
SATS Q1 2023

THIS IS 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, almost 9 000 employees, and 734 000 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.

CONTENTS

WORDS FROM THE CEO

"This quarter confirms that delivering on our vision of making people healthier and happier, with strong member growth and high activity levels, results in significantly improved financial delivery"

We are today reporting the strongest first-quarter EBITDA ever. Since we provided a more detailed insight into SATS' strategy and outlook on our Capital Markets Day (CMD) last October, both the operational and financial KPIs have developed according to plan. On the CMD, we specified the required building blocks to regain the company's healthy financials proven prior to the pandemic. Subsequently, we progressed within the most important building blocks in the second half of 2022 – membership growth in both like-for-like and maturing clubs and strong cost control. This resulted in improved operational leverage. Combined with improved membership yield, the result is significantly improved financial results.

Our vision is to make people healthier and happier. This is guiding our long-term strategy, and our focus on member activation. During the first quarter of 2023, our members have worked out a record high 12.8 million times at our clubs. This was made possible by a combination of a 7% growth in the member base from last year and a 14% increase in the average activity level per member. The number of workouts is the most important operational KPI for us in SATS – it is the best indicator of the public health footprint our members are making, and it is the best predictor of how long they are staying with us.

We will continue to focus on delivering according to the plan outlined in our capital market day. Membership growth, member activation, continuously improved product offering, activation of members, yield initiatives, increased footprint, adjacent revenues, and strong cost control are key elements in this plan.

We welcome our new members and are impressed by the activity level among our existing members. The enthusiasm and energy in our clubs have been impressive during the first quarter, and we will build on this the months ahead of us. Thanks to all members and employees for an exciting beginning of 2023.

Sondre Gravir

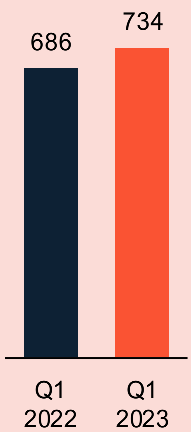
CEO

Clubs

3%

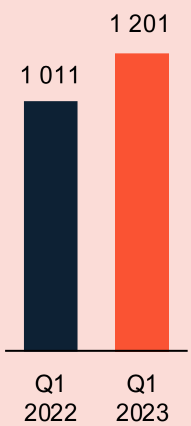
Members
'000

7%



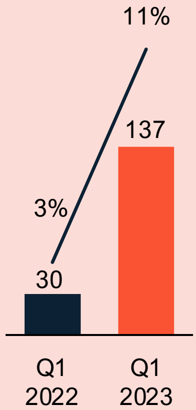
Revenues
NOK million

19%



EBITDA[1]
NOK million / margin

359%



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

HIGHLIGHTS

- *The SATS Group had a portfolio of 274 clubs by the end of Q1 2023*
- *The member base increased by 13 000 to 734 000 members during the quarter, combined with price increases made during the winter, proving the willingness to pay for gym memberships*
- *Total revenues summed up to NOK 1 201 million in the quarter, up 19% from Q1 2022*
- *EBITDA before impact of IFRS 16 was NOK 137 million, representing the highest reported in a first quarter in the history of the company*
- *The financial results confirm that our actions to regain profitability have yielded results:*

  a) Focus on regaining the member base, with exceptional member growth during H2 2022

  b) Successful price adjustments of new and existing members

  c) Group-wide profitability program implemented, primarily reducing overhead costs to utilize scale
- *Continuing the journey toward healthy financials and healthy members, in line with the ambition outlined on the CMD in October 2022*

Key Financial Figures and Alternative Performance Measures (APM) [1]

	Q1 2023	Q1 2022	**FY 2022**
Amounts in NOK million (unless otherwise stated)			
Membership revenue	961	775	3 246
Other revenues	240	236	836
Total revenues	1 201	1 011	4 082
EBITDA	424	287	1 140
Margin (%)	*35%*	*28%*	*28%*
Operating profit	126	14	20
Profit/loss for the period	63	-56	-246
Earnings per share (NOK)	0.31	-0.31	-1.25
Total overhead costs	-136	-141	-556
EBITDA before impact of IFRS 16	137	30	77
Margin (%)	*11%*	*3%*	*2%*
Maintenance Capex	15	17	176
Total Capex	24	46	304
Net debt	1 698	1 365	1 644
Operating cash flow	100	-90	-75
Clubs	274	267	275
Members (‘000)	734	686	721
ARPM (NOK/month)	550	498	490

1) As defined in Appendix under Alternative Performance Measures

BOARD OF DIRECTORS' REPORT

ANALYSIS OF THE Q1 2023 FINANCIAL STATEMENTS

All financial statements show the period January 1, 2023 to March 31, 2023, compared to the accounts for the period January 1, 2022 to March 31, 2022.

Statement of comprehensive income
Total revenues increased by 19% (15% currency adjusted) to NOK 1 201 million in Q1 2023, compared to NOK 1 011 million in Q1 2022, mainly due to higher membership revenues. Membership revenues increased in all countries in Q1 2023 compared to Q1 2022, especially in Finland due to covid restrictions and closed clubs in January 2022. After a 2%-member growth during the quarter, the total member base ended 7% above last year. ARPM increased by 11%, after price increases for new members and existing members in Q4 2022 and Q1 2023 have started to show results.

