



Q2 2024

SATS

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 274 clubs, 10 000 employees, and 719 000 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

CONTENTS

Words from the CEO	3
Highlights	4
Board of Directors' Report	5
Consolidated Income Statement	11
Consolidated Statement of Comprehensive Income	12
Consolidated Balance Sheet	13
Consolidated Statement of Changes in Equity	14
Consolidated Statement of Cash Flows	15
Notes to the Consolidated Interim Financial Statements	16
Appendix	28
Definitions	30

WORDS FROM THE CEO

"We continue contributing to a healthier society while significantly improving our financial performance at the same time"

SATS' vision is to make people healthier and happier, and we have really delivered on this so far in 2024. We have invested significantly in improving our product offering, and the numbers suggests that it has been well received. The number of workouts in our clubs increased by 8% in Q2 2024 vs Q2 2023, and 28% vs Q2 2019, driven by more members but also an 8% increase in workouts per member. In total, we had 11 million workouts in our SATS and Fresh Fitness clubs in the quarter. We are very proud of this. Our members have become healthier and happier, and we have made a significant positive contribution to public health.

We have combined this positive operational and commercial delivery with very strong financial results. For the sixth quarter in a row, we are presenting record strong financial results for SATS. In Q2 2024, SATS' revenues increased 5% compared to the same quarter last year to NOK 1,266 million, while EBITDA before IFRS 16 increased 13% to NOK 219 million. SATS' EBIT of NOK 159 million and free cash flow of NOK 132 million in the quarter are also notable improvements compared to Q2 last year.

Six months ago, SATS announced that we are targeting a long-term leverage ratio of 1.5x – 2.0x. Our solid financial

performance in the first half of 2024 has brought us to a leverage ratio that now stands at 1.7x (4.7x Q2 2023), and we expect this ratio to be at the lower end of the range by end of year.

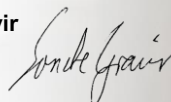
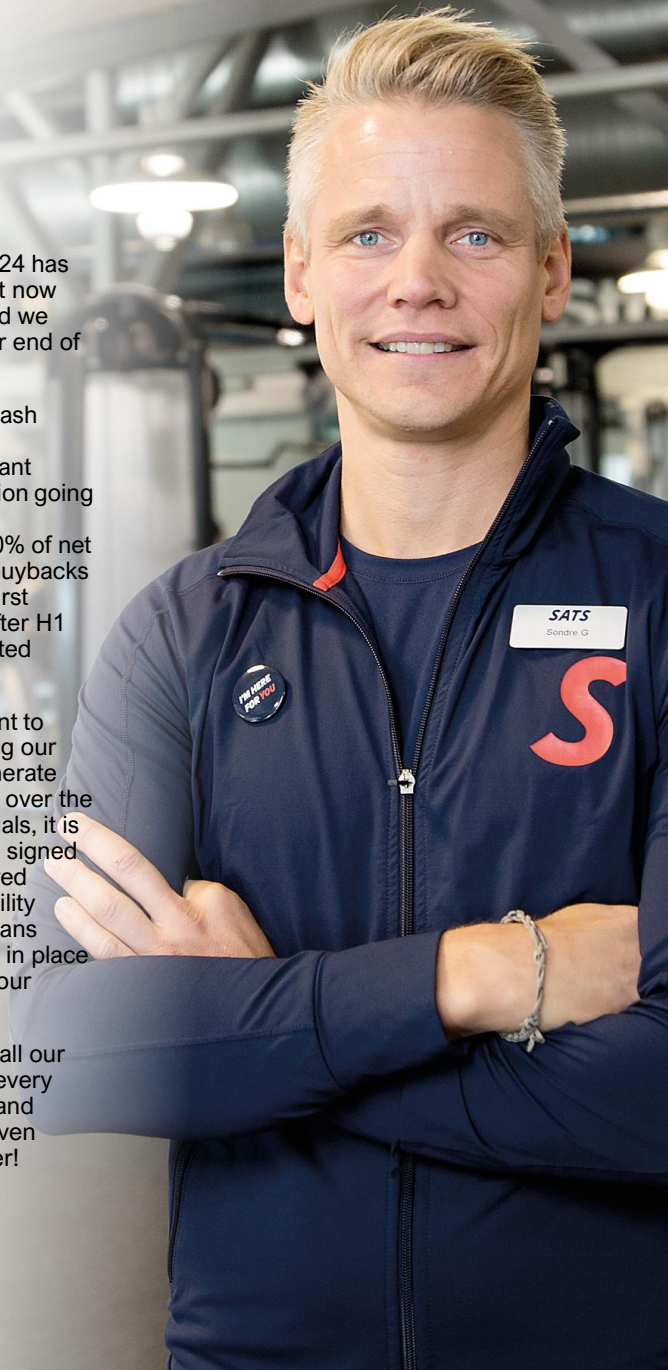
Given the current development, cash generation, liquidity position, and expansion plans, we have significant capacity for shareholder distribution going forward. We plan for semi-annual earnings distribution of at least 50% of net profit as a combination of share buybacks and semi-annual dividends. The first dividend payment will be made after H1 2025, share buyback will be initiated earlier.

We have had a strong commitment to execute on the plan laid out during our CMD in 2022, now proving to generate considerably enhanced financials over the past two years. In terms of financials, it is also worth highlighting that SATS signed a new NOK 2,500 million unsecured multicurrency revolving credit facility shortly after quarter end. This means another financial building block is in place as we aim to continue improving our financial delivery going forward.

I want to express my gratitude to all our staff for their tremendous efforts every day to keep our members active and inspired. We are ready to make even more people healthier and happier!

