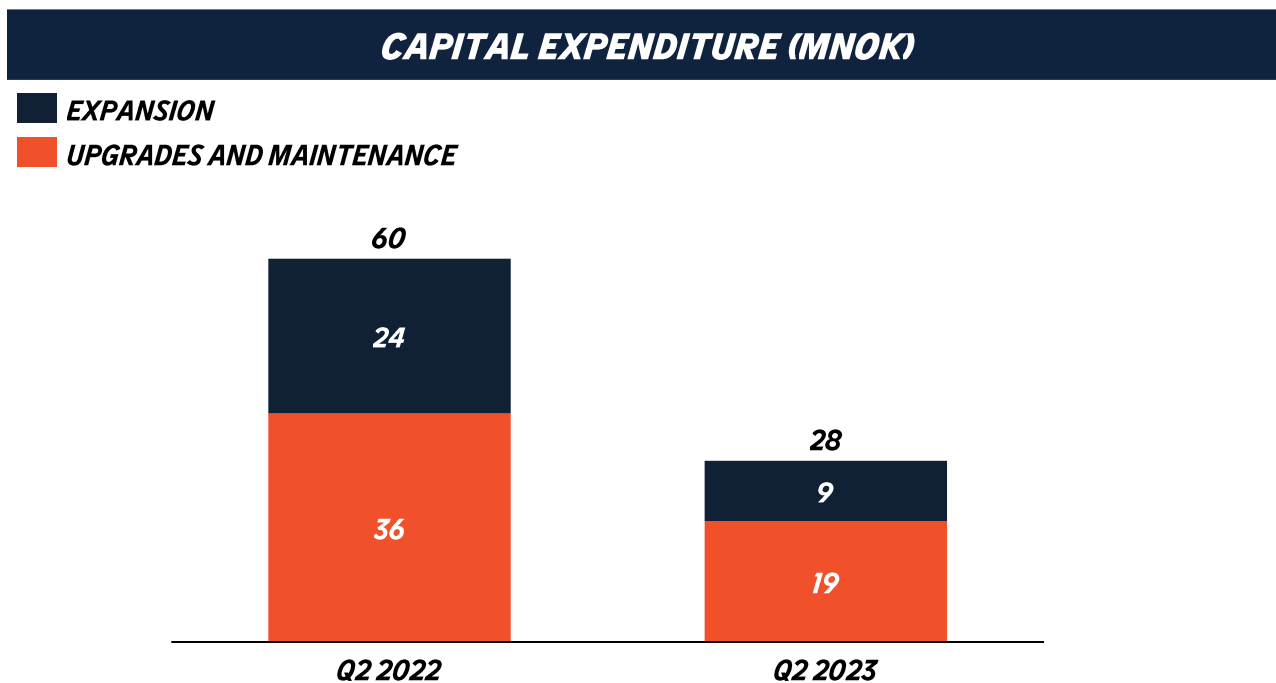
EBITDA BEFORE IFRS 16 (MNOK)

■ EBITDA BEFORE IFRS 16
— EBITDA BEFORE IFRS 16 MARGIN



- 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 over the past year
 - Successful price adjustments of new and existing members
 - Group-wide profitability program implemented, primarily reducing overhead costs to utilize scale