Total operating expenses increased by 8% (12% currency adjusted) to NOK 1 075 million in Q1 2023, while operating expenses excluding depreciation and amortization increased by 7% to NOK 777 million. The increase in operating expenses is mainly due to higher electricity prices and rent, closed clubs in Finland in January 2022, as well as the addition of seven new clubs to the portfolio. Approximately 60% of the electricity consumption for H1 2023 has been hedged as a risk mitigation measure. A realized loss of NOK 5 million was booked as a part of the electricity costs in Q1 2023. Further on, a GDPR fine of NOK 10 million was booked in Q1 2023.

The operating profit increased from NOK 14 million to NOK 126 million in the quarter. Operating profit increased in all countries compared to Q1 2022.

Net financial expense in Q1 2023 was NOK 42 million, a decrease of NOK 26 million compared to Q1 2022. The decrease was mainly driven by increased unrealized currency effects on internal loans, only partly outweighed by increased interest rates on bank loans and IFRS 16 interest rates. An unrealized loss related to the electricity hedge of NOK 4 million was booked in Q1 2023. Income tax expense in Q1 2023 was negative by NOK 21 million.

Profit before tax was NOK 84 million in Q1 2023, compared to a loss of NOK 54 million in Q1 2022. Profit for the period was NOK 63 million in Q1 2023, compared to a loss of NOK 56 million in Q1 2022. The total comprehensive income was NOK 8 million, compared to a loss of NOK 32 million in Q1 2022.

Statement of financial position
Consolidated assets increased by NOK 529 million to NOK 9 078 million in Q1 2023, compared to Q1 2022. A significant driver of the increased consolidated assets was the increase in rights-of-use assets and intangible assets. Right-of-use assets and intangible assets were the most significant components of consolidated assets, amounting to NOK 4 497 million and NOK 2 647 million, respectively, on March 31, 2023. Non-current assets increased by NOK 542 million, while current assets decreased by NOK 13 million. The increase in non-current assets was mainly driven by the increase in rights-of-use and intangible assets. The decrease in current assets was primarily driven by a decrease in cash and cash equivalents.

Total liabilities increased from NOK 7 506 million as of March 31, 2022 to NOK 8 209 million as of March 31, 2023, primarily due to increased borrowings and lease liability.

As of March 31, 2023, consolidated equity amounted to NOK 869 million, representing an equity ratio of 10%, compared to NOK 1 042 million and 12% in Q1 2022.

Statement of cash flows
In Q1 2023, consolidated cash and cash equivalents increased net by NOK 57 million, compared to an increase of NOK 102 million in Q1 2022.

As of the balance sheet date, the Group had cash and cash equivalents of NOK 340 million, compared to NOK 403 million as of March 31, 2022. In addition, the Group had NOK 357 million available in undrawn amount on the rolling credit facility.

Net cash flow from the Group's operations was NOK 398 million in Q1 2023, compared to NOK 162 million in Q1 2022. The increased cash flow from operations of NOK 236 million was mainly due to increased profit before tax and changes in net working capital compared to Q1 2022. The net working capital has high seasonal fluctuations, typically being lower in Nov-May and higher in June-Oct. In the quarter, the net working capital effect was negative by NOK 22 million (compared to -103 million in Q1 2022), mainly driven by change in trade payables and other receivables and accruals.

Net cash outflow from investing activities amounted to NOK 24 million in Q1 2023, compared to an outflow of NOK 46 million in Q1 2022.

Net cash outflow from financing was NOK 317 million in Q1 2023, compared to a cash outflow of NOK 14 million in Q1 2022.

Segment development
The following sections of this report review each operating segment. Unless otherwise stated, comments regarding development reflect a comparison between Q1 2023 and Q1 2022.

NORWAY

Norway is the largest operating segment in the Group, with 48% of the consolidated total revenues for the financial year of 2022. SATS Norway had 330 000 members at the end of Q1 2023. SATS is a well-known brand in Norway and the largest operator of fitness clubs.

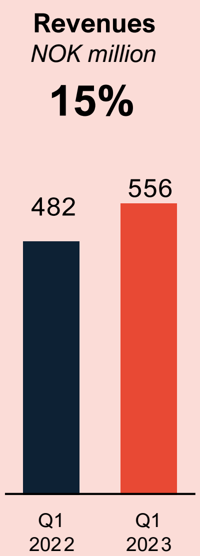
SATS Norway counted 121 clubs by the end of Q1 2023, after having opened one and closed two clubs during the first quarter, as a part of a club portfolio optimization. The member base grew by 6% from Q1 2022, as the number of clubs grew by 5%.

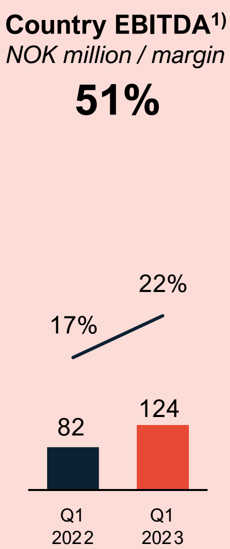
Member revenues increased by 20% to NOK 445 million, driven by a membership yield increase of 12% in combination with the mentioned member growth. The price increase came as a result of price adjustments of both new and existing members during 2022 and the beginning of 2023. Other revenues increased by 1% to NOK 111 million.