Sondre Gravir

CEO

Revenues
NOK million

5%



EBITDA¹
NOK million

13%



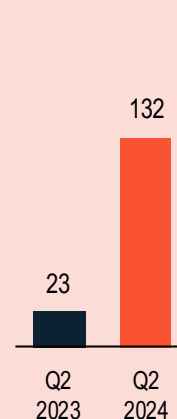
EBIT¹
NOK million

13%



Free cash flow
NOK million

480%



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

HIGHLIGHTS

- Second quarter total revenues of NOK 1,266 million, up 5 percent from Q2 2023, driven by yield increase as a result of product improvements and price adjustments
- Second quarter EBITDA before IFRS 16 of NOK 219 million, up 13 percent from Q2 2023, resulting in a Q2 EBITDA margin of 17 percent, 1 p.p. higher than in Q2 2023
- EBIT of NOK 159 million and net profit of NOK 103 million, up 13 and 9 percent, respectively, compared to Q2 2023
- Operating cash flow of NOK 154 million and cash conversion of 70 percent
- Continued deleveraging at a high pace, reporting a leverage ratio of 1.7x net debt to EBITDA before IFRS 16, compared to 4.7x at Q2 2023
- The total number of workouts at SATS' clubs increased by 8 percent from Q2 2023, reaching 11 million workouts
- The average revenue per member (ARPM) increased by 5 percent compared to the same quarter last year to NOK 580
- The member base increased by 4,600 members from Q2 2023, reaching 719,000 members
- Intend to distribute at least 50% of net profit as a combination of share buybacks and semi-annual dividends. First dividend payment will be made after H1 2025, share buyback will be initiated earlier

Key Financial Figures and Alternative Performance Measures (APM)¹

	Q2 2024	Q2 2023	YTD 2024	YTD 2023
<i>Amounts in NOK million (unless otherwise stated)</i>				
Membership revenue	1 044	982	2 089	1 943
Other revenues	222	218	471	459
Total revenues	1 266	1 200	2 560	2 401
EBITDA	521	491	997	914
<i>Margin (%)</i>	41%	41%	39%	38%
Operating profit	216	201	388	328
Profit/loss for the period	103	94	179	157
Earnings per share (NOK)	0.50	0.47	0.88	0.78
Total overhead costs	-131	-122	-283	-259
EBITDA before impact of IFRS 16	219	194	394	332
<i>Margin (%)</i>	17%	16%	15%	14%
EBIT before impact of IFRS 16	159	141	273	212
<i>Margin (%)</i>	13%	12%	11%	9%
Maintenance Capex	32	16	60	60
Total Capex	34	26	68	68
Net debt	1 179	1 676	1 179	1 676
Operating cash flow	154	73	308	145
Clubs	274	273	274	273
Members ('000)	719	715	719	715
ARPM (NOK/month)	580	552	592	557

1) As defined in Appendix under Alternative Performance Measures

BOARD OF DIRECTORS' REPORT

ANALYSIS OF THE Q2 2024 FINANCIAL STATEMENTS

All financial statements show the period April 1, 2024, to June 30, 2024, compared to the accounts for the period April 1, 2023, to June 30, 2023.

Statement of comprehensive income

Total revenues increased by 5% to NOK 1 266 million in Q2 2024, compared to NOK 1 200 million in Q2 2023, mainly due to higher membership revenues. Membership revenues increased in all countries in Q2 2024 compared to Q2 2023. The total member base increased by 4 600 compared to Q2 2023. ARPM increased by 5%, as a result of product improvements price adjustments in Q4 2023 and H1 2024.

Total operating expenses increased by 5% to NOK 1 050 million in Q2 2024, while operating expenses excluding depreciation and amortization increased by 5% to NOK 745 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 by 7% from NOK 201 million in Q2 2023 to NOK 216 million in Q2 this year.

Net financial items in Q2 2024 was negative NOK 82 million, compared to negative NOK 78 million in Q2 2023. Income tax expense in Q2 2024 was negative by NOK 32 million.

Profit before tax was NOK 134 million in Q2 2024, compared NOK 123 million in Q2 2023. Profit for the period was NOK 103 million in Q2 2024, compared to NOK 94 million in Q2 2023. The total comprehensive income was NOK 110 million, compared to NOK 112 million in Q2 2023.

Statement of financial position

Consolidated assets decreased by NOK 103 million to NOK 8 906 million in Q2 2024 compared to Q2 2023. Right-of-use assets and intangible assets were the most significant components of consolidated assets, amounting to NOK 4 575 million and NOK 2 635 million, respectively, on June 30, 2024. Non-current assets decreased by NOK 47 million, while current assets decreased by NOK 55 million. The decrease in non-current assets was mainly driven by a decrease in deferred tax assets. The decrease in current assets was primarily driven by prepaid expenses and accrued income.

Total liabilities decreased from NOK 8 033 million as of June 30, 2023, to NOK 7 695 million as of June 30, 2024, primarily due to reduced borrowings.

As of June 30, 2024, consolidated equity amounted to NOK 1 211 million, representing an equity ratio of 13.6%, compared to NOK 976 million and 10.8% of June 30, 2023.

Statement of cash flows

In Q2 2024, consolidated cash and cash equivalents increased by NOK 33 million, compared to an increase of NOK 13 million in Q2 2023.

The Group had cash and cash equivalents of NOK 347 million as of June 30, 2024. In addition, the Group had NOK 853 million available in undrawn amount on the revolving credit facility.

Net cash flow from the Group's operations was NOK 482 million in Q2 2024, compared to NOK 379 million in Q2 2023. The increased cash flow from operations was mainly due to increased profit before tax and change in other receivables and accruals. 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 negative by NOK 33 million (compared to negative NOK 106 million in Q2 2023).

Net cash outflow from investing activities amounted to NOK 32 million in Q2 2024, compared to an outflow of NOK 34 million in Q2 2023.

Net cash outflow from financing was NOK 417 million in Q2 2024, compared to a cash outflow of NOK 332 million in Q2 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 Q2 2024 and Q2 2023.

NORWAY

Norway is the largest operating segment in the Group, with 45% of the consolidated total revenues in Q2 2024. SATS Norway had 324 000 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 117 clubs by the end of Q2 2024. The member base has grown by 5,000 members since Q2 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 5% to NOK 583 in Q2 2024, as a result of successful product improvements and price adjustments, as well as members continuing to invest in their personal health.