MODERATE CAPEX IN THE FIRST HALF OF 2023

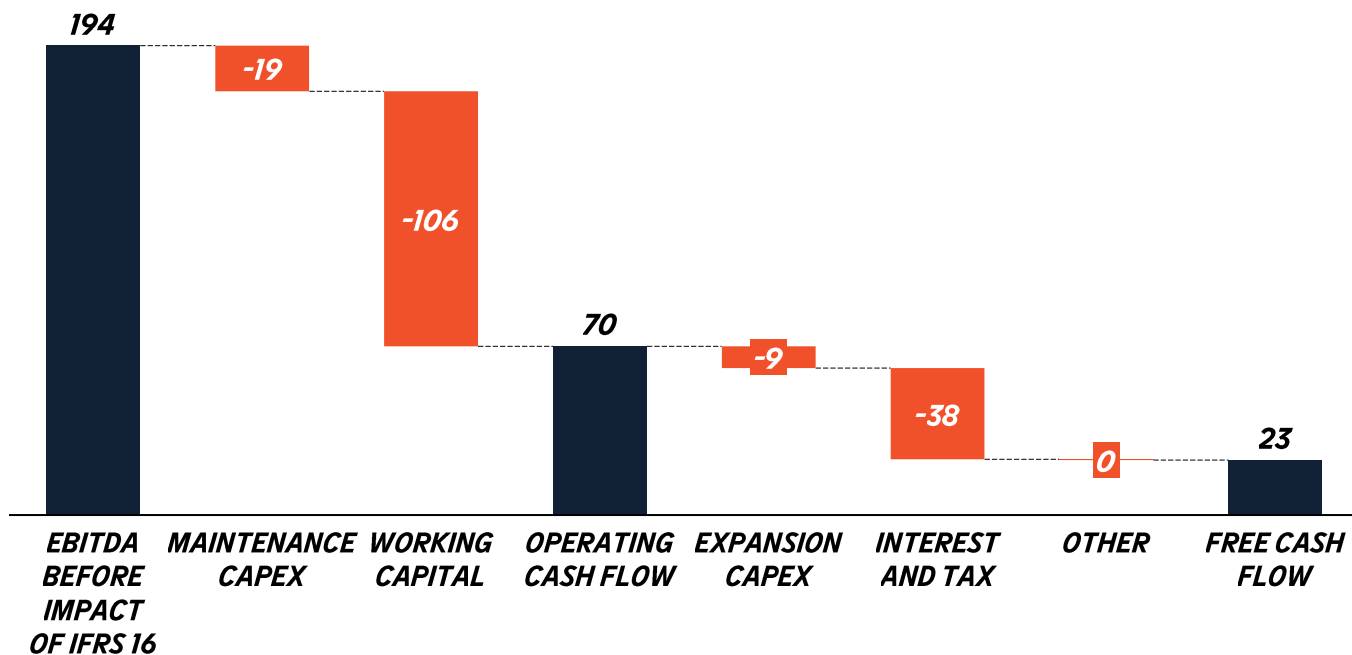


- Lower upgrades and maintenance capex in the second quarter, due to a precautionary spending approach
- Expect pick-up in investments in H2, returning to 5% of revenues
- Moderate club expansion, with further additions still temporarily paused due to the current macroeconomic climate



CONTINUE PROVING THE CASH-GENERATIVE ABILITY, DESPITE SEASONALLY WEAKER CASH FLOW

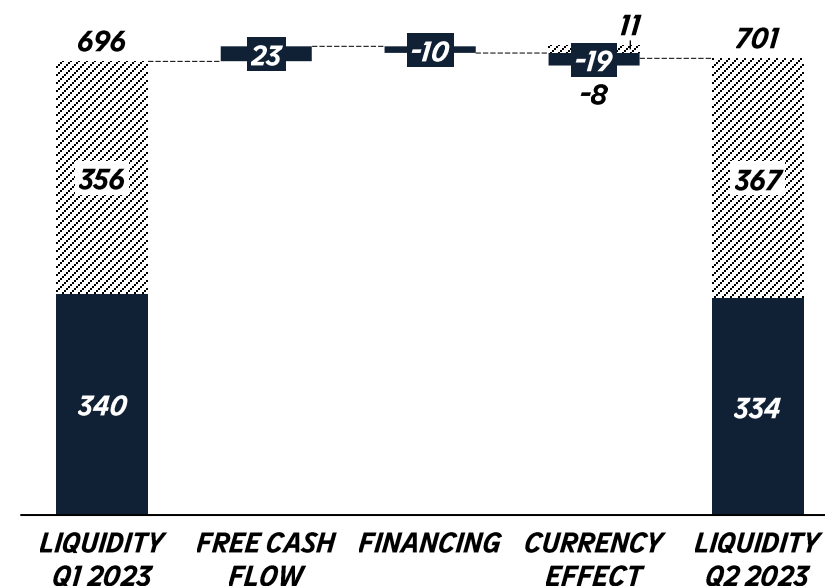
FREE CASH FLOW (MNOK)



- Negative impact from working capital of NOK 106 million reflects the seasonal settlement of deferred liabilities, mainly related to holiday pay in Norway
- Continue proving the cash generative ability with operating cash flow of NOK 70 million in the quarter

