



# SATS Q1 2024

*The Group, through our brands and concepts SATS, ELIXIA, Fresh Fitness, SATS Yoga, and SATS Online, is the leading provider of fitness and training services in the Nordics with 276 clubs, 10 000 employees, and 736 000 members.*

*Everyone is welcome at SATS, and our members have full flexibility to tailor their membership package to address their individual needs. We offer cutting-edge studio facilities for individual training, the broadest selection of group training with superior programming, and highly qualified personal trainers for specialized training and individual coaching. We also have a strong focus on supporting our members through online training and digital tools for when they are not able to physically visit our club facilities. We are also constantly working with trend research and innovation to be the industry's best and most forward-looking fitness chain.*

**THIS IS SATS**

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# WORDS FROM THE CEO

*"We deliver a strong first quarter with increased activity levels in our clubs, significant product ramp up and a record-high financial result and free cash flow. Our debt leverage is brought down to 2.0x – hence, we are well positioned to continue our journey to make even more people healthier and happier and deliver continued strong financial results"*

Following the positive trend from the past year, SATS is today reporting its strongest first quarter ever in terms of revenues and profitability. Revenues increased 8% to NOK 1,294 million, while EBITDA before IFRS 16 increased by 27% to NOK 174 million. SATS saw EBIT of NOK 114 million and free cash flow of NOK 131 million in the quarter, up 61 and 130 percent, respectively, compared to Q1 2023.

Our focus during the past 12-18 months has been to boost the utilization of our existing club portfolio, driving the results we are witnessing today. We see an increased share of new members opting for memberships granting access to both group training sessions and a wide array of clubs. This is fueling the membership yield and our financial performance.

The positive development is driven by continued and strategic investments in our product offering. These initiatives include the launch of new group training concepts, improved scheduling of our classes, equipment optimization and remodeling of our clubs to increase capacity. Further, we have improved our ability to introduce and roll-out new training concepts at minimal cost, which will help solidify our position as a premium player in the Nordic fitness industry. The improved product offering has

enabled us to increase prices and strengthening our financial footprint, and as a result, SATS has become a healthier business.

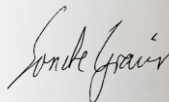
Our long-term strategy is embedded around our vision of making people healthier and happier. A recent survey from Deloitte and Europe Active shows that a declining share of the population is working out at home, outdoor training is also declining – while the share of the population working out in fitness clubs is increasing. Hence, as the Nordic market leader, SATS is key to improve the Nordic public health.

The number of workouts is the best indicator of the public health footprint our members are making, and the best predictor of how long they are staying with us. A new year has led to an impressive activity level from our members, with 13 million visits at our clubs in the first quarter, up 3% from record-high comparables in Q1 2023, and up by as much as 24% compared to Q1 2019. This results in a positive financial development for SATS, while also making a substantial contribution to public health.

Given the remarkable energy and enthusiasm within our clubs throughout the first quarter, we are ready to build on this momentum as we head towards the summer season. We will continue to invest and improve the product offering to our members, and we look forward to launching new and exciting concepts later this year.

I would like to thank all our staff for their great efforts every day to keep our members happy, inspired, and active. Let's keep pushing!

**Sondre Gravir**  
CEO



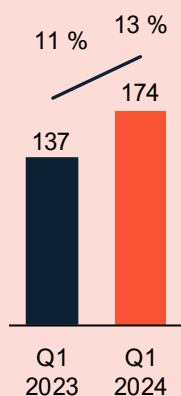

**Revenues**  
NOK million

**8%**



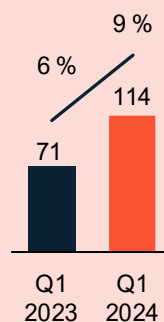
**EBITDA<sup>1</sup>**  
NOK million / margin

**27%**



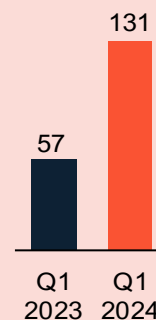
**EBIT<sup>1</sup>**  
NOK million / margin

**61%**



**Free cash flow**  
NOK million

**130%**



1) Before impact of IFRS 16. For further information regarding definitions and Alternative Performance Measures, please see Appendix.

# HIGHLIGHTS

- Record-high first quarter total revenues of NOK 1,294 million, driven by yield increase as a result of product improvements and price adjustments
- All-time high first quarter EBITDA before IFRS 16 of NOK 174 million, up 27 percent from Q1 2023, resulting in a Q1 EBITDA margin of 13 percent, 2 p.p. higher than in Q1 2023
- EBIT of NOK 114 million and net profit of NOK 77 million, up 61 and 21 percent, respectively, compared to Q1 2023
- Strong operating cash flow of 154 million and cash conversion of 88 percent, leaves room for repayment of debt, NOK 100 million in the quarter
- Continued deleveraging at a high pace, reporting a leverage ratio of 2.0x net debt to EBITDA before IFRS 16, compared to 6.7x at Q1 2023
- The total number of workouts at SATS' clubs increased by 3 percent from record-high Q1 2023 comparables, reaching 13 million workouts
- The average revenue per member (ARPM) increased by 7 percent compared to the same quarter last year to NOK 588
- The member base increased by 2,000 members from Q1 2023, reaching 736,000 members

## Key Financial Figures and Alternative Performance Measures (APM)<sup>1</sup>

	Q1 2024	Q1 2023	FY 2023
<i>Amounts in NOK million (unless otherwise stated)</i>			
Membership revenue	1 046	961	3 870
Other revenues	248	240	864
Total revenues	1 294	1 201	4 734
EBITDA	475	424	1 784
<i>Margin (%)</i>	37%	35%	38%
Operating profit	172	126	607
Profit/loss for the period	77	63	224
Earnings per share (NOK)	0,38	0,31	1,10
Total overhead costs	-151	-136	-551
EBITDA before impact of IFRS 16	174	137	614
<i>Margin (%)</i>	13%	11%	13%
EBIT before impact of IFRS 16	114	71	377
<i>Margin (%)</i>	9%	6%	8%
Maintenance Capex	28	15	120
Total Capex	34	24	167
Net debt	1 343	1 678	1 439
Operating cash flow	154	100	473
Clubs	276	274	276
Members ('000)	736	734	731
ARPM (NOK/month)	588	550	543

1) As defined in Appendix under Alternative Performance Measures

# BOARD OF DIRECTORS' REPORT

## ANALYSIS OF THE Q1 2024 FINANCIAL STATEMENTS

All financial statements show the period January 1, 2024, to March 31, 2024, compared to the accounts for the period January 1, 2023, to March 31, 2023.

### Statement of comprehensive income

Total revenues increased by 8% (6% currency adjusted) to NOK 1 294 million in Q1 2024, compared to NOK 1 201 million in Q1 2023, mainly due to higher membership revenues. Membership revenues increased in all countries in Q1 2024 compared to Q1 2023. The total member base increased by 2 000 compared to Q1 2023. ARPM increased by 7%, as a result of product improvements price adjustments in Q4 2023 and Q1 2024.

Total operating expenses increased by 4% to NOK 1 122 million in Q1 2024, while operating expenses excluding depreciation and amortization increased by 5% to NOK 819 million. The increase in operating expenses from last year is mainly due to higher personnel expenses and the higher price levels in general.

The operating profit increased from NOK 126 million in Q1 2023 to NOK 172 million in profit in the quarter.

Net financial items in Q1 2024 was negative NOK 72 million, compared to negative NOK 42 million in Q1 2023. Income tax expense in Q1 2024 was negative by NOK 23 million.

Profit before tax was NOK 100 million in Q1 2024, compared NOK 84 million in Q1 2023. Profit for the period was NOK 77 million in Q1 2024, compared to NOK 63 million in Q1 2023. The total comprehensive income was NOK 74 million, compared to NOK 8 million in Q1 2023.