The outcome of the positive volume and price development was a 6% increase in total revenues to NOK 573 million in Q2 2024 compared to Q2 2023.

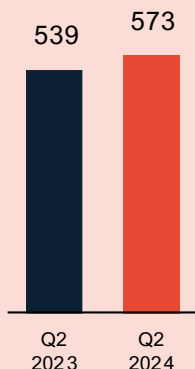
Country EBITDA increased by 16% to NOK 185 million, resulting in a quarterly Country EBITDA margin of 32%, 3 p.p. higher than in Q2 2023.

Key Financial Figures and Alternative Performance Measures (APM)

	Q2 2024	Q2 2023	YTD 2024	YTD 2023
<i>Amounts in NOK million (unless otherwise stated)</i>				
Membership revenue	473	443	944	888
Other revenues	100	96	203	207
Total revenues	573	539	1 148	1 096
EBITDA	264	243	490	440
Margin (%)	46%	45%	43%	40%
Operating profit	157	140	276	229
Profit/loss for the period	108	91	184	141
Country EBITDA before impact of IFRS 16	185	160	341	284
Margin (%)	32%	30%	30%	26%
EBITDA before impact of IFRS 16	146	125	256	203
Margin (%)	26%	23%	22%	19%
Clubs	117	118	117	118
Members ('000)	324	319	324	319
ARPM (NOK/month)	583	554	589	588

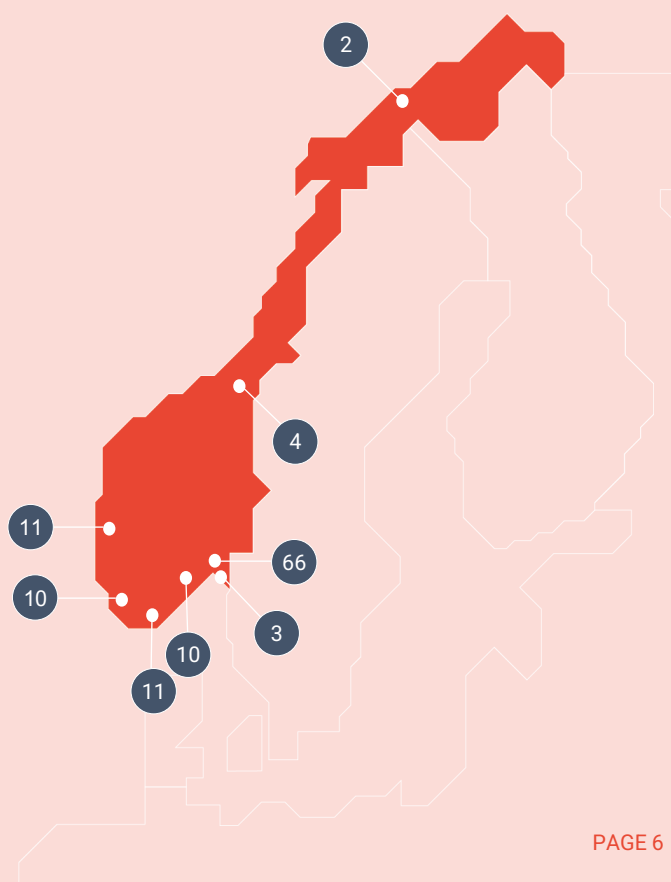
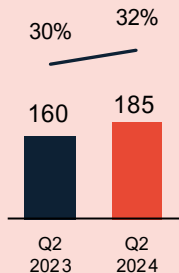
Revenues
NOK million

6%



Country EBITDA¹
NOK million / margin

16%



¹) Country EBITDA before impact of IFRS 16

Sweden is the second-largest segment in the Group, with 34% of the total consolidated revenues in Q2 2024. SATS Sweden had 244 000 members at the end of the quarter. SATS has maintained a strong position in Sweden over many years.

The Q2 average revenue per member (ARPM) increased by 5% (6% curr. adj.) to NOK 578 as a result of successful product improvements and price adjustments.

Total revenues increased by 4% (6% curr. adj.) to NOK 427 million in the quarter, driven by increased membership revenue of 6%.

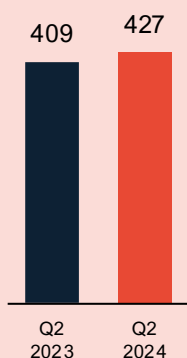
Country EBITDA decreased by 3% (1% curr. adj.) to NOK 81 million, resulting in a quarterly Country EBITDA margin of 19%, 1 p.p. down from Q2 2023. The decline is due to investments in the product offering and higher personnel costs as more group training sessions have been added to the schedule. These initiatives are expected to generate higher revenues and EBITDA in the Swedish market in the mid-term.

Key Financial Figures and Alternative Performance Measures (APM)

	Q2 2024	Q2 2023	YTD 2024	YTD 2023
<i>Amounts in NOK million (unless otherwise stated)</i>				
Membership revenue	346	326	695	641
Other revenues	80	83	165	168
Total revenues	427	409	860	809
EBITDA	162	160	310	305
Margin (%)	38%	39%	36%	38%
Operating profit	51	56	90	100
Profit/loss for the period	20	25	34	49
Country EBITDA before impact of IFRS 16	81	83	153	164
Margin (%)	19%	20%	18%	20%
EBITDA before impact of IFRS 16	48	54	82	97
Margin (%)	11%	13%	9%	12%
Clubs	96	94	96	94
Members ('000)	244	245	244	245
ARPM (NOK/month)	578	552	587	569

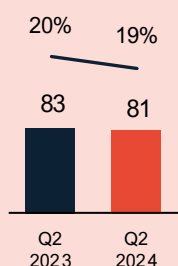
Revenues NOK million

4%



Country EBITDA¹ NOK million / margin

-3%



¹⁾ Country EBITDA before impact of IFRS 16

In Finland, the business is operated under the brand ELIXIA, and the Finnish operations constituted 10% of consolidated total revenues in Q2 2024. At the end of the quarter, ELIXIA Finland had 70 000 members. The Finnish fitness market is highly fragmented, and ELIXIA is the market leader.