LIQUIDITY POSITION (MNOK)¹

UNDRAWN RCF CASH BALANCE

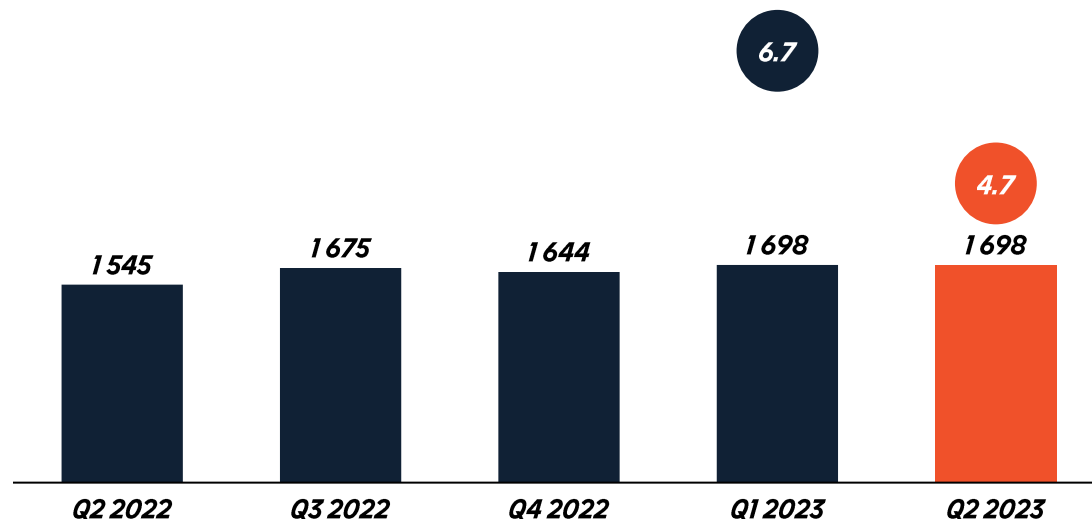


- Satisfactory liquidity position to handle current operations and communicated expansion strategy

1) Liquidity includes cash balance and undrawn revolving credit facility

STABLE NET DEBT, BUT REDUCED LEVERAGE WITH INCREASED EARNINGS

NET DEBT (MNOK) AND LEVERAGE RATIO¹



- Stable net debt, but leverage significantly down with increasing earnings
- Historically, we have shown strong cash generation capabilities and stable cash conversion, resulting in a strong deleveraging profile
- Expect to cancel the covenant waiver of the revolving credit facility ahead of expiry at the end of 2023, returning to the original covenant of 4.0x net debt to Adj. EBITDA