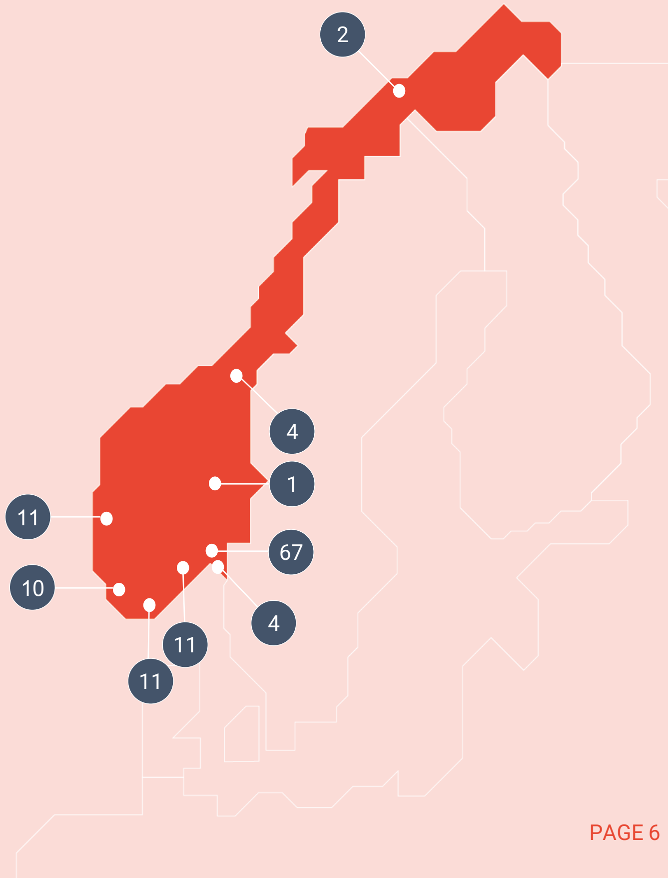
Country EBITDA increased by NOK 42 million to NOK 124 million, resulting in a quarterly Country EBITDA margin of 22%, 5 p.p. higher than in Q1 2022.

Key Financial figures and Alternative Performance Measures (APM)

	Q1 2023	Q1 2022	**FY 2022**
Amounts in NOK million (unless otherwise stated)			
Membership revenue	445	372	1 543
Other revenues	111	110	397
Total revenues	556	482	1 940
EBITDA	197	145	574
Margin (%)	*35%*	*30%*	*30%*
Operating profit	89	40	136
Profit/loss for the period	50	12	25
Country EBITDA before impact of IFRS 16	124	82	312
Margin (%)	*22%*	*17%*	*17%*
EBITDA before impact of IFRS 16	78	33	123
Margin (%)	*14%*	*7%*	*7%*
Clubs	121	115	122
Members ('000)	330	310	325
ARPM (NOK/month)	566	525	515







[1] *Country EBITDA before impact of IFRS 16*

SWEDEN

Sweden is the second-largest segment in the Group, with 34% of the total consolidated revenues for 2022. SATS Sweden had 249 000 members at the end of Q1 2023. SATS has maintained a strong position in Sweden over many years and is the largest operator of fitness clubs in terms of revenue.

SATS Sweden ended the first quarter with 92 clubs, after opening one and closing one club in the quarter as a result of the club portfolio optimization. The number of members has increased by 8% from Q1 2022, exceeding the club growth of 2%.

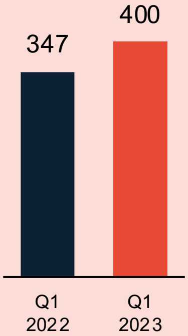
The membership revenue was NOK 315 million in the quarter, up 17% from Q1 2022. This was almost equally driven by the mentioned membership growth and a 9% increase in membership yield. Other revenues increased by 9% compared to Q1 2022.

Country EBITDA increased from NOK 51 million to NOK 81 million, resulting in a quarterly Country EBITDA margin of 20%, 5 p.p. up from Q1 2022.

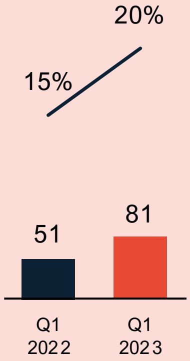
Key Financial Figures and Alternative Performance Measures (APM)

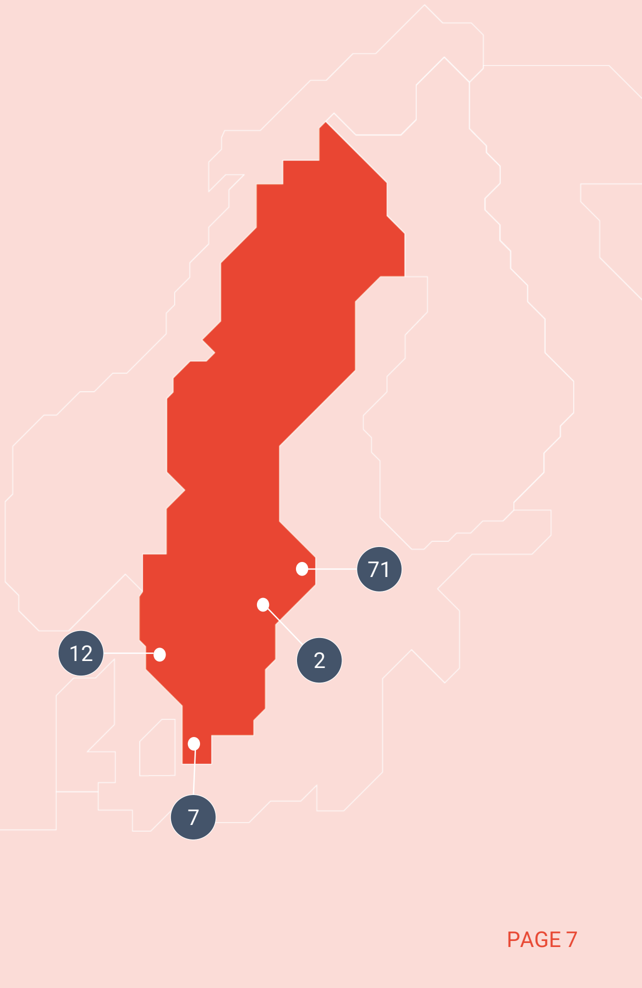
	Q1 2023	Q1 2022	**FY 2022**
Amounts in NOK million (unless otherwise stated)			
Membership revenue	315	269	1 088
Other revenues	85	78	289
Total revenues	400	347	1 377
EBITDA	145	97	369
Margin (%)	*36%*	*28%*	*27%*
Operating profit	45	9	11
Profit/loss for the period	24	-2	-42
Country EBITDA before impact of IFRS 16	81	51	174
Margin (%)	*20%*	*15%*	*14%*
EBITDA before impact of IFRS 16	43	10	14
Margin (%)	*11%*	*3%*	*2%*
Clubs	92	90	92
Members (‘000)	249	231	244
ARPM (NOK/month)	541	503	485