The number of clubs has been stable in Finland with the main focus of club optimization being on relocations. The member base and number of clubs have remained flat since Q2 2023.

The Q2 average revenue per member (ARPM) is up 4% (5% curr. adj.) to NOK 584 as a result of successful product improvements and price adjustments.

Total revenues for the quarter increased by 5% (6% curr. adj.) to NOK 125 million. The increase was mainly driven by membership revenues.

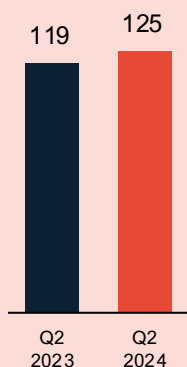
Country EBITDA decreased by 5% (3% curr. adj.) to NOK 15 million in the quarter. Quarterly Country EBITDA margin was consequently 12%, down 1 p.p. from Q2 2023.

Key Financial Figures and Alternative Performance Measures (APM)

	Q2 2024	Q2 2023	YTD 2024	YTD 2023
<i>Amounts in NOK million (unless otherwise stated)</i>				
Membership revenue	106	100	211	194
Other revenues	19	19	40	42
Total revenues	125	119	251	236
EBITDA	45	45	83	85
Margin (%)	36%	38%	33%	36%
Operating profit	11	11	15	21
Profit/loss for the period	5	5	2	9
Country EBITDA before impact of IFRS 16	15	16	24	31
Margin (%)	12%	13%	10%	13%
EBITDA before impact of IFRS 16	10	11	13	20
Margin (%)	8%	9%	5%	9%
Clubs	32	32	32	32
Members ('000)	70	70	70	70
ARPM (NOK/month)	584	560	597	586

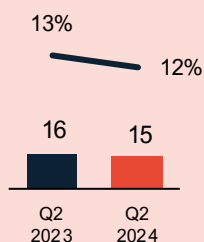
Revenues
NOK million

5%



Country EBITDA¹
NOK million / margin

-5%



¹⁾ Country EBITDA before impact of IFRS 16

The Danish operation constituted 11% of consolidated total revenues in Q2 2024. SATS Denmark, with 81 000 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 has 29 clubs in the Copenhagen area, equal to Q2 2023. The member base has been flat in the period.

The Q2 revenue per member (ARPM) increased by 6% (7% curr. adj.), reaching NOK 570, while total revenues increased by 7% (8% curr. adj.) compared to the same quarter last year to NOK 142 million.

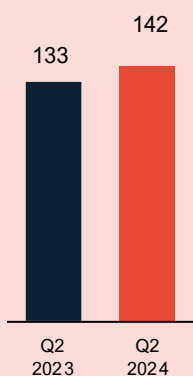
Country EBITDA improved by 39% (41% curr. adj.) to NOK 10 million, resulting in a quarterly Country EBITDA margin of 7%, 2 p.p. higher than in Q2 2023.

Key Financial Figures and Alternative Performance Measures (APM)

	Q2	Q2	YTD	YTD
	2024	2023	2024	2023
<i>Amounts in NOK million (unless otherwise stated)</i>				
Membership revenue	119	112	239	219
Other revenues	23	20	62	41
Total revenues	142	133	301	260
EBITDA	40	39	92	75
Margin (%)	28%	30%	31%	29%
Operating profit	1	-3	14	-7
Profit/loss for the period	-17	-19	-22	-38
Country EBITDA before impact of IFRS 16	10	7	34	15
Margin (%)	7%	6%	11%	6%
EBITDA before impact of IFRS 16	4	2	20	2
Margin (%)	3%	1%	7%	1%
Clubs	29	29	29	29
Members ('000)	81	81	81	81
ARPM (NOK/month)	570	537	616	561

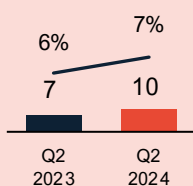
Revenues NOK million

7%



Country EBITDA¹ NOK million / margin

39%



¹⁾ 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.

SATS has strengthened the member product offering which enables volume and ARPM growth, fueling revenue going forward. The Company still has unleashed potential in the existing club portfolio, driven by square meter utilization and equipment optimization and increased operational efficiency. This will be a key driver for improved financial performance, accelerated by operating leverage and high drop-through to EIBT. The financial momentum will further strengthen our balance sheet, enabling SATS to execute on the Company's ambitions of balanced expansion.

SHAREHOLDER INFORMATION

SATS ASA's share capital was NOK 435 million as at June 30, 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 234,114 treasury shares as at the balance sheet date. The number of shareholders as at June 30, 2024, was 5,220.

FINANCIAL POLICY AND DIVIDEND

SATS has a conservative approach to leverage, targeting a net debt (current and non-current bank borrowings less cash and cash equivalents) to adjusted EBITDA before impact of IFRS 16 at the lower end of the 1.5x to 2.0x range.

SATS prioritize maintaining a robust balance sheet and strong liquidity position to ensure financial stability and flexibility.

Excess capital will be returned to shareholders, while considering long term financial robustness, growth opportunities and strategic initiatives, aiming to distribute at least 50% of annual net profit as a combination of share buybacks and semi-annual dividends.

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

On July 26, 2024, SATS signed a new NOK 2,500 million unsecured multicurrency revolving credit facility. The credit facility will be used to refinance the Company's existing NOK 2,500 million unsecured revolving credit facility, which matures in September 2025, and for general corporate and working capital purposes. The credit facility matures in July 2027, with options for extension for up to two one-year terms.

The new revolving credit facility does not impose any restrictions on distribution of dividends and is otherwise made on substantially the same economic and other terms as the existing credit facility. The credit facility includes a maximum leverage covenant requiring the leverage ratio, Net Debt to EBITDA before IFRS 16, not to exceed 3.5x.