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

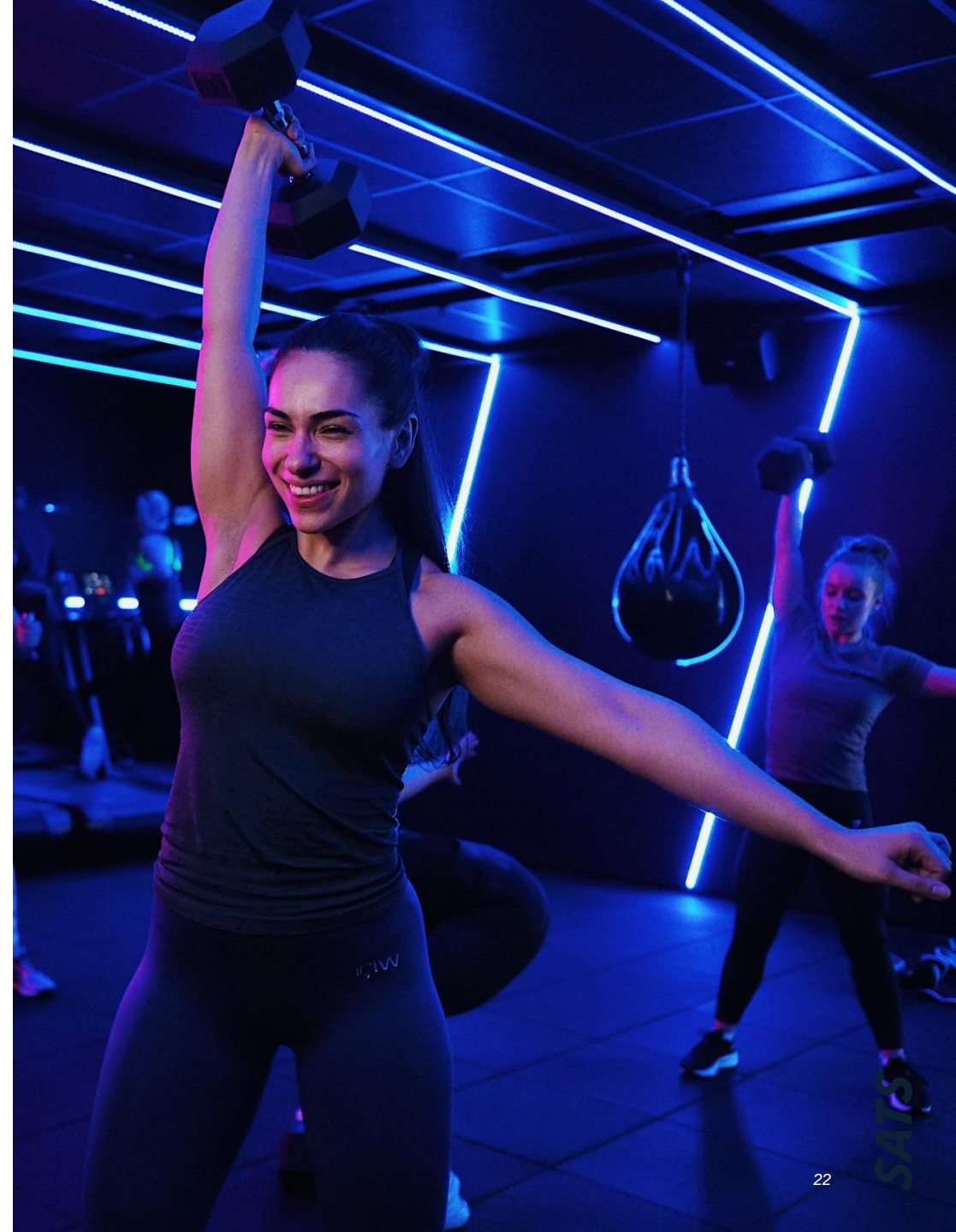


OUTLOOK

SATS

OUTLOOK

-  Expecting an active second half of the year, with continued high visit levels
-  Currently no impact of weakened consumer sentiment on the core business
-  Anticipating continued steady member growth going forward, though not in line with the extraordinary covid-recovery years
-  Yield expected to continue outperforming 2022 levels
-  Overall development continuing in line with the ambition outlined on the CMD in October 2022

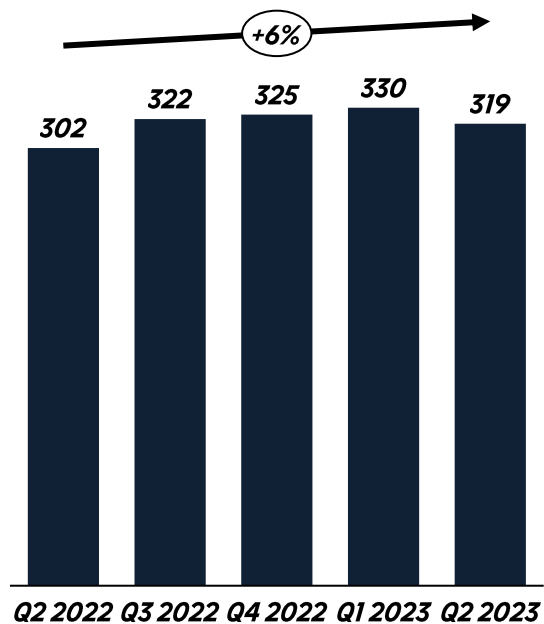


APPENDIX

SATS

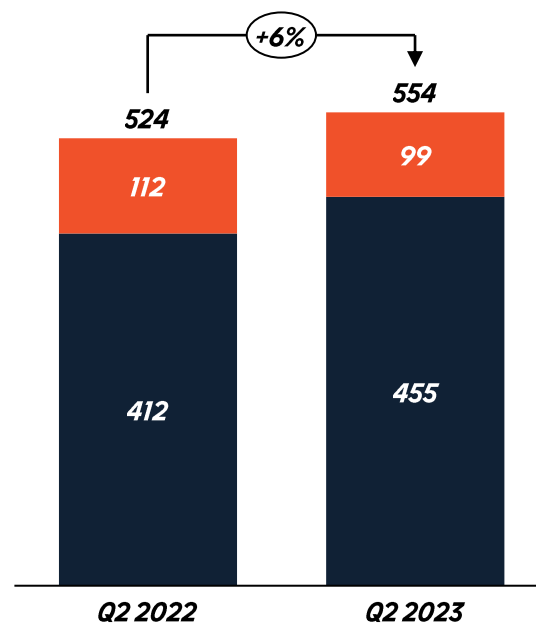
NORWAY

OUTGOING MEMBER BASE ('000)