## Statement of financial position

Consolidated assets increased by NOK 51 million to NOK 9 129 million in Q1 2024, compared to Q1 2023. Right-of-use assets and intangible assets were the most significant components of consolidated assets, amounting to NOK 4 680 million and NOK 2 654 million, respectively, on March 31, 2024. Non-current assets increased by NOK 90 million, while current assets decreased by NOK 39 million. The increase in non-current assets was mainly driven by the increase in rights-of-use assets. The decrease in current assets was primarily driven by a decrease in cash and cash equivalents and prepaid expenses and accrued income.

Total liabilities decreased from NOK 8 209 million as of March 31, 2023, to NOK 8 029 million as of March 31, 2024, primarily due to reduced borrowings.

As of March 31, 2024, consolidated equity amounted to NOK 1 100 million, representing an equity ratio of 12.0%, compared to NOK 869 million and 9.6% of March 31, 2023.

## Statement of cash flows

In Q1 2024, consolidated cash and cash equivalents increased by NOK 31 million, compared to an increase of NOK 57 million in Q1 2023.

The Group had cash and cash equivalents of NOK 310 million as of March 31, 2024. In addition, the Group had NOK 726 million available in undrawn amount on the rolling credit facility.

Net cash flow from the Group's operations was NOK 475 million in Q1 2024, compared to NOK 398 million in Q1 2023. The increased cash flow from operations of NOK 77 million was mainly due to increased profit before tax and net financial items. The net working capital has high seasonal fluctuations, typically being lower in Nov-May and higher in Jun-Oct. In the quarter, the net working capital effect was positive by NOK 7 million (compared to negative NOK 22 million in Q1 2023). The change is mainly driven by one-time effects related to the cost adjustment program from late 2022, with effects for Q1 2023.

Net cash outflow from investing activities amounted to NOK 33 million in Q1 2024, compared to an outflow of NOK 24 million in Q1 2023.

Net cash outflow from financing was NOK 412 million in Q1 2024, compared to a cash outflow of NOK 317 million in Q1 2023, mainly explained by repayments of borrowings.

## Segment development

The following sections of this report review each operating segment. Unless otherwise stated, comments regarding development reflect a comparison between Q1 2024 and Q1 2023.

Norway is the largest operating segment in the Group, with 44% of the consolidated total revenues in Q1 2024. SATS Norway had 331 000 members at the end of the quarter. SATS is a well-known brand in Norway and the largest operator of fitness clubs.

SATS Norway, including both the SATS and the Fresh Fitness brand, counted 118 clubs by the end of Q1 2024. The member base has grown since Q1 2023, despite a reduction in the number of clubs after selected clubs has been closed as a part of the club portfolio optimization.

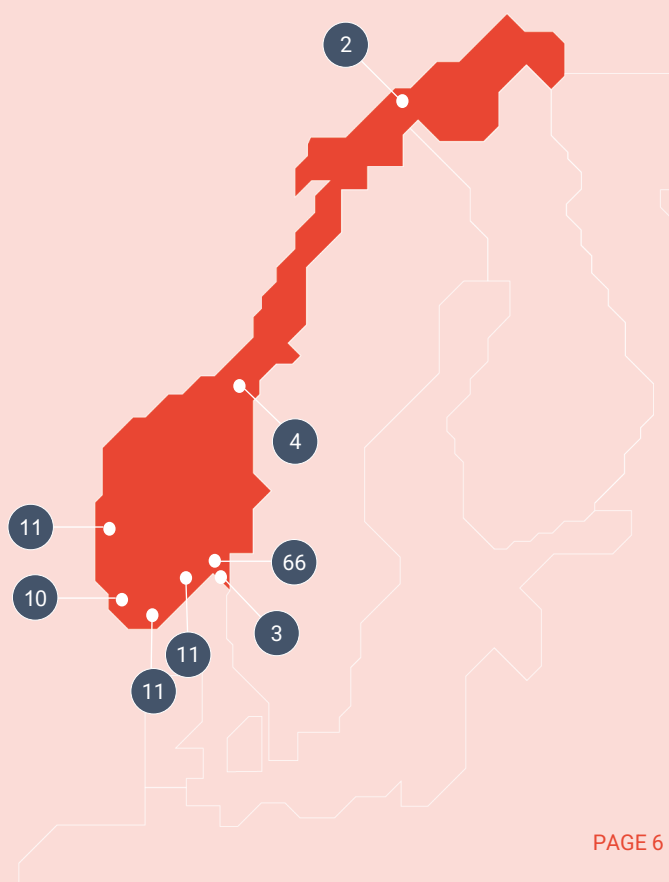
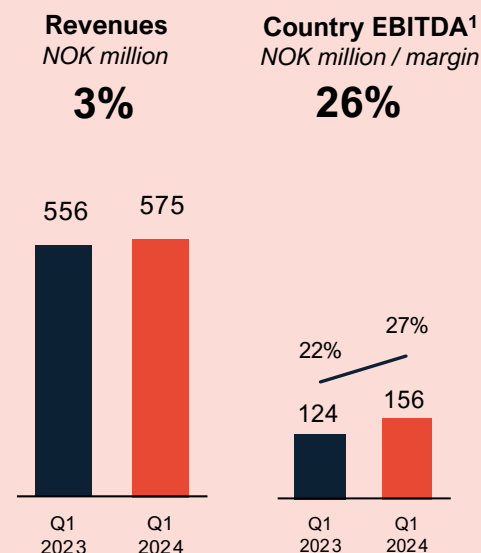
The average revenue per member (ARPM) was lifted by 3% to NOK 583 in Q1 2024, as a result of successful product improvements and price adjustments, as well as members continuing to invest in their personal health.

The result of the positive volume and price development was a 3% increase in total revenues to NOK 575 million in Q1 2024 compared to Q1 2023.

Country EBITDA increased by 26% to NOK 156 million, resulting in a quarterly Country EBITDA margin of 27%, 5 p.p. higher than in Q1 2023.

## Key Financial Figures and Alternative Performance Measures (APM)

	Q1 2024	Q1 2023	FY 2023
<i>Amounts in NOK million (unless otherwise stated)</i>			
Membership revenue	472	445	1 763
Other revenues	103	111	389
Total revenues	575	556	2 153
EBITDA	226	197	859
Margin (%)	39%	35%	40%
Operating profit	119	89	437
Profit/loss for the period	76	50	301
Country EBITDA before impact of IFRS 16	156	124	560
Margin (%)	27%	22%	26%
EBITDA before impact of IFRS 16	110	78	387
Margin (%)	19%	14%	18%
Clubs	118	121	119
Members ('000)	331	330	326
ARPM (NOK/month)	583	566	551



<sup>1</sup>) Country EBITDA before impact of IFRS 16

Sweden is the second-largest segment in the Group, with 33% of the total consolidated revenues in Q1 2024. SATS Sweden had 248 000 members at the end of the quarter. SATS has maintained a strong position in Sweden over many years.

The Q1 average revenue per member (ARPM) increased by 7% (4% curr. adj.) to NOK 581 as a result of successful product improvements and price adjustments.

Total revenues increased by 8% (5% curr. adj.) to NOK 433 million in the quarter, primarily driven by increased membership revenue.

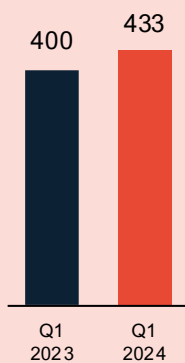
Country EBITDA decreased by 10% (13% curr. adj.) to NOK 72 million, resulting in a quarterly Country EBITDA margin of 17%, 3 p.p. down from Q1 2023.