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, August 21, 2024

The Board of Directors

CONSOLIDATED INCOME STATEMENT

	Notes	Q2 2024	Q2 2023	YTD 2024	YTD 2023	2023
<i>(Amounts in NOK million)</i>						
Revenue	2	1 266	1 200	2 560	2 401	4 734
Operating expenses						
Cost of goods sold ¹⁾		-30	-35	-70	-71	-137
Personnel expenses ¹⁾		-446	-398	-932	-834	-1 677
Other operating expenses		-269	-276	-561	-582	-1 136
Depreciation and amortization	6, 7, 8	-305	-289	-608	-587	-1 178
Total operating expenses		-1 050	-999	-2 172	-2 074	-4 127
Operating profit		216	201	388	328	607
Interest income		10	12	20	22	50
Finance income		1	24	12	78	106
Interest expense		-82	-101	-170	-194	-395
Finance expense		-11	-13	-17	-26	-55
Net financial items		-82	-78	-154	-120	-293
Profit before tax		134	123	234	208	313
Income tax expense	3	-32	-30	-55	-50	-89
Profit for the period		103	94	179	157	224
Profit for the year is attributable to:						
Equity holders of the Group		103	94	179	157	224
Total allocation		103	94	179	157	224
Earnings per share in NOK						
Basic earnings per share attributable to equity holders of the company	4	0.50	0.47	0.88	0.78	1.10
Diluted earnings per share attributable to equity holders of the company	4	0.50	0.46	0.87	0.77	1.10

¹⁾ A reclassification between Cost of goods sold and Personnel expenses of NOK 4 million is recognized in Q2 2023 and NOK 8 million in YTD 2024.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q2 2024	Q2 2023	YTD 2024	YTD 2023	2023
<i>(Amounts in NOK million)</i>					
Profit for the period	103	94	179	157	224
Other comprehensive income					
Currency translation adjustment - may be reclassified to profit or loss	8	18	5	-37	-62
Other comprehensive income, net of tax	8	18	5	-37	-62
Total comprehensive income for the period	110	112	185	120	162
Total comprehensive income is attributable to:					
Equity holders of the Group	110	112	185	120	162
Total comprehensive income for the period	110	112	185	120	162

CONSOLIDATED BALANCE SHEET

	Notes	June 30 2024	June 30 2023	December 31 2023
<i>(Amounts in NOK million)</i>				
ASSETS				
Non-current assets				
Intangible assets	6	2 635	2 660	2 628
Right-of-use assets	8	4 575	4 452	4 570
Property, plant and equipment	7	649	702	705
Other non-current receivables		63	62	63
Derivative financial instruments	9	40	66	36
Deferred tax assets	3	177	245	178
Total non-current assets		8 140	8 187	8 181
Current assets				
Inventories		53	57	55
Accounts receivables		117	105	136
Other current receivables		80	53	86
Prepaid expenses and accrued income		166	274	237
Derivative financial instruments	9	3	0	6
Cash and cash equivalents		347	334	282
Total current assets		767	822	802
Total assets		8 906	9 009	8 983
EQUITY				
Share capital		435	435	435
Share premium		3 050	3 050	3 050
Treasury shares		-19	-28	-24
Other reserves		6	30	-1
Retained earnings		-2 261	-2 511	-2 441
Total equity		1 211	976	1 020
LIABILITIES				
Non-current liabilities				
Deferred tax liability	3	130	115	78
Borrowings	5	1 526	2 009	1 721
Lease liability	5	4 013	3 894	4 009
Total non-current liabilities		5 669	6 019	5 808
Current liabilities				
Borrowings	5	14	22	17
Lease liability	5	940	932	929
Contract liability		506	486	548
Trade and other payables		80	94	130
Current tax liabilities		0	6	2
Public fees and charges payable		111	90	115
Other current liabilities		375	384	415
Total current liabilities		2 026	2 014	2 155
Total liabilities		7 695	8 033	7 963
Total equity and liabilities		8 906	9 009	8 983

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>								
Equity January 1, 2023	431	3 045	-14	58	6	-2 668	860	860
Profit for the period						157	157	157
OCI for the period				-37			-37	-37
Total comprehensive income for the period	0	0	0	-37	0	157	120	120
Investment program					2		2	2
Share issues and capital increase expenses	4	5					8	8
Repurchase of shares			-20				-20	-20
Proceeds from sale of own shares			6				6	6
Equity June 30, 2023	435	3 050	-28	21	8	-2 511	976	976
Equity January 1, 2024	435	3 050	-24	-3	2	-2 441	1 020	1 020
Profit for the period						179	179	179
OCI for the period				5			5	5
Total comprehensive income for the period	0	0	0	5	0	179	185	185
Investment program					2		2	2
Proceeds from sale of own shares			5				5	5
Equity June 30, 2024	435	3 050	-19	2	4	-2 261	1 211	1 211

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Q2 2024	Q2 2023	YTD 2024	YTD 2023	2023
<i>(Amounts in NOK million)</i>						
Cash flow from operations						
Profit before tax		134	123	234	208	313
Adjustment for:						
Taxes paid in the period		-6	-6	-13	-10	-4
Gain/loss from disposal or sale of equipment		0	0	0	0	-1
Depreciation, amortization and impairment	6, 7, 8	305	289	608	587	1 178
Net financial items		82	78	154	120	293
Change in inventory		2	2	1	0	2
Change in accounts receivables		17	21	20	21	-11
Change in trade payables		-45	-9	-49	-22	13
Change in other receivables and accruals		-8	-119	3	-125	-26
Net cash flow from operations		482	379	957	777	1 758
Cash flow from investing						
Purchase of property, plant and equipment and intangible assets	6, 7	-34	-28	-67	-53	-167
Loan to related parties	10	0	-6	0	-6	-6
Proceeds from property, plant and equipment		0	0	1	1	1
Proceeds from loan to related parties	10	2	0	2	0	0
Net cash flow from investing		-32	-34	-65	-59	-172
Cash flow from financing						
Repayments of borrowings	5	-102	0	-202	0	-288
Installments on lease liabilities	5	-241	-241	-481	-475	-947
Paid interests on borrowings	5	-14	-32	-31	-62	-123
Interests on lease liabilities	5	-61	-55	-122	-108	-224
Proceeds from issues of shares	4	0	8	0	8	8
Purchase of own shares	4	0	-20	0	-20	-21
Proceeds from sale of own shares	4	1	6	5	6	6
Other financial items		1	2	2	2	1
Net cash flow from financing		-417	-332	-829	-648	-1 587
Net increase/decrease in cash and cash equivalents		33	13	63	70	-1
Effect of foreign exchange rate changes on cash and cash equivalents		5	-19	2	-81	-63
Cash and cash equivalents at the beginning of the period		310	340	282	345	345
Cash and cash equivalents at the end of period		347	334	347	334	282