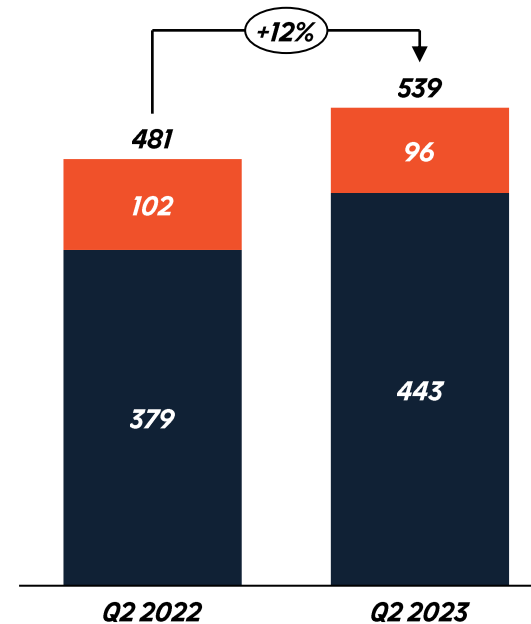
ARPM AND YIELD (NOK/MONTH)

MEMBERSHIP YIELD
OTHER YIELD

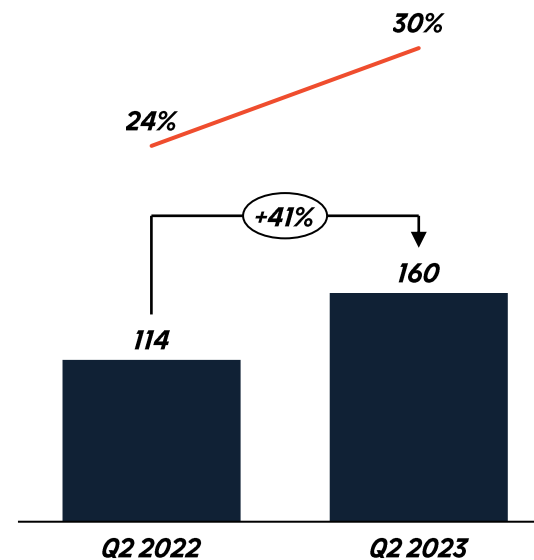


TOTAL REVENUES (MNOK)

MEMBERSHIP REVENUES
OTHER REVENUES

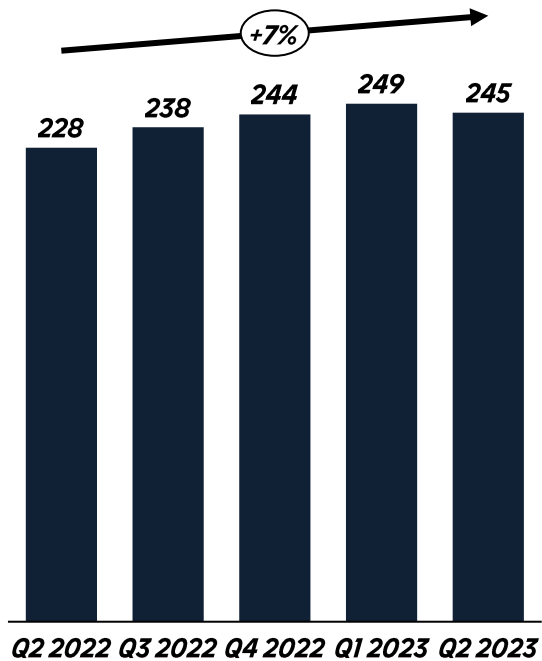


COUNTRY EBITDA BEFORE IMPACT OF IFRS 16 (MNOK)