## Key Financial Figures and Alternative Performance Measures (APM)

	Q1 2024	Q1 2023	FY 2023
<i>Amounts in NOK million (unless otherwise stated)</i>			
Membership revenue	348	315	1 281
Other revenues	85	85	315
Total revenues	433	400	1 597
EBITDA	148	145	605
Margin (%)	34%	36%	38%
Operating profit	39	45	193
Profit/loss for the period	13	24	95
Country EBITDA before impact of IFRS 16	72	81	330
Margin (%)	17%	20%	21%
EBITDA before impact of IFRS 16	33	43	185
Margin (%)	8%	11%	12%
Clubs	96	92	95
Members ('000)	248	249	249
ARPM (NOK/month)	581	541	540

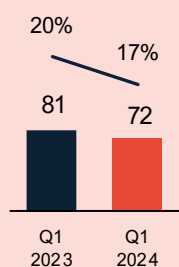
### Revenues NOK million

8%



### Country EBITDA<sup>1</sup> NOK million / margin

-10%



<sup>1)</sup> Country EBITDA before impact of IFRS 16



## FINLAND

In Finland, the business is operated under the brand ELIXIA, and the Finnish operations constituted 10% of consolidated total revenues in Q1 2024. At the end of the quarter, ELIXIA Finland had 72 000 members. The Finnish fitness market is highly fragmented, and ELIXIA is the market leader.

The number of clubs has been fairly stable in Finland, up 3% year-over-year, with the main focus of club optimization being on relocations. The member base increased by 1% since Q1 2023.

The Q1 average revenue per member (ARPM) is up 6% (2% curr. adj.) to NOK 586 as a result of successful product improvements and price adjustments.

Total revenues for the quarter increased by 8% (4% curr. adj.) to NOK 126 million. The increase was mainly driven by membership revenues.

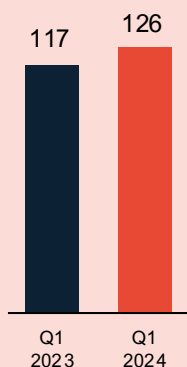
Country EBITDA decreased by 39% to NOK 9 million in the quarter. Quarterly Country EBITDA margin was consequently 7%, down 6 p.p. from Q1 2023.

### Key Financial Figures and Alternative Performance Measures (APM)

	Q1 2024	Q1 2023	FY 2023
<i>Amounts in NOK million (unless otherwise stated)</i>			
Membership revenue	105	94	390
Other revenues	21	23	76
Total revenues	126	117	466
EBITDA	38	41	159
<i>Margin (%)</i>	30%	35%	34%
Operating profit	4	10	27
Profit/loss for the period	-2	4	3
Country EBITDA before impact of IFRS 16	9	15	48
<i>Margin (%)</i>	7%	13%	10%
EBITDA before impact of IFRS 16	3	9	25
<i>Margin (%)</i>	3%	8%	5%
Clubs	33	32	33
Members ('000)	72	72	71
ARPM (NOK/month)	586	553	550

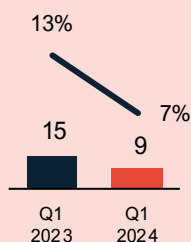
#### Revenues NOK million

8%



#### Country EBITDA<sup>1</sup> NOK million / margin

-39%



<sup>1)</sup> Country EBITDA before impact of IFRS 16



The Danish operation constituted 12% of consolidated total revenues in Q1 2024. SATS Denmark, with 84 000 members at the end of the quarter, is one of the largest fitness operators in the Greater Copenhagen area, and the number two operator in the Danish fitness club market.

SATS Denmark ended the first quarter with 29 clubs, following one opening and one closing during the quarter. The member base grew by 1% compared to Q1 2023.

The Q1 revenue per member (ARPM) increased by 23% (19% curr. adj.), reaching NOK 631, while membership revenues increased by 13% to NOK 120 million. Other revenues reached NOK 40 million, up from NOK 21 million in the first quarter last year. The increase in other revenues is due a delayed COVID-19 compensation in Denmark of NOK 18 million.

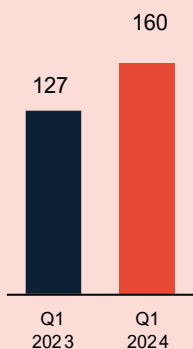
Country EBITDA improved by 224% to NOK 24 million, resulting in a quarterly Country EBITDA margin of 15%, 9 p.p. higher than in Q1 2023.

## Key Financial Figures and Alternative Performance Measures (APM)

	Q1 2024	Q1 2023	FY 2023
<i>Amounts in NOK million (unless otherwise stated)</i>			
Membership revenue	120	106	436
Other revenues	40	21	80
Total revenues	160	127	516
EBITDA	52	35	132
Margin (%)	33%	28%	26%
Operating profit	13	-4	-29
Profit/loss for the period	-5	-19	-98
Country EBITDA before impact of IFRS 16	24	8	15
Margin (%)	15%	6%	3%
EBITDA before impact of IFRS 16	16	0	-13
Margin (%)	10%	0%	-3%
Clubs	29	29	29
Members ('000)	84	84	85
ARPM (NOK/month)	631	512	517

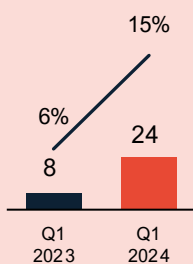
**Revenues**  
NOK million

**26%**



**Country EBITDA<sup>1</sup>**  
NOK million / margin

**224%**



<sup>1)</sup> Country EBITDA before impact of IFRS 16

## **BUSINESS AND INDUSTRY OUTLOOK**

The heightened societal emphasis on health and well-being, as well as the strong global trends such as political initiatives for health and digitalization, are driving awareness of health and fitness. This is leading to a growing health and wellness sector.

Currently, there are no significant signs of members downgrading their memberships due to decreased purchasing power resulting from the prevailing macroeconomic conditions. SATS expects positive development in its member base per club over time, fueled by the ongoing societal focus on health and the Company's strong market position. SATS will prioritize providing the best product offering going forward. This includes being the market leader on group training and personal training.

## **SHAREHOLDER INFORMATION**

SATS ASA's share capital was NOK 435 million as at March 31, 2024, divided into 204 694 588 ordinary shares, each with a par value of NOK 2.125. All the shares have been fully paid and have equal rights. SATS owned 291,856 treasury shares as at the balance sheet date. The number of shareholders as at March 31, 2024, was 5,402.

## **FINANCIAL POLICY AND DIVIDEND**

The long-term target leverage ratio is 1.5-2.0x, net debt (current and non-current bank borrowings less cash and cash equivalents) to adjusted EBITDA before impact of IFRS 16. The Group intends to maintain a stable leverage ratio within the stated range by returning excess capital to shareholders via dividends or share buybacks, or balanced expansion.

## **RISK AND UNCERTAINTY FACTORS**

SATS operates in a broad range of geographical markets in the highly competitive health and fitness industry. In achieving its long-term strategic objectives, SATS is inherently involved in taking risks. Please see the Group's 2023 Annual Report (Board of Directors' Report and Note 25), for a detailed description of the Group's risk factors and risk management policies and procedures.

## **EVENTS AFTER THE BALANCE SHEET DATE**

There have been no material events subsequent to the reporting period that might significantly affect the consolidated interim financial statements for the first quarter of 2024.

## **DISCLAIMER**

This report includes forward-looking statements based on our current expectations and projections about future events. Statements herein regarding future events or prospects, other than statements of historical facts, are forward-looking statements. All such statements are subject to inherent risks and uncertainties, and many factors can lead to actual profit and developments deviating substantially from what has been expressed or implied in such statements. As a result, undue reliance should not be placed on these forward-looking statements.