Revenues
NOK million
15%



Country EBITDA[1)]
NOK million / margin
57%





[1)] *Country EBITDA before impact of IFRS 16*

FINLAND

In Finland, the business is operated under the brand ELIXIA, and the Finnish operations constituted 9% of consolidated total revenues in 2022. At the end of Q1 2023, ELIXIA Finland had 72 000 members. The Finnish fitness market is highly fragmented, and ELIXIA is the market leader.

The member base in Finland has grown by 11% from Q1 2022, despite a flat club development, both compared to Q1 2022 and Q4 2022. The portfolio optimizations in Finland during the past year have mainly been concentrated around relocations, to cater for more members per square meter, which has yielded results.

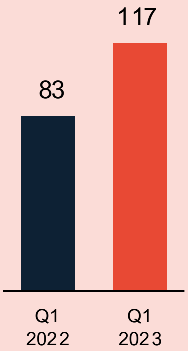
The member revenues increased by 80% compared to Q1 2022. Both the member base and membership yield has increased during 2022, but Q1 2022 is not comparable as clubs in Helsinki and Tampere were closed until early February. The closure also affected other revenues, which increased by 41% to NOK 117 million.

Country EBITDA increased by NOK 18 million to NOK 15 million in the quarter. Quarterly Country EBITDA margin was consequently 13%, up 16 p.p. from Q1 2022.

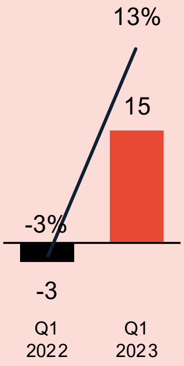
Key Financial Figures and Alternative Performance Measures (APM)

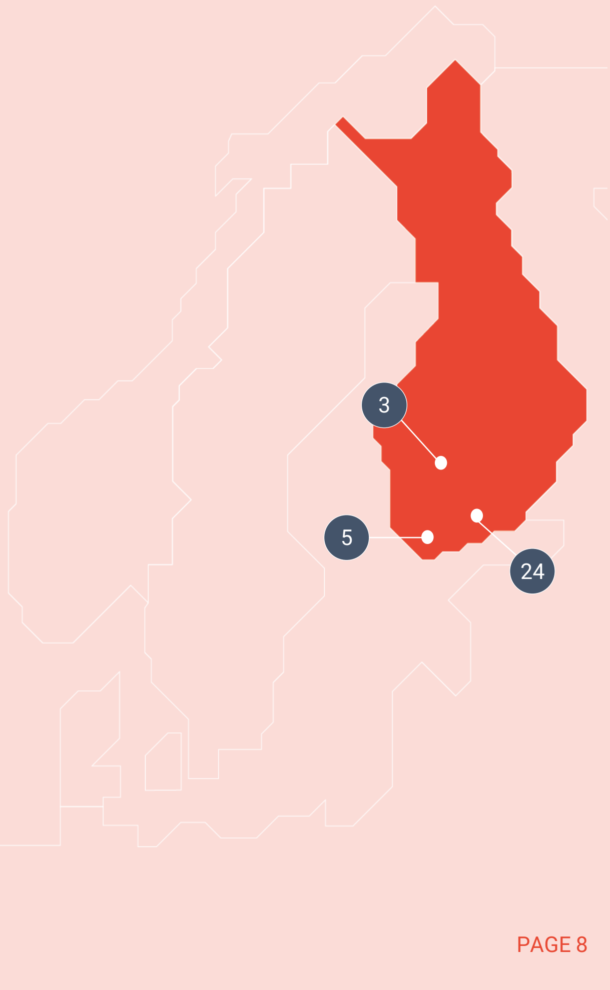
	Q1 2023	Q1 2022	**FY 2022**
Amounts in NOK million (unless otherwise stated)			
Membership revenue	94	53	280
Other revenues	23	31	81
Total revenues	117	83	361
EBITDA	41	19	89
Margin (%)	*35%*	*23%*	*25%*
Operating profit	10	-9	-22
Profit/loss for the period	4	-14	-43
Country EBITDA before impact of IFRS 16	15	-3	0
Margin (%)	*13%*	*-3%*	*0%*
EBITDA before impact of IFRS 16	9	-8	-20
Margin (%)	*8%*	*-9%*	*-5%*
Clubs	32	32	32
Members ('000)	72	64	70
ARPM (NOK/month)	553	431	448

Revenues
NOK million
41%



Country EBITDA[1)]
NOK million / margin
n.a.





[1)] *Country EBITDA before impact of IFRS 16*

DENMARK

The Danish operation constituted 10% of consolidated total revenues in the financial year of 2022. SATS Denmark, with 84 000 members at the end of the quarter, is one of the largest fitness operators in the Greater Copenhagen area.