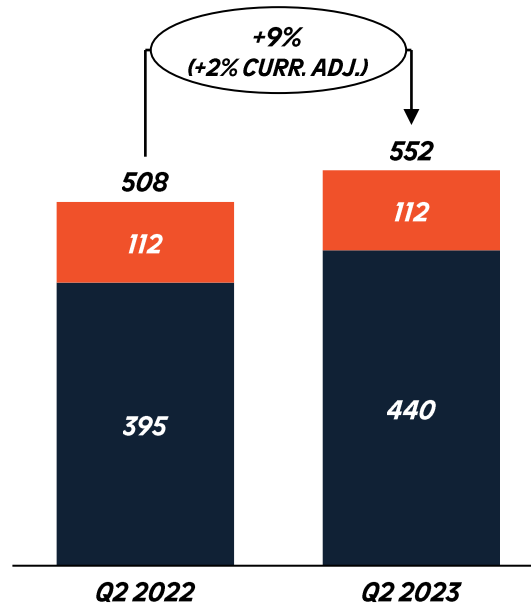
SWEDEN

OUTGOING MEMBER BASE ('000)



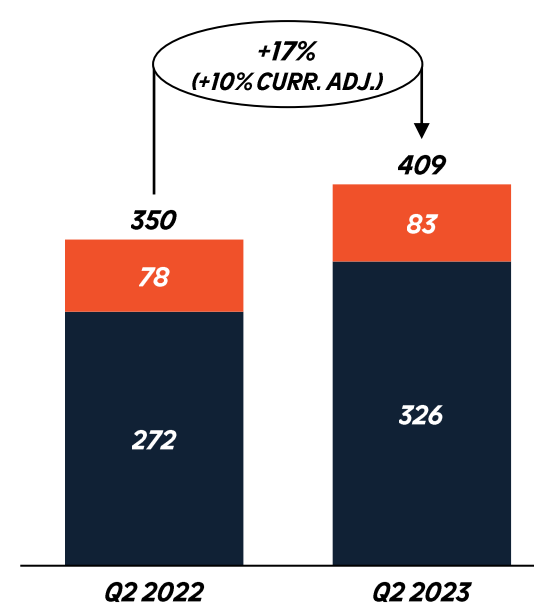
ARPM AND YIELD (NOK/MONTH)

MEMBERSHIP YIELD
OTHER YIELD

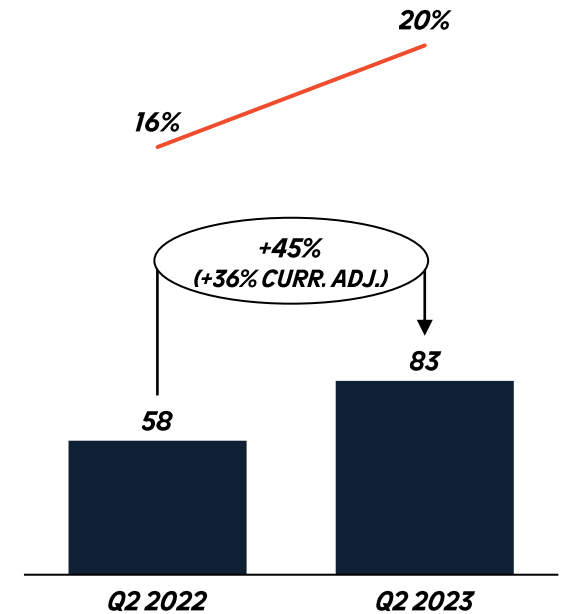


TOTAL REVENUES (MNOK)

MEMBERSHIP REVENUES
OTHER REVENUES

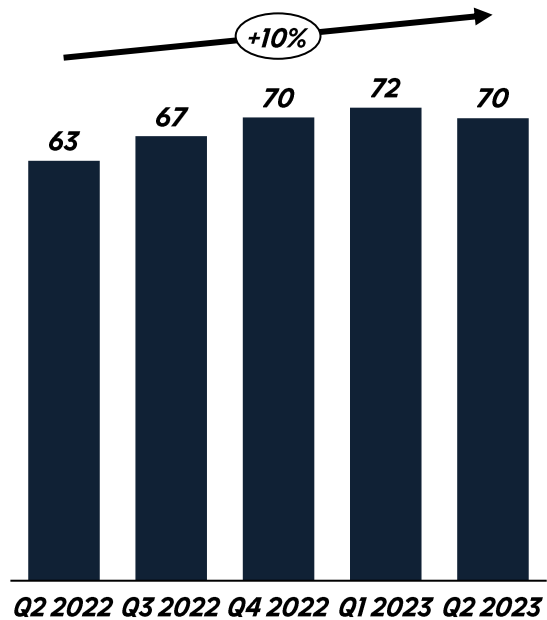


COUNTRY EBITDA BEFORE IMPACT OF IFRS 16 (MNOK)