Oslo, April 29, 2024

The Board of Directors

# CONSOLIDATED INCOME STATEMENT

	Notes	Q1 2024	Q1 2023	2023
<i>(Amounts in NOK million)</i>				
<b>Revenue</b>	2	1 294	1 201	4 734
<b>Operating expenses</b>				
Cost of goods sold <sup>1)</sup>		-40	-36	-137
Personnel expenses <sup>1)</sup>		-486	-436	-1 677
Other operating expenses		-293	-305	-1 136
Depreciation and amortization	6, 7, 8	-303	-298	-1 178
<b>Total operating expenses</b>		<b>-1 122</b>	<b>-1 075</b>	<b>-4 127</b>
<b>Operating profit</b>		<b>172</b>	<b>126</b>	<b>607</b>
Interest income		10	10	50
Finance income		12	69	106
Interest expense		-88	-93	-395
Finance expense		-7	-27	-55
<b>Net financial items</b>		<b>-72</b>	<b>-42</b>	<b>-293</b>
<b>Profit before tax</b>		<b>100</b>	<b>84</b>	<b>313</b>
Income tax expense	3	-23	-21	-89
<b>Profit for the period</b>		<b>77</b>	<b>63</b>	<b>224</b>
<b>Profit for the year is attributable to:</b>				
Equity holders of the Group		77	63	224
<b>Total allocation</b>		<b>77</b>	<b>63</b>	<b>224</b>
<b>Earnings per share in NOK</b>				
Basic earnings per share attributable to equity holders of the company	4	0.38	0.31	1.10
Diluted earnings per share attributable to equity holders of the company	4	0.37	0.31	1.10

<sup>1)</sup> A reclassification between Cost of goods sold and Personnel expenses of NOK 5 million is recognized in Q1 2023.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q1 2024	Q1 2023	2023
<i>(Amounts in NOK million)</i>			
<b>Profit for the period</b>	<b>77</b>	<b>63</b>	<b>224</b>
<b>Other comprehensive income</b>			
Currency translation adjustment - may be reclassified to profit or loss	-2	-55	-62
<b>Other comprehensive income, net of tax</b>	<b>-2</b>	<b>-55</b>	<b>-62</b>
<b>Total comprehensive income for the period</b>	<b>74</b>	<b>8</b>	<b>162</b>
<b>Total comprehensive income is attributable to:</b>			
Equity holders of the Group	74	8	162
<b>Total comprehensive income for the period</b>	<b>74</b>	<b>8</b>	<b>162</b>



# CONSOLIDATED BALANCE SHEET

	Notes	March 31 2024	March 31 2023	December 31 2023
<i>(Amounts in NOK million)</i>				
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	6	2 654	2 647	2 628
Right-of-use assets	8	4 680	4 497	4 570
Property, plant and equipment	7	685	726	705
Other non-current receivables		65	54	63
Derivative financial instruments	9	42	45	36
Deferred tax assets	3	179	246	178
<b>Total non-current assets</b>		<b>8 306</b>	<b>8 215</b>	<b>8 181</b>
<b>Current assets</b>				
Inventories		56	59	55
Accounts receivables		134	125	136
Other current receivables		105	46	86
Prepaid expenses and accrued income		213	292	237
Derivative financial instruments	9	5	0	6
Cash and cash equivalents		310	340	282
<b>Total current assets</b>		<b>823</b>	<b>862</b>	<b>802</b>
<b>Total assets</b>		<b>9 129</b>	<b>9 078</b>	<b>8 983</b>
<b>EQUITY</b>				
Share capital		435	431	435
Share premium		3 050	3 045	3 050
Treasury shares		-20	-14	-24
Other reserves		-2	10	-1
Retained earnings		-2 364	-2 605	-2 441
<b>Total equity</b>		<b>1 100</b>	<b>869</b>	<b>1 020</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Deferred tax liability	3	100	87	78
Borrowings	5	1 652	2 019	1 721
Lease liability	5	4 105	3 936	4 009
<b>Total non-current liabilities</b>		<b>5 857</b>	<b>6 042</b>	<b>5 808</b>
<b>Current liabilities</b>				
Borrowings	5	16	20	17
Lease liability	5	947	941	929
Contract liability		564	568	548
Trade and other payables		125	103	130
Current tax liabilities		0	6	2
Public fees and charges payable		100	85	115
Other current liabilities		419	445	415
<b>Total current liabilities</b>		<b>2 171</b>	<b>2 168</b>	<b>2 155</b>
<b>Total liabilities</b>		<b>8 029</b>	<b>8 209</b>	<b>7 963</b>
<b>Total equity and liabilities</b>		<b>9 129</b>	<b>9 078</b>	<b>8 983</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Treasury shares	Foreign exchange translation reserve	Share-based payments reserve	Retained earnings	Total attributable to owners of the Group	Total equity
<i>(Amounts in NOK million)</i>								
<b>Equity January 1, 2023</b>	<b>431</b>	<b>3 045</b>	<b>-14</b>	<b>58</b>	<b>6</b>	<b>-2 668</b>	<b>860</b>	<b>860</b>
Profit for the period						63	63	63
OCI for the period				-55			-55	-55
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-55</b>	<b>0</b>	<b>63</b>	<b>8</b>	<b>8</b>
Investment program					1		1	1
<b>Equity March 31, 2023</b>	<b>431</b>	<b>3 045</b>	<b>-14</b>	<b>3</b>	<b>7</b>	<b>-2 605</b>	<b>869</b>	<b>869</b>
<b>Equity January 1, 2024</b>	<b>435</b>	<b>3 050</b>	<b>-24</b>	<b>-3</b>	<b>2</b>	<b>-2 441</b>	<b>1 020</b>	<b>1 020</b>
Profit for the period						77	77	77
OCI for the period				-2			-2	-2
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-2</b>	<b>0</b>	<b>77</b>	<b>74</b>	<b>74</b>
Investment program			4		1		5	5
<b>Equity March 31, 2024</b>	<b>435</b>	<b>3 050</b>	<b>-20</b>	<b>-5</b>	<b>3</b>	<b>-2 364</b>	<b>1 100</b>	<b>1 100</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Q1 2024	Q1 2023	2023
<i>(Amounts in NOK million)</i>				
<b>Cash flow from operations</b>				
Profit before tax		100	84	313
Adjustment for:				
Taxes paid in the period		-8	-4	-4
Gain/loss from disposal or sale of equipment		0	0	-1
Depreciation, amortization and impairment	6, 7, 8	303	298	1 178
Net financial items		72	42	293
Change in inventory		-1	-2	2
Change in accounts receivables		2	0	-11
Change in trade payables		-4	-13	13
Change in other receivables and accruals		11	-7	-26
<b>Net cash flow from operations</b>		<b>475</b>	<b>398</b>	<b>1 758</b>
<b>Cash flow from investing</b>				
Purchase of property, plant and equipment and intangible assets	6, 7	-34	-24	-167
Loan to related parties	10	0	0	-6
Proceeds from property, plant and equipment		1	0	1
<b>Net cash flow from investing</b>		<b>-33</b>	<b>-24</b>	<b>-172</b>
<b>Cash flow from financing</b>				
Repayments of borrowings	5	-100	0	-288
Installments on lease liabilities	5	-240	-234	-947
Paid interests on borrowings	5	-17	-30	-123
Interests on lease liabilities	5	-61	-53	-224
Proceeds from issues of shares	4	0	0	8
Purchase of own shares	4	0	0	-21
Proceeds from sale of own shares	4	4	0	6
Other financial items		2	0	1
<b>Net cash flow from financing</b>		<b>-412</b>	<b>-317</b>	<b>-1 587</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>31</b>	<b>57</b>	<b>-1</b>
Effect of foreign exchange rate changes on cash and cash equivalents		-3	-62	-63
Cash and cash equivalents at the beginning of the period		282	345	345
<b>Cash and cash equivalents at the end of period</b>		<b>310</b>	<b>340</b>	<b>282</b>

## NOTES

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# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## **NOTE 1**      **General information and basis for preparation**

### **General information**

SATS (the "Group") consists of SATS ASA (the "Company") and its subsidiaries. The accompanying consolidated interim financial statements include the financial statements of SATS ASA and its subsidiaries. The consolidated financial statements of the Group for the year ended December 31, 2023 are available at [www.satsgroup.com](http://www.satsgroup.com).

### **Basis for preparation**

These consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the European Union (the "EU") and additional requirements in the Norwegian Securities Trading Act. This interim financial report does not include all information and disclosures required by International Financial Accounting Standards ("IFRS") for a complete set of annual financial statements. Accordingly, this report should be read in conjunction with the annual report for the year ended December 31, 2023.

These consolidated interim financial statements are unaudited.

The accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended December 31, 2023. Because of rounding differences, numbers or percentages may not add up to the sum totals. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the entity and can affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.