NOTES

PAGE

Note 1	General information and basis for preparation	17
Note 2	Segment information	18
Note 3	Profit and loss information	20
Note 4	Earnings per share	20
Note 5	Interest-bearing liabilities	21
Note 6	Intangible assets	22
Note 7	Property, plant and equipment	23
Note 8	Right of use ("RoU") assets	24
Note 9	Financial instruments	25
Note 10	Related parties	26
Note 11	Events after the balance sheet date	26
Note 12	New IFRS standards	26
Note 13	Critical estimates and judgements	27

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.

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 six 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 EBITDA¹⁾, EBITDA before impact of IFRS 16¹⁾ and Country EBITDA before impact of IFRS 16¹⁾ 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 Q2 2024, Q2 2023, YTD 2024, YTD 2023 and the year ended December 31, 2023 is as follows:

SATS Group	Norway	Sweden	Finland	Denmark	Group functions and other	Total
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(Amounts in NOK million)

Q2 2024**Revenue**

Membership revenue	473	346	106	119	0	1 044
Other revenues	100	80	19	23	0	222
Total revenues	573	427	125	142	0	1 266

EBITDA¹⁾ and EBITDA before impact of IFRS 16¹⁾ reconcile to profit/loss for the period as follows:

EBITDA before impact of IFRS 16¹⁾	146	48	10	4	11	219
Impact of IFRS 16	118	113	35	36	0	302
EBITDA¹⁾	264	162	45	40	11	521
Depreciation and amortization	-107	-111	-34	-39	-14	-305
Operating profit/loss	157	51	11	1	-3	216
Net financial items ²⁾	-19	-25	-6	-18	-13	-82
Income tax expense	-30	-5	0	0	3	-32
Profit/loss for the period	108	20	5	-17	-13	103

Q2 2023**Revenue**

Membership revenue	443	326	100	112	0	982
Other revenues	96	83	19	20	0	218
Total revenues	539	409	119	133	0	1 200

EBITDA¹⁾ and EBITDA before impact of IFRS 16¹⁾ reconcile to profit/loss for the period as follows:

EBITDA before impact of IFRS 16¹⁾	125	54	11	2	3	194
Impact of IFRS 16	118	106	34	38	0	296
EBITDA¹⁾	243	160	45	39	3	491
Depreciation and amortization	-104	-105	-33	-42	-6	-289
Operating profit/loss	140	56	11	-3	-3	201
Net financial items ²⁾	-23	-24	-6	-17	-7	-78
Income tax expense	-25	-6	0	0	2	-30
Profit/loss for the period	91	25	5	-19	-8	94

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

²⁾ 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
------------	--------	--------	---------	---------	---------------------------	-------

(Amounts in NOK million)

YTD 2024

Revenue

Membership revenue	944	695	211	239	0	2 089
Other revenues	203	165	40	62	0	471
Total revenues	1 148	860	251	301	0	2 560

EBITDA¹⁾ and EBITDA before impact of IFRS 16¹⁾ reconcile to profit/loss for the period as follows:

EBITDA before impact of IFRS 16¹⁾	256	82	13	20	23	394
Impact of IFRS 16	233	228	70	72	0	603
EBITDA¹⁾	490	310	83	92	23	997
Depreciation and amortization	-214	-220	-68	-78	-29	-608
Operating profit/loss	276	90	15	14	-6	388
Net financial items ²⁾	-41	-48	-13	-37	-16	-154
Income tax expense	-51	-8	0	0	5	-55
Profit/loss for the period	184	34	2	-22	-18	179

YTD 2023

Revenue

Membership revenue	888	641	194	219	0	1 943
Other revenues	207	168	42	41	1	459
Total revenues	1 096	809	236	260	1	2 401

EBITDA¹⁾ and EBITDA before impact of IFRS 16¹⁾ reconcile to profit/loss for the period as follows:

EBITDA before impact of IFRS 16¹⁾	203	97	20	2	8	332
Impact of IFRS 16	237	208	65	73	0	583
EBITDA¹⁾	440	305	85	75	8	914
Depreciation and amortization	-211	-205	-64	-82	-25	-587
Operating profit/loss	229	100	21	-7	-17	328
Net financial items ²⁾	-49	-39	-13	-32	13	-120
Income tax expense	-39	-12	0	0	1	-50
Profit/loss for the period	141	49	9	-38	-3	157

2023

Revenue

Membership revenue	1 763	1 281	390	436	0	3 870
Other revenues	389	315	76	80	3	864
Total revenues	2 153	1 597	466	516	3	4 734

EBITDA¹⁾ and EBITDA before impact of IFRS 16¹⁾ reconcile to profit/loss for the period as follows:

EBITDA before impact of IFRS 16¹⁾	387	185	25	-13	29	614
Impact of IFRS 16	472	420	133	145	0	1 170
EBITDA¹⁾	859	605	159	132	29	1 784
Depreciation and amortization	-421	-412	-132	-161	-52	-1 178
Operating profit/loss	437	193	27	-29	-22	607
Net financial items ²⁾	-93	-76	-25	-69	-31	-293
Income tax expense	-44	-22	0	1	-24	-89
Profit/loss for the year	301	95	3	-98	-77	224

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

²⁾ 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 Q2 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, Q2 is the reporting period from April 1 to June 30.