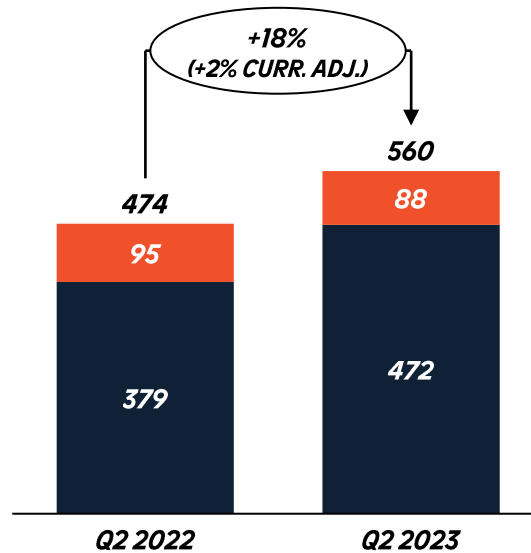
FINLAND

OUTGOING MEMBER BASE ('000)



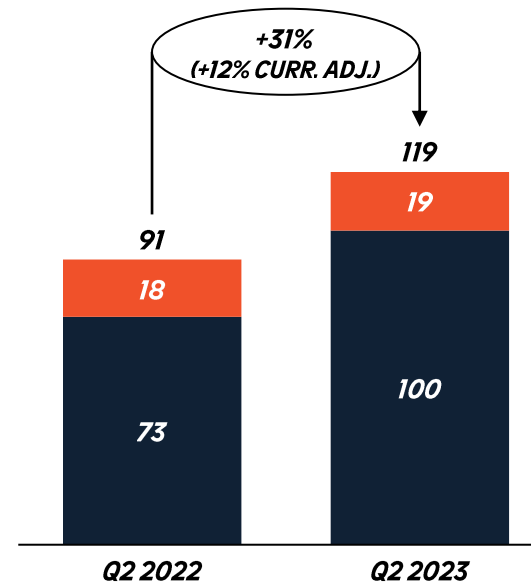
ARPM AND YIELD (NOK/MONTH)

MEMBERSHIP YIELD
OTHER YIELD

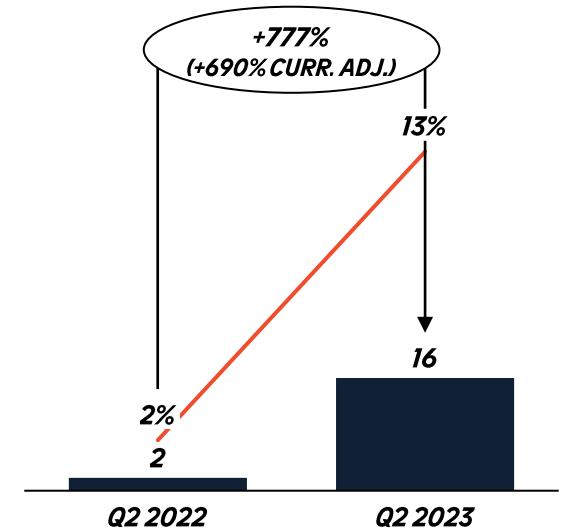


TOTAL REVENUES (MNOK)