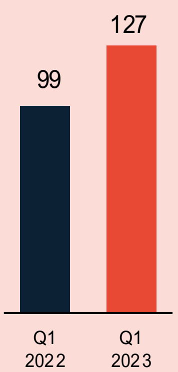
SATS Denmark ended the first quarter with 29 clubs, down from 30 clubs by the end of Q1 2022. However, the member base grew by 4% in the same period. With an increase of 21% in membership yield, the membership revenue increased by 29%, compared to Q1 2022. Other revenues increased by 22% to NOK 21 million.

Country EBITDA increased by NOK 20 million to NOK 8 million, resulting in a quarterly Country EBITDA margin of 6%, 18 p.p. up from Q1 2022.

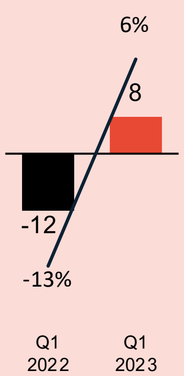
Key Financial Figures and Alternative Performance Measures (APM)

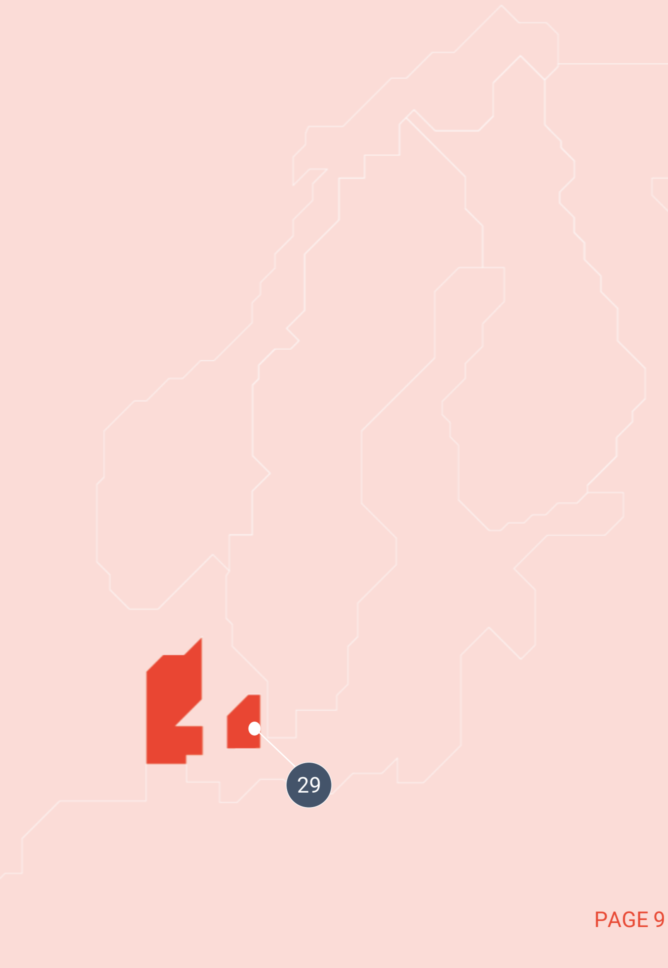
	Q1 2023	Q1 2022	**FY 2022**
Amounts in NOK million (unless otherwise stated)			
Membership revenue	106	82	335
Other revenues	21	17	67
Total revenues	127	99	403
EBITDA	35	13	53
Margin (%)	*28%*	*13%*	*13%*
Operating profit	-4	-23	-90
Profit/loss for the period	-19	-36	-143
Country EBITDA before impact of IFRS 16	8	-12	-62
Margin (%)	*6%*	*-13%*	*-14%*
EBITDA before impact of IFRS 16	0	-19	-74
Margin (%)	*0%*	*-19%*	*-20%*
Clubs	29	30	29
Members ('000)	84	80	82
ARPM (NOK/month)	512	429	433

Revenues
NOK million
29%



Country EBITDA[1)]
NOK million / margin
n.a.





[1)] *Country EBITDA before impact of IFRS 16.*

BUSINESS AND INDUSTRY OUTLOOK

The health and wellness sector is growing due to society's increased focus on health and well-being. Strong global trends, such as political initiatives for health and digitalization, are fueling health and fitness awareness.

In the near-term future, SATS will be affected by inflationary pressure in general, as well as volatile electricity prices. However, in the long term, the Company is comfortable with its ability to increase prices in line with inflation. There are no signs of decreasing their fitness spending due to lower purchasing power. With a combination of the underlying health and fitness wave and SATS' strong market position, the member base per club is also expected to develop favourably over time.

SATS will focus on offering a comprehensive and high-quality equipment park, leading personal training, and a range of highly regarded niche concepts. The Company will continue to offer flexible memberships ensuring that SATS is relevant for everyone.

The Company will continue participating in the fitness industry's digitalization as exciting opportunities exist to expand the product offering. SATS is committed to participating in this trend and developing an attractive, high-quality hybrid offering, to stay relevant both for people who want to work out at a fitness club, outdoors, and at home.

SHAREHOLDER INFORMATION

SATS ASA's share capital was NOK 431 million as at March 31, 2023, divided into 203 046 142 ordinary shares, each with a par value of NOK 2.125. All the shares have been fully paid and have equal rights. SATS owned 356 817 treasury shares as at the balance sheet date. The number of shareholders as at 31 March 2023 was 5 804.