### **Significant changes in the current reporting period**

The financial position and the performance of the Group was not, other than mentioned above, mainly affected by any events or transactions during the three first months of 2024.

**General**

The Group's business is primarily the sale of fitness club memberships, personal trainer sessions and retail sales through the fitness clubs' stores and the Group's website. The Group's sales are made primarily from fitness clubs in Norway, Sweden, Finland and Denmark.

The Group's chief operating decision maker is the Nordic Management Group, consisting of the CEO, country managers and the heads of Group functions. The Nordic Management Group is responsible for allocating resources and assessing the performance of the segments.

The Group's performance is reviewed by the Nordic Management Group by geographical area of operations which are identified as Norway, Sweden, Finland and Denmark. The "Group functions and other" column relates to other business activities, such as HQ functions and other unallocated items (mainly financing and derivatives).

The Nordic Management Group primarily uses EBITDA<sup>1)</sup>, EBITDA before impact of IFRS 16<sup>1)</sup> and Country EBITDA before impact of IFRS 16<sup>1)</sup> to assess the performance of the operating segments. However, the Nordic Management Group also receives information about the segments' revenue and the consolidated balance sheet of the Group on a monthly basis.

None of the Group's customers amounts to 10% or more of total revenues.

**Operating segment information**

The segment information provided to the Nordic Management Group for the reportable segments for Q1 2024, Q1 2023 and the year ended December 31, 2023 is as follows:

SATS Group	Norway	Sweden	Finland	Denmark	Group functions and other	Total
<i>(Amounts in NOK million)</i>						
<b>Q1 2024</b>						
<b>Revenue</b>						
Membership revenue	472	348	105	120	0	1 046
Other revenues	103	85	21	40	0	248
<b>Total revenues</b>	<b>575</b>	<b>433</b>	<b>126</b>	<b>160</b>	<b>0</b>	<b>1 294</b>

EBITDA<sup>1)</sup> and EBITDA before impact of IFRS 16<sup>1)</sup> reconcile to profit/loss for the period as follows:

<b>EBITDA before impact of IFRS 16<sup>1)</sup></b>	<b>110</b>	<b>33</b>	<b>3</b>	<b>16</b>	<b>11</b>	<b>174</b>
Impact of IFRS 16	116	115	35	36	0	301
<b>EBITDA<sup>1)</sup></b>	<b>226</b>	<b>148</b>	<b>38</b>	<b>52</b>	<b>11</b>	<b>475</b>
Depreciation and amortization	-107	-109	-34	-39	-15	-303
<b>Operating profit/loss</b>	<b>119</b>	<b>39</b>	<b>4</b>	<b>13</b>	<b>-3</b>	<b>172</b>
Net financial items <sup>2)</sup>	-22	-22	-6	-19	-3	-72
Income tax expense	-21	-3	0	0	1	-23
<b>Profit/loss for the period</b>	<b>76</b>	<b>13</b>	<b>-2</b>	<b>-5</b>	<b>-5</b>	<b>77</b>

**Q1 2023****Revenue**

Membership revenue	445	315	94	106	0	961
Other revenues	111	85	23	21	0	240
<b>Total revenues</b>	<b>556</b>	<b>400</b>	<b>117</b>	<b>127</b>	<b>0</b>	<b>1 201</b>

EBITDA<sup>1)</sup> and EBITDA before impact of IFRS 16<sup>1)</sup> reconcile to profit/loss for the period as follows:

<b>EBITDA before impact of IFRS 16<sup>1)</sup></b>	<b>78</b>	<b>43</b>	<b>9</b>	<b>0</b>	<b>6</b>	<b>137</b>
Impact of IFRS 16	119	102	31	35	0	287
<b>EBITDA<sup>1)</sup></b>	<b>197</b>	<b>145</b>	<b>41</b>	<b>35</b>	<b>6</b>	<b>424</b>
Depreciation and amortization	-108	-100	-31	-40	-19	-298
<b>Operating profit/loss</b>	<b>89</b>	<b>45</b>	<b>10</b>	<b>-4</b>	<b>-14</b>	<b>126</b>
Net financial items <sup>2)</sup>	-25	-15	-6	-15	20	-42
Income tax expense	-14	-6	0	0	-1	-21
<b>Profit/loss for the period</b>	<b>50</b>	<b>24</b>	<b>4</b>	<b>-19</b>	<b>5</b>	<b>63</b>

<sup>1)</sup> For further information about definitions, please see the appendix Alternative Performance Measures.

<sup>2)</sup> Financial income and expenses are allocated to Group functions and other since this type of activity is derived by the central treasury function, which manages the cash position of the Group.

SATS Group	Norway	Sweden	Finland	Denmark	Group functions and other	Total
<i>(Amounts in NOK million)</i>						
<b>2023</b>						
<b>Revenue</b>						
Membership revenue	1 763	1 281	390	436	0	3 870
Other revenues	389	315	76	80	3	864
<b>Total revenues</b>	<b>2 153</b>	<b>1 597</b>	<b>466</b>	<b>516</b>	<b>3</b>	<b>4 734</b>

EBITDA<sup>1)</sup> and EBITDA before impact of IFRS 16<sup>1)</sup> reconcile to profit/loss for the period as follows:

<b>EBITDA before impact of IFRS 16<sup>1)</sup></b>	<b>387</b>	<b>185</b>	<b>25</b>	<b>-13</b>	<b>29</b>	<b>614</b>
Impact of IFRS 16	472	420	133	145	0	1 170
<b>EBITDA<sup>1)</sup></b>	<b>859</b>	<b>605</b>	<b>159</b>	<b>132</b>	<b>29</b>	<b>1 784</b>
Depreciation and amortization	-421	-412	-132	-161	-52	-1 178
<b>Operating profit/loss</b>	<b>437</b>	<b>193</b>	<b>27</b>	<b>-29</b>	<b>-22</b>	<b>607</b>
Net financial items <sup>2)</sup>	-93	-76	-25	-69	-31	-293
Income tax expense	-44	-22	0	1	-24	-89
<b>Profit/loss for the year</b>	<b>301</b>	<b>95</b>	<b>3</b>	<b>-98</b>	<b>-77</b>	<b>224</b>

<sup>1)</sup> For further information about definitions, please see the appendix Alternative Performance Measures.

<sup>2)</sup> Financial income and expenses are allocated to Group functions and other since this type of activity is derived by the central treasury function, which manages the cash position of the Group.

### **NOTE 3 Profit and loss information**

#### **Income tax expense**

Standardized tax rates are used for tax reporting purposes for Norway and Sweden for Q1 2024, whereas there are not recognized any deferred tax assets in Finland and Denmark due to uncertainty that future taxable profits will be available against the unused tax losses within a reasonable time frame. The actual tax expense is used as basis for the 2023 full-year income tax recognition.

#### **Definitions**

In the interim financial statements, Q1 is the reporting period from January 1 to March 31.

## NOTE 4 Earnings per share

Earnings per share are calculated by dividing profit attributable to holders of shares in the parent company by a weighted average number of shares outstanding. Earnings per share after dilution is calculated by dividing profit/loss attributable to holders of shares in the parent company by the average number of shares outstanding, adjusted for the dilution effect of shares from share investment programs delivering matching shares. Dilutive shares are disregarded in the calculation of diluted EPS when a loss is reported.

The share investment programs for employees in the SATS ASA Group imply that the company, on the balance sheet date of March 31, 2024, will deliver 74 851 matching shares to employees in 2024, 132 161 shares in 2025, 920 174 shares in 2026 and 124 072 shares in 2027. Allocation of matching shares is further contingent upon the company's performance over time.

As of the balance sheet date of March 31, 2024, the company holds 291 856 treasury shares.