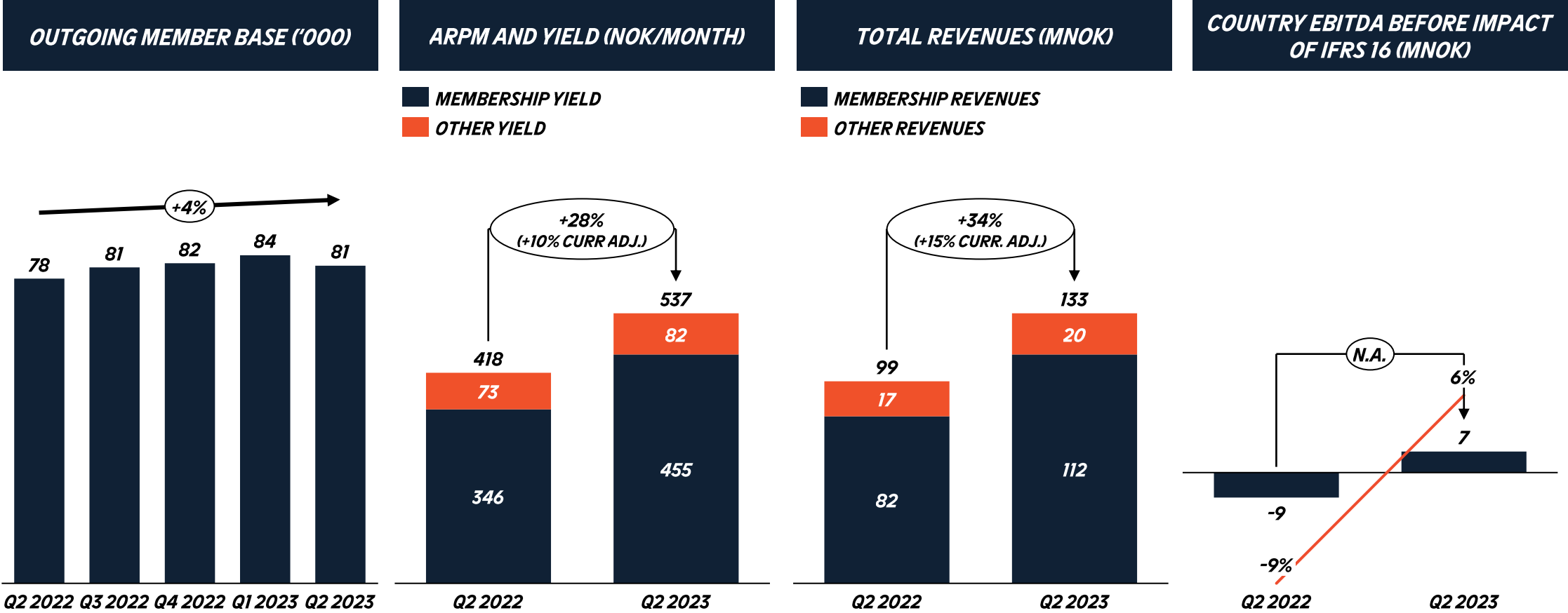
MEMBERSHIP REVENUES
OTHER REVENUES



COUNTRY EBITDA BEFORE IMPACT OF IFRS 16 (MNOK)



DENMARK



SUMMARY TABLE

Amounts in NOK million	Q2 2023	Q2 2022
Number of clubs, EOP	273	267
Outgoing member base ('000s)	715	671
Average number of members per club	2 618	2 515
ARPM (NOK)	552	502
Yield (NOK)	452	396
Reported EBITDA (MNOK)	491	342
EBITDA before impact of IFRS 16 (MNOK)	194	83
EBITDA before impact of IFRS 16 margin	16%	8%
Country EBITDA before impact of IFRS 16 (MNOK)	267	164
Country EBITDA before impact of IFRS 16 margin	22%	16%
Net debt (MNOK)	1 698	1 545
Total capital expenditures (MNOK)	28	61
Expansion capital expenditures (MNOK)	9	24
Maintenance capital expenditures (MNOK)	19	36
Operating cash flow (MNOK)	70	-66
Leverage ratio	4.7	6.9
Cash conversion	36%	-79%

REPORTING UNDER IFRS 16

	REPORTED Q2 2023	CHANGE IFRS 16	EXCL. IFRS 16 Q2 2023
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Amounts in NOK million

BALANCE SHEET ITEMS - IFRS 16

Property, plant and equipment	702	0	702
Right-of use assets	4 452	4 452	0
Deferred tax assets	245	76	170
Prepaid expenses and accrued income	274	-86	360
Total assets	9 009	4 442	4 567
Equity	976	-349	1 325
Non-current lease liability	3 894	3 894	0
Current lease liability	932	932	0
Other current liabilities	384	-35	419
Total liabilities	8 033	4 791	3 242

PROFIT & LOSS ITEMS - IFRS 16

Revenue	1 200	0	1 200
Cost of goods sold	-31	0	-31
Personnel expenses	-402	0	-402
Other operating expenses	-276	296	-573
Depreciation and amortization	-289	-236	-53
Operating profit	201	60	141
Net financial items	-78	-55	-23
Profit/loss before tax	123	5	119

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

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