FINANCIAL POLICY AND DIVIDEND

The Company has an unsecured revolving credit facility ("RCF") agreement, consisting of a multicurrency revolving credit facility with a maximum principal amount of NOK 2 500 million.

On March 15, 2022, an agreement of extending the RCF agreement until September 2025 entered into force. The adjusted covenants apply to and including December 31, 2023. The adjusted covenants set quarterly minimum levels for liquidity and reported EBITDA, with the latter entering into force from Q1 2023. SATS cannot distribute any dividend during the amendment period and shall comply with the original covenants once the amendment period expires.

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 2021 Annual Report (Board of Directors' Report and Note 22), as well as the 2022 Annual Report as published on April 28, 2023 (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 2023.

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 25, 2023
The Board of Directors

CONSOLIDATED INCOME STATEMENT

	Notes	Q1 2023	Q1 2022	2022
(Amounts in NOK million)				
Revenue	2	**1 201**	**1 011**	**4 082**
Operating expenses				
Cost of goods sold		-31	-38	-147
Personnel expenses		-441	-403	-1 587
Other operating expenses		-305	-283	-1 208
Depreciation and amortization	6, 7, 8	-298	-274	-1 120
Total operating expenses		**-1 075**	**-998**	**-4 062**
Operating profit		**126**	**14**	**20**
Interest income		10	0	12
Finance income		69	33	80
Interest expense		-93	-72	-300
Finance expense		-27	-29	-73
Net financial items		**-42**	**-67**	**-281**
Profit/loss before tax		**84**	**-54**	**-261**
Income tax expense	3	-21	-2	15
Profit/loss for the period		**63**	**-56**	**-246**
Profit/loss for the year is attributable to:				
Equity holders of the Group		63	-56	-246
Total allocation		**63**	**-56**	**-246**
Earnings per share in NOK				
Basic earnings per share attributable to equity holders of the company	4	0.31	-0.31	-1.25
Diluted earnings per share attributable to equity holders of the company	4	0.31	-0.31	-1.25

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q1 2023	Q1 2022	2022
(Amounts in NOK million)			
Profit/loss for the period	**63**	**-56**	**-246**
Other comprehensive income			
Currency translation adjustment - may be reclassified to profit or loss	-55	24	28
Other comprehensive income, net of tax	**-55**	**24**	**28**
Total comprehensive income for the period	**8**	**-32**	**-219**
Total comprehensive income is attributable to:			
Equity holders of the Group	8	-32	-219
Total comprehensive income for the period	**8**	**-32**	**-219**

CONSOLIDATED BALANCE SHEET

(Amounts in NOK million)	Notes	**March 31 2023**	March 31 2022	December 31 2022
ASSETS				
Non-current assets				
Intangible assets	6	2 647	2 540	2 588
Right-of-use assets	8	4 497	4 198	4 161
Property, plant and equipment	7	726	660	723
Other non-current receivables		54	33	50
Derivative financial instruments	9	45	32	47
Deferred tax assets	3	246	210	239
Total non-current assets		**8 215**	**7 673**	**7 806**
Current assets				
Inventories		59	61	57
Accounts receivables		125	107	126
Other current receivables		46	65	54
Prepaid expenses and accrued income		292	239	287
Cash and cash equivalents		340	403	345
Total current assets		**862**	**875**	**868**
Total assets		**9 078**	**8 548**	**8 675**
EQUITY				
Share capital		431	431	431
Share premium[1)]		3 045	3 045	3 045
Treasury shares		-14	-17	-14
Other reserves		10	59	65
Retained earnings[1)]		-2 605	-2 477	-2 668
Total equity		**869**	**1 042**	**860**
LIABILITIES				
Non-current liabilities				
Deferred tax liability	3	87	73	71
Borrowings	5	2 019	1 759	1 970
Lease liability	5	3 936	3 730	3 666
Other non-current liabilities		0	4	0
Total non-current liabilities		**6 042**	**5 566**	**5 707**
Current liabilities				
Borrowings	5	20	10	19
Lease liability	5	941	834	869
Contract liability		568	478	584
Trade and other payables		103	144	116
Current tax liabilities		6	0	6
Public fees and charges payable		85	120	91
Other current liabilities		445	355	423
Total current liabilities		**2 168**	**1 941**	**2 108**
Total liabilities		**8 209**	**7 506**	**7 815**
Total equity and liabilities		**9 078**	**8 548**	**8 675**

[1)] A reclassification between Share premium and Retained earnings of NOK 10 million is recognized as of March 31, 2022.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts in NOK million)	Notes	Share capital	Share premium[1)]	Treasury shares	Foreign exchange translation reserve	Share-based payments reserve	Retained earnings[1)]	**Total attributable to owners of the Group**	**Total equity**
Equity January 1, 2022		**366**	**2 521**	**-17**	**30**	**4**	**-2 421**	**483**	**483**
Loss for the period							-56	-56	-56
OCI for the period					24			24	24
Total comprehensive income for the period		**0**	**0**	**0**	**24**	**0**	**-56**	**-32**	**-32**
Investment program						1		1	1
Share issues and capital increase expenses	4	65	525					590	590
Equity March 31, 2022		**431**	**3 045**	**-17**	**54**	**5**	**-2 477**	**1 042**	**1 042**
Equity January 1, 2023		**431**	**3 045**	**-14**	**58**	**6**	**-2 668**	**860**	**860**
Profit for the period							63	63	63
OCI for the period					-55			-55	-55
Total comprehensive income for the period		**0**	**0**	**0**	**-55**	**0**	**63**	**8**	**8**
Investment program						1		1	1
Equity March 31, 2023		**431**	**3 045**	**-14**	**3**	**7**	**-2 605**	**869**	**869**