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.

On March 25, 2024, the board of directors resolved to award a total of 12,124 matching shares to two participants as a part of the share investment program implemented in 2020. The value of the matching shares is NOK 15,77 each, representing the trading price of the company's shares at the close of trading on March 22, 2024, with a 13.33% discount to reflect the one-year lock-up obligation.

The share investment programs for employees in the SATS ASA Group imply that the company, on the balance sheet date of June 30, 2024, will deliver 62 727 matching shares to employees in 2024, 126 287 shares in 2025, 723 344 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 June 30, 2024, the number of shares issued was 204 694 588 and the company holds 234 114 treasury shares.

Basic earnings per share attributable to equity holders of the company

<i>(NOK per share)</i>	Q2 2024	Q2 2023	YTD 2024	YTD 2023	2023
Basic earnings	0.50	0.47	0.88	0.78	1.10
Total basic earnings per share	0.50	0.47	0.88	0.78	1.10
Weighted average number of outstanding shares	204 416 728	201 596 822	204 391 724	202 140 056	203 103 000

Diluted earnings per share attributable to equity holders of the company

<i>(NOK per share)</i>	Q2 2024	Q2 2023	YTD 2024	YTD 2023	2023
Diluted earnings	0.50	0.46	0.87	0.77	1.10
Total diluted earnings per share	0.50	0.46	0.87	0.77	1.10
Weighted average number of outstanding shares	205 548 941	203 331 973	205 523 937	203 402 301	204 069 165

Reconciliation of earnings used in calculating earnings per share

<i>(Amounts in NOK million)</i>	Q2 2024	Q2 2023	YTD 2024	YTD 2023	2023
Basic earnings per share					
Profit attributable to equity holders of the Group	103	94	179	157	224
Profit used in calculating basic earnings per share	103	94	179	157	224
Diluted earnings per share					
Profit used in calculating diluted earnings per share	103	94	179	157	224
Profit used in calculating diluted earnings per share	103	94	179	157	224

NOTE 5 Interest-bearing liabilities

	June 30 2024	June 30 2023	December 31 2023
Overview of interest-bearing liabilities			
<i>(Amounts in NOK million)</i>			
Current			
Accrued interest cost	14	22	17
Lease liabilities	940	932	929
Total current interest-bearing liabilities	954	954	946
Non-current			
Bank borrowings	1 526	2 009	1 721
Lease liabilities	4 013	3 894	4 009
Total non-current interest-bearing liabilities	5 538	5 903	5 730
Total interest-bearing liabilities	6 492	6 858	6 676
Total bank borrowings	1 526	2 009	1 721
Cash and cash equivalents	347	334	282
Net debt¹⁾	1 179	1 676	1 439

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

The long-term loan facility agreement

The company has, in July 2024, signed a new 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 second quarter, the remaining undrawn credit amounted to NOK 853 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 July 2027, with options for extension for up to two one-year terms. 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 80 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 3.5x. 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 June 30, 2024:

Bank borrowings	Total	Lease liabilities	Total
<i>(Amounts in NOK million)</i>		<i>(Amounts in NOK million)</i>	
Less than 1 year	80	Less than 1 year	1 159
1–2 years	79	1–2 years	1 031
2–3 years	79	2–3 years	920
3–5 years	1 533	3–5 years	1 397
More than 5 years	0	More than 5 years	1 266
Total payments	1 772	Total payments	5 773

NOTE 6 Intangible assets

Goodwill	Norway	Sweden	Finland	Denmark	Total goodwill
<i>(Amounts in NOK million)</i>					
At December 31, 2023					
Cost	1 868	223	652	0	2 744
Accumulated impairment	-199	0	-10	0	-209
Net book value	1 669	223	642	0	2 535
Period ended June 30, 2024					
Opening net book amount	1 669	223	642	0	2 535
Net effect of changes in foreign exchange	0	-2	9	0	7
Closing Net book value	1 669	221	651	0	2 542
At June 30, 2024					
Cost	1 868	221	661	0	2 750
Accumulated impairment	-199	0	-10	0	-209
Net book value	1 669	221	651	0	2 542
Useful life	Indefinite	Indefinite	Indefinite	Indefinite	
Amortization method	Not amortized	Not amortized	Not amortized	Not amortized	

Other intangible assets	Trademark	Internally developed software ¹⁾	Customer list	Total other intangible assets
<i>(Amounts in NOK million)</i>				
At December 31, 2023				
Cost		267	72	857
Accumulated amortization and impairment		-266	-56	-764
Net book value	1	77	15	93
Period ended June 30, 2024				
Opening net book amount	1	77	15	93
Effect of changes in foreign exchange cost	0	-5	0	-5
Effect of changes in foreign exchange accumulated amortization	0	4	0	4
Additions	0	35	0	35
Amortization charge	0	-29	-5	-34
Closing Net book value	1	81	11	93
At June 30, 2024				
Cost		267	72	887
Accumulated amortization and impairment		-266	-61	-794
Net book value	1	81	11	93
Useful life	10 years	3 years	3–7 years	
Amortization method	Straight-line	Straight-line	Straight-line	

¹⁾ Software consists of capitalized development expenditure being an internally generated intangible asset.