### Basic earnings per share attributable to equity holders of the company

<i>(NOK per share)</i>	Q1 2024	Q1 2023	2023
Basic earnings	0.38	0.31	1.10
<b>Total basic earnings per share</b>	<b>0.38</b>	<b>0.31</b>	<b>1.10</b>
Total number of outstanding shares	204 366 443	202 689 325	203 103 000

### Diluted earnings per share attributable to equity holders of the company

<i>(NOK per share)</i>	Q1 2024	Q1 2023	2023
Diluted earnings	0.37	0.31	1.10
<b>Total diluted earnings per share</b>	<b>0.37</b>	<b>0.31</b>	<b>1.10</b>
Total number of outstanding shares	205 602 700	203 451 815	204 069 165

### Reconciliation of earnings used in calculating earnings per share

<i>(Amounts in NOK million)</i>	Q1 2024	Q1 2023	2023
<b>Basic earnings per share</b>			
Profit attributable to equity holders of the Group	77	63	224
<b>Profit used in calculating basic earnings per share</b>	<b>77</b>	<b>63</b>	<b>224</b>
<b>Diluted earnings per share</b>			
Profit used in calculating diluted earnings per share	77	63	224
<b>Profit used in calculating diluted earnings per share</b>	<b>77</b>	<b>63</b>	<b>224</b>



## NOTE 5 Interest-bearing liabilities

	March 31 2024	March 31 2023	December 31 2023
<b>Overview of interest-bearing liabilities</b>			
<i>(Amounts in NOK million)</i>			
<b>Current</b>			
Accrued interest cost	16	20	17
Lease liabilities	947	941	929
<b>Total current interest-bearing liabilities</b>	<b>963</b>	<b>960</b>	<b>946</b>
<b>Non-current</b>			
Bank borrowings	1 652	2 019	1 721
Lease liabilities	4 105	3 936	4 009
<b>Total non-current interest-bearing liabilities</b>	<b>5 757</b>	<b>5 954</b>	<b>5 730</b>
<b>Total interest-bearing liabilities</b>	<b>6 720</b>	<b>6 914</b>	<b>6 676</b>
Total bank borrowings	1 652	2 019	1 721
Cash and cash equivalents	310	340	282
<b>Net debt<sup>1)</sup></b>	<b>1 343</b>	<b>1 678</b>	<b>1 439</b>

<sup>1)</sup> For further information regarding Net debt, please see the appendix Alternative Performance Measures.

### The long-term loan facility agreement

The company has an unsecured revolving credit facility (RCF) agreement, consisting of a multicurrency RCF with a maximum principal amount of NOK 2 500 million. At the end of the first quarter, the remaining undrawn credit amounted to NOK 726 million.

Interests on borrowings under the facility will be paid at an annual interest rate equal to the applicable IBOR plus a margin reliant on the leverage ratio of the Group.

The facility will fully mature in September 2025, and no installment payments are due before this time. Interest payable will depend on the principal amount of the facility at any given time. However, based on the current draw-down, IBOR and margin, the interest payment for the next twelve months is expected to be at 114 million before any gains or losses from the swap, please see note 9 for details.

### Covenants

The loan facility agreement includes a financial covenant requiring the leverage ratio, Net Debt to EBITDA before IFRS 16, not to exceed 4.0x. The facility agreement does not contain any restrictions on dividend payments.

### Compliance with financial borrowing covenants

SATS ASA executes the financing functions within the Group, holds the long-term financing agreement with the Group's long-term lenders, and provides long-term financing to other Group entities. SATS ASA has complied with the financial covenants related to its borrowing facility throughout 2023 and 2024.

### Payment profile

The following table shows the undiscounted payment profile of the Group's interest-bearing liabilities, based on the remaining period as of March 31, 2024:

<b>Bank borrowings</b>	<b>Total</b>	<b>Lease liabilities</b>	<b>Total</b>
<i>(Amounts in NOK million)</i>		<i>(Amounts in NOK million)</i>	
Less than 1 year	114	Less than 1 year	1 169
1–2 years	1 711	1–2 years	1 047
2–3 years	0	2–3 years	918
3–5 years	0	3–5 years	1 414
More than 5 years	0	More than 5 years	1 350
<b>Total payments</b>	<b>1 825</b>	<b>Total payments</b>	<b>5 899</b>

## NOTE 6 Intangible assets

<b>Goodwill</b>	Norway	Sweden	Finland	Denmark	<b>Total goodwill</b>
<i>(Amounts in NOK million)</i>					
<b>At December 31, 2023</b>					
Cost	1 868	223	652	0	2 744
Accumulated impairment	-199	0	-10	0	-209
<b>Net book value</b>	<b>1 669</b>	<b>223</b>	<b>642</b>	<b>0</b>	<b>2 535</b>
<b>Period ended March 31, 2024</b>					
Opening net book amount	1 669	223	642	0	2 535
Net effect of changes in foreign exchange	0	1	25	0	26
<b>Closing Net book value</b>	<b>1 669</b>	<b>224</b>	<b>668</b>	<b>0</b>	<b>2 561</b>
<b>At March 31, 2024</b>					
Cost	1 868	224	678	0	2 769
Accumulated impairment	-199	0	-10	0	-209
<b>Net book value</b>	<b>1 669</b>	<b>224</b>	<b>668</b>	<b>0</b>	<b>2 561</b>
Useful life	Indefinite	Indefinite	Indefinite	Indefinite	
Amortization method	Not amortized	Not amortized	Not amortized	Not amortized	

<b>Other intangible assets</b>	Trademark	Internally developed software <sup>1)</sup>	Customer list	<b>Total other intangible assets</b>
<i>(Amounts in NOK million)</i>				
<b>At December 31, 2023</b>				
Cost		267	72	857
Accumulated amortization and impairment		-266	-56	-764
<b>Net book value</b>		<b>1</b>	<b>15</b>	<b>93</b>
<b>Period ended March 31, 2024</b>				
Opening net book amount		1	15	93
Effect of changes in foreign exchange cost		0	1	3
Effect of changes in foreign exchange accumulated amortization		0	-1	-2
Additions		0	0	17
Amortization charge		0	-2	-17
<b>Closing Net book value</b>		<b>1</b>	<b>13</b>	<b>94</b>
<b>At March 31, 2024</b>				
Cost		267	73	877
Accumulated amortization and impairment		-266	-60	-783
<b>Net book value</b>		<b>1</b>	<b>13</b>	<b>94</b>
Useful life		10 years	3 years	3–7 years
Amortization method		Straight-line	Straight-line	Straight-line

<sup>1)</sup> Software consists of capitalized development expenditure being an internally generated intangible asset.

## NOTE 7 Property, plant and equipment

<b>Property, plant and equipment</b> <i>(Amounts in NOK million)</i>	Capitalized leasehold improvements	Fitness equipment	Other fixtures and equipment	<b>Total tangible fixed assets</b>
<b>At December 31, 2023</b>				
Cost	1 502	1 013	509	3 024
Accumulated depreciation	-1 091	-773	-455	-2 319
<b>Net book value</b>	<b>411</b>	<b>240</b>	<b>54</b>	<b>705</b>
<b>Period ended March 31, 2024</b>				
Opening net book amount	411	240	54	705
Additions	-1	8	10	17
Effect of changes in foreign exchange cost	21	10	5	36
Depreciation charge	-22	-14	-7	-43
Effect of changes in foreign exchange accumulated depreciation	-17	-8	-4	-29
Disposals costs	-120	-5	-44	-170
Disposals costs accumulated depreciations	120	5	44	169
<b>Closing Net book value</b>	<b>392</b>	<b>235</b>	<b>58</b>	<b>685</b>
<b>At March 31, 2024</b>				
Cost	1 402	1 026	479	2 907
Accumulated depreciation	-1 010	-791	-421	-2 222
<b>Net book value</b>	<b>392</b>	<b>235</b>	<b>58</b>	<b>685</b>
Useful life	10 years	5–9 years	3–7 years	
Depreciation method	Straight-line	Straight-line	Straight-line	