1) A reclassification between Share premium and Retained earnings of NOK 10 million is recognized as of March 31, 2022.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Q1 2023	Q1 2022	2022
(Amounts in NOK million)				
Cash flow from operations				
Profit before tax		84	-54	-261
Adjustment for:				
Taxes paid in the period		-4	-22	-23
Gain/loss from disposal or sale of equipment		0	0	9
Depreciation, amortization and impairment	6, 7, 8	298	274	1 120
Net financial items		42	67	281
Change in inventory		-2	-4	0
Change in accounts receivables		0	11	-8
Change in trade payables		-13	7	-21
Change in other receivables and accruals		-7	-116	-15
Net cash flow from operations		**398**	**162**	**1 082**
Cash flow from investing				
Purchase of property, plant and equipment and intangible assets	6, 7	-24	-46	-256
Loan to related parties		0	0	-10
Proceeds from property, plant and equipment		0	0	1
Acquisition of subsidiary, net of cash acquired		0	0	-49
Net cash flow from investing		**-24**	**-46**	**-313**
Cash flow from financing				
Repayments of borrowings	5	0	-309	-309
Proceeds from borrowings	5	0	0	200
Installments on lease liabilities	5	-234	-210	-852
Paid interests on borrowings	5	-30	-36	-120
Interests on lease liabilities	5	-53	-47	-189
Proceeds from issues of shares	4	0	601	601
Proceeds from sale of own shares		0	0	3
Transaction costs from issues of new shares	4	0	-13	-13
Other financial items		0	1	-1
Net cash flow from financing		**-317**	**-14**	**-681**
Net increase in cash and cash equivalents		**57**	**102**	**88**
Effect of foreign exchange rate changes on cash and cash equivalents		-62	21	-24
Cash and cash equivalents at the beginning of the period		345	281	281
Cash and cash equivalents at the end of period		**340**	**403**	**345**

NOTES		PAGE

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, 2021 are available at www.satsgroup.com and for the year ended December 31, 2022 are to be published on April 28, 2023.

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, 2021 and for the year ended December 31, 2022.

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, 2021 and the year ended December 31, 2022. 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 2023.

NOTE 2 Segment information

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[1)], EBITDA before impact of IFRS 16[1)] and Country EBITDA before impact of IFRS 16[1)] 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 2023, Q1 2022 and the year ended December 31, 2022 is as follows:

SATS Group	Norway	Sweden	Finland	Denmark	Group functions and other	**Total**
(Amounts in NOK million)						
Q1 2023						
Revenue						
Membership revenue	445	315	94	106	0	961
Other revenues	111	85	23	21	0	240
Total revenues	**556**	**400**	**117**	**127**	**0**	**1 201**
EBITDA[1)] and EBITDA before impact of IFRS 16[1)] reconcile to profit/loss for the period as follows:						
EBITDA before impact of IFRS 16[1)]	**78**	**43**	**9**	**0**	**6**	**137**
Impact of IFRS 16	119	102	31	35	0	287
EBITDA[1)]	**197**	**145**	**41**	**35**	**6**	**424**
Depreciation and amortization	-108	-100	-31	-40	-19	-298
Operating profit/loss	**89**	**45**	**10**	**-4**	**-14**	**126**
Net financial items[2)]	-25	-15	-6	-15	20	-42
Income tax expense	-14	-6	0	0	-1	-21
Profit/loss for the period	**50**	**24**	**4**	**-19**	**5**	**63**
Q1 2022						
Revenue						
Membership revenue	372	269	53	82	0	775
Other revenues	110	78	31	17	0	236
Total revenues	**482**	**347**	**83**	**99**	**0**	**1 011**
EBITDA[1)] and EBITDA before impact of IFRS 16[1)] reconcile to profit/loss for the period as follows:						
EBITDA before impact of IFRS 16[1)]	**33**	**10**	**-8**	**-19**	**13**	**30**
Impact of IFRS 16	112	87	27	32	0	257
EBITDA[1)]	**145**	**97**	**19**	**13**	**13**	**287**
Depreciation and amortization	-105	-88	-28	-36	-17	-274
Operating profit/loss	**40**	**9**	**-9**	**-23**	**-4**	**14**
Net financial items[2)]	-25	-12	-5	-14	-11	-67
Income tax expense	-3	1	0	0	0	-2
Profit/loss for the period	**12**	**-2**	**-14**	**-36**	**-15**	**-56**

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)						
2022						
Revenue						
Membership revenue	1 543	1 088	280	335	0	3 246
Other revenues	397	289	81	67	1	836
Total revenues	**1 940**	**1 377**	**361**	**403**	**1**	**4 082**

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

	Norway	Sweden	Finland	Denmark	Group functions and other	Total
EBITDA before impact of IFRS 16[1)]	**123**	**14**	**-20**	**-74**	**56**	**99**
Impact of IFRS 16	451	355	109	126	0	1 041
EBITDA[1)]	**574**	**369**	**89**	**53**	**56**	**1 140**
Depreciation and amortization	-438	-358	-111	-142	-72	-1 120
Operating profit/loss	**136**	**11**	**-22**	**-90**	**-16**	**20**
Net financial items[2)]	-100	-62	-21	-54	-44	-281
Income tax expense	-11	9	0	1	15	15
Profit/loss for the year	**25**	**-42**	**-43**	**-143**	**-45**	**-246**

[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 Q1 2023, 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 2022 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, 2023, will deliver 507 600 matching shares to employees in 2023, 93 360 shares in 2024 and 161 530 shares in 2025. Allocation of matching shares is further contingent upon the company's performance over time.