NOTE 7 Property, plant and equipment

Property, plant and equipment	Capitalized leasehold improvements	Fitness equipment	Other fixtures and equipment	Total tangible fixed assets
<i>(Amounts in NOK million)</i>				
At December 31, 2023				
Cost	1 502	1 013	509	3 024
Accumulated depreciation	-1 091	-773	-455	-2 319
Net book value	411	240	54	705
Period ended June 30, 2024				
Opening net book amount	411	240	54	705
Additions	9	10	13	33
Effect of changes in foreign exchange cost	6	0	1	7
Depreciation charge	-44	-29	-13	-87
Effect of changes in foreign exchange accumulated depreciation	-6	0	0	-6
Disposals costs	-304	-14	-70	-387
Disposals costs accumulated depreciations	303	13	69	386
Closing Net book value	374	221	54	649
At June 30, 2024				
Cost	1 213	1 010	453	2 676
Accumulated depreciation	-839	-789	-399	-2 027
Net book value	374	221	54	649
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>			
At January 1, 2023			
Cost	10 815	87	10 903
Accumulated depreciation	-6 663	-78	-6 741
Net book value	4 152	9	4 161
Period ended December 31, 2023			
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
Closing Net book value	4 563	7	4 570
At December 31, 2023			
Cost	12 212	97	12 309
Accumulated depreciation	-7 649	-90	-7 739
Net book value	4 563	7	4 570
Period ended June 30, 2024			
At January 1, 2024	4 563	7	4 570
Effect of changes in foreign exchange cost	-2	1	-2
Additions/disposals	495	0	495
Depreciation charge	-486	-2	-488
Effect of changes in foreign exchange accumulated depreciation	1	-1	0
Closing Net book value	4 570	5	4 575
At June 30, 2024			
Cost	12 689	97	12 786
Accumulated depreciation	-8 119	-93	-8 211
Net book value	4 570	5	4 575
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 June 30, 2024 with a weaker NOK results in a positive effect of NOK 43 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% ¹⁾	4	37	41
EUR/NOK exchange rate - increase 10% ¹⁾	0	-4	-5
DKK/NOK exchange rate - increase 10% ¹⁾	-8	10	1
Effect on profit/loss before tax	-5	43	38

¹⁾ 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.

	June 30 2024		June 30 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	63	0	62	0	63	0
Accounts receivables	117	0	105	0	136	0
Other current receivables	80	0	53	0	86	0
Derivatives	0	43	0	66	0	43
Cash and cash equivalents	347	0	334	0	282	0
Total financial assets	607	43	553	66	567	43

	June 30 2024		June 30 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	1 540	0	2 031	0	1 738	0
Lease liabilities	4 952	0	4 826	0	4 938	0
Trade and other payables	80	0	94	0	130	0
Other current liabilities	375	0	384	0	415	0
Total financial liabilities	6 948	0	7 335	0	7 220	0

Financial derivative instruments

The Group has the following derivative financial instruments:

	June 30 2024	June 30 2023	December 31 2023
<i>(Amounts in NOK million)</i>			
Non-current assets			
Interest rate swap contracts	40	66	36
Total non-current derivative financial instrument assets	40	66	36
Current assets			
Interest rate swap contracts	3	0	6
Total current derivative financial instrument assets	3	0	6

Overview of interest rate swaps per June 30, 2024

Interest rate swaps	Notional in currency million	Maturity	Fixed rate	Unrealized gain
IRS NOK	694	28.10.2026	1.751	40
IRS SEK	200	28.10.2024	0.430	3
Fair value of the Group's interest rate swaps as of June 30, 2024 in NOK million				43

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

NOTE 10 Related parties

As of June 30, 2024, total loans issued by SATS ASA to key employees participating in a partly debt-financed share investment program were 16 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 second 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 2 542 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 Q2 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.

RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the condensed consolidated interim financial statements for the first half of 2024, which have been prepared in accordance with IFRS as adopted by EU and IAS 34 Interim Financial Reporting, give an accurate and fair view of the Company's consolidated assets, liabilities, financial position and results of operations. To the best of our knowledge, the interim report for the first half of 2024 includes a fair review of important events that have occurred during the period and their impact on the condensed financial statements, the principal risks and uncertainties for the remaining half of 2024, and significant related party transactions.

Oslo, August 21, 2024

HUGO LUND MAURSTAD

Chair of the Board

MARTIN TIVÉUS

Board member

MARIA TALLAKSEN

Board member

ANDREASHOLM

Board member

LISA ÅBERG

Board member

SONDRE GRAVIR

CEO

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 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

TOTAL	Q2 2024	Q2 2023	YTD 2024	YTD 2023	2023
<i>(Amounts in NOK million)</i>					
EBITDA before impact of IFRS 16	219	194	394	332	614
Extraordinary items	0	0	0	0	0
EBITDA before impact of IFRS 16 excluding extraordinary items	219	194	394	332	614
Group overhead and cost allocation	73	72	160	162	339
Country EBITDA before impact of IFRS 16	292	267	553	494	953

NORWAY	Q2 2024	Q2 2023	YTD 2024	YTD 2023	2023
<i>(Amounts in NOK million)</i>					
EBITDA before impact of IFRS 16	146	125	256	203	387
EBITDA before impact of IFRS 16 excluding extraordinary items	146	125	256	203	387
Group overhead and cost allocation	-39	-35	-85	-81	-173
Country EBITDA before impact of IFRS 16	185	160	341	284	560

SWEDEN	Q2 2024	Q2 2023	YTD 2024	YTD 2023	2023
<i>(Amounts in NOK million)</i>					
EBITDA before impact of IFRS 16	48	54	82	97	185
EBITDA before impact of IFRS 16 excluding extraordinary items	48	54	82	97	185
Group overhead and cost allocation	-33	-29	-72	-67	-145
Country EBITDA before impact of IFRS 16	81	83	153	164	330

FINLAND	Q2 2024	Q2 2023	YTD 2024	YTD 2023	2023
<i>(Amounts in NOK million)</i>					
EBITDA before impact of IFRS 16	10	11	13	20	25
EBITDA before impact of IFRS 16 excluding extraordinary items	10	11	13	20	25
Group overhead and cost allocation	-5	-5	-12	-11	-23
Country EBITDA before impact of IFRS 16	15	16	24	31	48

DENMARK	Q2 2024	Q2 2023	YTD 2024	YTD 2023	2023
<i>(Amounts in NOK million)</i>					
EBITDA before impact of IFRS 16	4	2	20	2	-13
EBITDA before impact of IFRS 16 excluding extraordinary items	4	2	20	2	-13
Group overhead and cost allocation	-6	-6	-14	-13	-28
Country EBITDA before impact of IFRS 16	10	7	34	15	15

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

5 NOV
2024

Q3 2024 Results

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