## NOTE 8 Right of use ("RoU") assets

RoU assets	Premise rental	Other leases	Total RoU assets
<i>(Amounts in NOK million)</i>			
<b>At January 1, 2023</b>			
Cost	10 815	87	10 903
Accumulated depreciation	-6 663	-78	-6 741
<b>Net book value</b>	<b>4 152</b>	<b>9</b>	<b>4 161</b>
<b>Period ended December 31, 2023</b>			
At January 1, 2023	4 152	9	4 161
Effect of changes in foreign exchange cost	298	4	302
Additions/disposals	1 175	5	1 180
Depreciation charge	-933	-8	-940
Effect of changes in foreign exchange accumulated depreciation	-129	-4	-133
<b>Closing Net book value</b>	<b>4 563</b>	<b>7</b>	<b>4 570</b>
<b>At December 31, 2023</b>			
Cost	12 212	97	12 309
Accumulated depreciation	-7 649	-90	-7 739
<b>Net book value</b>	<b>4 563</b>	<b>7</b>	<b>4 570</b>
<b>Period ended March 31, 2024</b>			
At January 1, 2024	4 563	7	4 570
Effect of changes in foreign exchange cost	93	2	95
Additions/disposals	308	0	308
Depreciation charge	-242	-1	-243
Effect of changes in foreign exchange accumulated depreciation	-48	-2	-50
<b>Closing Net book value</b>	<b>4 675</b>	<b>6</b>	<b>4 680</b>
<b>At March 31, 2024</b>			
Cost	12 598	99	12 697
Accumulated depreciation	-7 923	-93	-8 017
<b>Net book value</b>	<b>4 675</b>	<b>6</b>	<b>4 680</b>
Useful life	1–15 years	1–5 years	
Depreciation method	Straight-line	Straight-line	



**Overview**

Through its activities, the Group will be exposed to different financial risks: market risk, credit risk, and liquidity risk. This note presents information related to the Group's exposure to such risks, the Group's objectives, policies, and procedures for risk management and handling, as well as the Group's management of capital. The interim financial statements do not include all financial risk information and should be read in conjunction with the annual report. There have not been any changes in the Group's risk management policies since year-end. The Group does not apply hedge accounting.

**Exchange rate – sensitivity analysis**

The Group is primarily exposed to changes in the SEK/NOK, EUR/NOK, and DKK/NOK exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from the profit or loss in the Group's foreign subsidiaries, borrowings, intercompany loans, and bank accounts in currencies other than where the legal entity is located. The sensitivity analysis below illustrates the impact of EUR, SEK, and DKK strengthened by 10% against NOK. A 10% weaker NOK against SEK/EUR/DKK results in a negative effect of NOK 5 million on Profit/loss before tax when consolidating the last twelve months. Reconsolidating borrowings, intercompany loans, and bank accounts in foreign currency as of March 31, 2024 with a weaker NOK results in a positive effect of NOK 37 million.

	Profit/loss in foreign currency	Borrowings, intercompany loans and bank accounts in foreign currency	Total
<i>(Amounts in NOK million)</i>			
SEK/NOK exchange rate - increase 10% <sup>1)</sup>	4	33	37
EUR/NOK exchange rate - increase 10% <sup>1)</sup>	0	-6	-6
DKK/NOK exchange rate - increase 10% <sup>1)</sup>	-8	10	1
<b>Effect on profit/loss before tax</b>	<b>-5</b>	<b>37</b>	<b>32</b>

<sup>1)</sup> Holding all other variables constant.

**Financial instruments by category**

Derivatives are only used for economic hedging purposes to reduce cash flow risk and not as speculative investments.

Derivatives are classified as held for trading and initially recognized at fair value on the date a derivative contract is entered into. They are subsequently remeasured to their fair value through profit and loss at the end of each reporting period. The fair values are based on observable market prices obtained from external parties and are based on mid-range marked interest rates and prices, excluding margins, at the reporting date. The derivatives are defined as Level 2 in the fair value hierarchy. The derivatives are classified as non-current asset or liability if the maturity date is later than twelve months from the balance sheet date and there is no intention to close the position within twelve months from the balance sheet date. Otherwise they are classified as current asset or liability.

There have been no transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments from the last balance sheet date.

	March 31 2024		March 31 2023		December 31 2023	
Financial instruments - Assets	Assets measured at amortized cost	Fair value through profit and loss	Assets measured at amortized cost	Fair value through profit and loss	Assets measured at amortized cost	Fair value through profit and loss
<i>(Amounts in NOK million)</i>						
Other non-current receivables	65	0	54	0	63	0
Accounts receivables	134	0	125	0	136	0
Other current receivables	105	0	46	0	86	0
Derivatives	0	47	0	45	0	43
Cash and cash equivalents	310	0	340	0	282	0
<b>Total financial assets</b>	<b>615</b>	<b>47</b>	<b>566</b>	<b>45</b>	<b>567</b>	<b>43</b>

	March 31 2024		March 31 2023		December 31 2023	
Financial instruments - Liabilities	Liabilities measured at amortized cost	Fair value through profit and loss	Liabilities measured at amortized cost	Fair value through profit and loss	Liabilities measured at amortized cost	Fair value through profit and loss
<i>(Amounts in NOK million)</i>						
Borrowings	1 669	0	2 038	0	1 738	0
Lease liabilities	5 052	0	4 876	0	4 938	0
Trade and other payables	125	0	103	0	130	0
Other current liabilities	419	0	445	0	415	0
<b>Total financial liabilities</b>	<b>7 265</b>	<b>0</b>	<b>7 462</b>	<b>0</b>	<b>7 220</b>	<b>0</b>

## Financial derivative instruments

The Group has the following derivative financial instruments:

	March 31 2024	March 31 2023	December 31 2023
<i>(Amounts in NOK million)</i>			
<b>Non-current assets</b>			
Interest rate swap contracts	42	45	36
<b>Total non-current derivative financial instrument assets</b>	<b>42</b>	<b>45</b>	<b>36</b>
<b>Current assets</b>			
Interest rate swap contracts	5	0	6
<b>Total current derivative financial instrument assets</b>	<b>5</b>	<b>0</b>	<b>6</b>

## Overview of interest rate swaps per March 31, 2024

Interest rate swaps	Notional in currency million	Maturity	Fixed rate	Unrealized gain
IRS NOK	694	28.10.2026	1.751	42
IRS SEK	200	28.10.2024	0.430	5
<b>Fair value of the Group's interest rate swaps as of March 31, 2024 in NOK million</b>				<b>47</b>

Changes in fair value are presented within finance income and finance expense in the income statement.

## NOTE 10 Related parties

The company has related party transactions with the shareholder Altor, of which the transactions are of no significant character either in Q1 2024, Q1 2023 nor full year 2023.

As of March 31, 2024, total loans issued by SATS ASA to key employees participating in a partly debt-financed share investment program were 17 NOK million. The terms are regulated according to the arm's length principle.

All transactions with related parties are priced at market terms, and there are no special conditions attached to them. Transactions with subsidiaries have been eliminated in consolidated statements and do not represent transactions with related parties.

## NOTE 11 Events after the balance sheet date

There have been no material events subsequent to the reporting period that might significantly affect the consolidated interim financial statements for the first quarter of 2024.

## NOTE 12 New IFRS standards

### New standards adopted by the Group

No standards or amendments have been adopted by SATS Group for the first time for the financial year beginning on January 1, 2024.

## **NOTE 13** Critical estimates and judgements

### **Critical estimates**

Preparing financial statements requires using accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgment or complexity and of items more likely to be materially adjusted due to estimates and assumptions turning out to be wrong.

The areas involving significant estimates or judgments are a typical estimation of current tax payable and current tax expense, potential goodwill impairment, estimated useful life of intangible assets, recognition of deferred tax assets for carried forward tax losses, etc.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and are believed to be reasonable under the circumstances.

### **Goodwill**

Goodwill is recognized at NOK 2 561 million per the balance sheet date. Goodwill is not amortized, but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. The recoverable amount of the cash-generating units (CGUs) is determined based on value-in-use calculations, which require several assumptions. The calculations use cash flow projections based on financial budgets and prognoses approved by management covering five years for all segments. Cash flows beyond the five years are extrapolated using the estimated growth rates stated in Note 13 Intangible assets in the Annual Report for 2023. These growth rates are consistent with forecasts included in economic outlook reports specific to the area in which each CGU operates.

Sensitivity analyses show that no reasonable change in any fundamental assumptions would cause the recoverable amount to be lower than the carrying value. For Finland, sensitivity analyses show that the headroom is limited, and the development will be monitored closely.

### **Deferred tax assets**

Deferred tax assets for Denmark and Finland are not recognized in Q1 2024 due to uncertainty that future taxable profits will be available against the unused tax losses within a reasonable time frame.

### **Lease**

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension or termination option related to premise lease contracts. This assessment is reviewed if a significant event or change in circumstances occurs, affecting this assessment. During the current financial period, there was no material financial effect of revising lease terms to reflect the impact of exercising extension or termination options.

### **Fair value estimates**

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels at the end of the reporting period. Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves; and
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2 except for certain derivative contracts where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

# APPENDIX

## ALTERNATIVE PERFORMANCE MEASURES

The Group reports its financial results in accordance with accounting principles IFRS as issued by the IASB and endorsed by the EU. However, management believes that specific Alternative Performance Measures (APMs) provide management and other users with additional meaningful financial information that should be considered when assessing the Group's ongoing performance. These APMs are non-IFRS financial measures and should not be considered a substitute for any IFRS financial measure. Management, the Board of Directors, and the long-term lenders regularly use supplemental APMs to understand, manage and evaluate the business and its operations. These APMs are among the factors used in planning for and forecasting future periods, including assessment of financial covenants compliance.

Alternative Performance Measures reflect adjustments based on the following items:

### EBITDA

EBITDA is a measure of earnings before deducting net financial items, taxes, amortization, and depreciation charges. The Group has presented this APM because it considers it an important supplemental measure to understand the overall picture of profit generation in the Group's operating activities. Please see the reconciliation to profit or loss before tax in the table below.

### EBITDA before impact of IFRS 16

EBITDA before impact of IFRS 16 is a measure of EBITDA adjusted for lease expenses applying IAS 17 Leases, and the Group has presented this APM because it considers it to be an important supplemental measure to understand the underlying profit generation in the Group's operating activities. Please see the reconciliation to profit or loss before tax in the table below.

### EBITDA before impact of IFRS 16 margin

EBITDA before impact of IFRS 16 divided by total revenue.

### EBIT before impact of IFRS 16

EBIT before impact of IFRS 16 is a measure of EBIT adjusted for lease expenses applying IAS 17 Leases, depreciations and amortization, and the Group has presented this APM because it considers it to be an important supplemental measure to understand the underlying profit generation in the Group's operating activities. Please see the reconciliation to profit or loss before tax in the table below.

### EBIT before impact of IFRS 16 margin

EBIT before impact of IFRS 16 divided by total revenue.

### Net debt

Current and non-current borrowings (excluding property lease liabilities recognized under IFRS 16) less cash and cash equivalents for the period. Net debt is a non-IFRS financial measure, which the Group considers to be an APM, and this measure should not be viewed as a substitute for any IFRS financial measure. The Group has presented this APM as a helpful indicator of the Group's indebtedness, financial flexibility, and capital structure because it indicates the level of borrowings after taking into account cash and cash equivalents within the Group's business that could be utilized to pay down the outstanding borrowings. Net Debt is also used as part of the assessment for financial covenants compliance. Please see note 5 Interest-bearing liabilities for reconciliation to Total interest-bearing liabilities.

### Leverage ratio

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

### Capital expenditure

Capital expenses (CAPEX) is a measure of total investments in the period both in the operations and in new business, either through business combinations (acquisitions) or through new club openings (greenfields). Capital expenditures consist of both upgrades and maintenance CAPEX and expansion CAPEX, and the source of CAPEX is the Statement of cash flows.

### Upgrades and maintenance CAPEX

Upgrades and maintenance capital expenditures are a measure of investments made in the operations and consist of investments in tangible and intangible assets, excluding business combinations (acquisitions) and greenfields. The measure is defined as the sum of purchase of property, plant, and equipment from the Statement of cash flows less investments in greenfields. Upgrades and maintenance CAPEX can be divided into IT CAPEX and Club portfolio CAPEX where IT CAPEX is investments and development of common software programs used by the whole Group, and Club portfolio CAPEX is physical investments at the clubs.

### Expansion CAPEX

Expansion capital expenditures are a measure of business combinations (acquisitions), investments in greenfields, and digital expansion. The measure is defined as the sum of Acquisition of subsidiary from the Statement of cash flows in addition to investments in greenfields and digital expansion.

### Operating cash flow

Operating cash flow is a measure of how much cash that is generated by the operations and is used to evaluate SATS's liquidity. The definition is EBITDA excluding IFRS 16 less Upgrades and maintenance CAPEX and working capital.

### Cash conversion

Operating cash flow divided by EBITDA before impact of IFRS 16.

Reconciliation of EBITDA before impact of IFRS 16 for the period to Country EBITDA before impact of IFRS 16

<b>TOTAL</b>	Q1 2024	Q1 2023	2023
<i>(Amounts in NOK million)</i>			
<b>EBITDA before impact of IFRS 16</b>	<b>174</b>	<b>137</b>	<b>614</b>
<b>EBITDA before impact of IFRS 16 excluding extraordinary items</b>	<b>174</b>	<b>137</b>	<b>614</b>
Group overhead and cost allocation	87	90	339
<b>Country EBITDA before impact of IFRS 16</b>	<b>261</b>	<b>227</b>	<b>953</b>

<b>NORWAY</b>	Q1 2024	Q1 2023	2023
<i>(Amounts in NOK million)</i>			
<b>EBITDA before impact of IFRS 16</b>	<b>110</b>	<b>78</b>	<b>387</b>
<b>EBITDA before impact of IFRS 16 excluding extraordinary items</b>	<b>110</b>	<b>78</b>	<b>387</b>
Group overhead and cost allocation	-46	-45	-173
<b>Country EBITDA before impact of IFRS 16</b>	<b>156</b>	<b>124</b>	<b>560</b>

<b>SWEDEN</b>	Q1 2024	Q1 2023	2023
<i>(Amounts in NOK million)</i>			
<b>EBITDA before impact of IFRS 16</b>	<b>33</b>	<b>43</b>	<b>185</b>
<b>EBITDA before impact of IFRS 16 excluding extraordinary items</b>	<b>33</b>	<b>43</b>	<b>185</b>
Group overhead and cost allocation	-39	-37	-145
<b>Country EBITDA before impact of IFRS 16</b>	<b>72</b>	<b>81</b>	<b>330</b>

<b>FINLAND</b>	Q1 2024	Q1 2023	2023
<i>(Amounts in NOK million)</i>			
<b>EBITDA before impact of IFRS 16</b>	<b>3</b>	<b>9</b>	<b>25</b>
<b>EBITDA before impact of IFRS 16 excluding extraordinary items</b>	<b>3</b>	<b>9</b>	<b>25</b>
Group overhead and cost allocation	-6	-6	-23
<b>Country EBITDA before impact of IFRS 16</b>	<b>9</b>	<b>15</b>	<b>48</b>

<b>DENMARK</b>	Q1 2024	Q1 2023	2023
<i>(Amounts in NOK million)</i>			
<b>EBITDA before impact of IFRS 16</b>	<b>16</b>	<b>0</b>	<b>-13</b>
<b>EBITDA before impact of IFRS 16 excluding extraordinary items</b>	<b>16</b>	<b>0</b>	<b>-13</b>
Group overhead and cost allocation	-7	-7	-28
<b>Country EBITDA before impact of IFRS 16</b>	<b>24</b>	<b>8</b>	<b>15</b>



# DEFINITIONS

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: Maintenance capital expenditures	Club 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
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 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

## Financial Calendar

**22 AUG**

2024

Q2 2024 Results

**5 NOV**

2024

Q3 2024 Results

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