As of the balance sheet date of March 31, 2023, the company holds 356 817 treasury shares.

Basic earnings per share attributable to equity holders of the company

(NOK per share)	**Q1 2023**	Q1 2022	2022
Basic earnings	0.31	-0.31	-1.25
Total basic earnings per share	**0.31**	**-0.31**	**-1.25**
Total number of outstanding shares	202 689 325	180 397 570	196 915 471

Diluted earnings per share attributable to equity holders of the company

(NOK per share)	**Q1 2023**	Q1 2022	2022
Diluted earnings	0.31	-0.31	-1.25
Total diluted earnings per share	**0.31**	**-0.31**	**-1.25**
Total number of outstanding shares	203 451 815	180 397 570	196 915 471

Reconciliation of earnings used in calculating earnings per share

(Amounts in NOK million)	**Q1 2023**	Q1 2022	2022
Basic earnings per share			
Profit/loss attributable to equity holders of the Group	63	-56	-246
Profit/loss used in calculating basic earnings per share	**63**	**-56**	**-246**
Diluted earnings per share			
Profit/loss used in calculating diluted earnings per share	63	-56	-246
Profit/loss used in calculating diluted earnings per share	**63**	**-56**	**-246**

NOTE 5 Interest-bearing liabilities

Overview of interest-bearing liabilities	March 31 2023	March 31 2022	December 31 2022
(Amounts in NOK million)			
Current			
Bank borrowings	20	10	19
Lease liabilities	941	834	869
Total current interest-bearing liabilities	**960**	**844**	**888**
Non-current			
Bank borrowings	2 019	1 759	1 970
Lease liabilities	3 936	3 730	3 666
Total non-current interest-bearing liabilities	**5 954**	**5 489**	**5 636**
Total interest-bearing liabilities	**6 914**	**6 333**	**6 524**
Total bank borrowings	2 038	1 769	1 989
Cash and cash equivalents	340	403	345
Net debt[1)]	**1 698**	**1 365**	**1 644**

[1)] *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 approximately NOK 357 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, the interest payment for the next twelve months is expected to be in the range of NOK 104 to 145 million.

Covenants
In February 2022, the company signed an addendum to the NOK 2 500 million facility, extending the RCF by one year until September 2025. The addendum also includes adjusted covenants that will be applicable up to and including December 31, 2023, subject to voluntary cancellation by SATS at any time. The financial covenants set out quarterly minimum levels for liquidity and EBITDA. SATS cannot distribute any dividend to the shareholders during the amendment period and shall comply with the original covenants once the amendment period expires. On January 1, 2024, the original financial covenants will be reinstated in accordance with the original agreement.

The loan facility agreement includes financial covenants requiring the leverage ratio, Net Debt to EBITDA, 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 2022 and 2023.

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, 2023:

Bank borrowings	Total
(Amounts in NOK million)	
Less than 1 year	125
1–2 years	106
2–3 years	2 075
3–5 years	0
More than 5 years	0
Total payments	**2 306**

Lease liabilities	Total
(Amounts in NOK million)	
Less than 1 year	1 135
1–2 years	1 008
2–3 years	871
3–5 years	1 333
More than 5 years	1 252
Total payments	**5 599**

NOTE 6 Intangible assets

Goodwill	Norway	Sweden	Finland	Denmark	**Total goodwill**
(Amounts in NOK million)					
At December 31, 2022					
Cost	1 868	209	611	0	2 687
Accumulated impairment	-199	0	-10	0	-209
Net book value	**1 669**	**209**	**601**	**0**	**2 478**
Period ended March 31, 2023					
Opening net book amount	1 669	209	601	0	2 478
Net effect of changes in foreign exchange	0	14	50	0	65
Closing Net book value	**1 669**	**223**	**651**	**0**	**2 543**
At March 31, 2023					
Cost	1 868	223	661	0	2 752
Accumulated impairment	-199	0	-10	0	-209
Net book value	**1 669**	**223**	**651**	**0**	**2 543**
Useful life	Indefinite	Indefinite	Indefinite		
Amortization method	Not amortized	Not amortized	Not amortized		

Other intangible assets	Trademark	Internally developed software[1)]	Customer list	Other	**Total other intangible assets**
(Amounts in NOK million)					
At December 31, 2022					
Cost	267	447	68	4	785
Accumulated amortization and impairment	-266	-363	-44	-4	-676
Net book value	**1**	**84**	**25**	**0**	**109**
Period ended March 31, 2023					
Opening net book amount	1	84	25	0	109
Effect of changes in foreign exchange cost	0	31	4	0	35
Effect of changes in foreign exchange accumulated amortization	0	-25	-2	0	-28
Additions	0	10	0	0	10
Amortization charge	0	-19	-3	0	-22
Closing Net book value	**1**	**80**	**23**	**0**	**104**
At March 31, 2023					
Cost	267	488	72	4	831
Accumulated amortization and impairment	-266	-408	-49	-4	-726
Net book value	**1**	**80**	**23**	**0**	**104**
Useful life	10 years	3 years	3–7 years	1–10 years	
Amortization method	Straight-line	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**
(Amounts in NOK million)				
At December 31, 2022				
Cost	1 431	937	503	2 870
Accumulated depreciation	-1 001	-704	-443	-2 148
Net book value	**431**	**233**	**59**	**723**
Period ended March 31, 2023				
Opening net book amount	431	233	59	723
Additions	3	5	5	14
Effect of changes in foreign exchange cost	69	37	17	124
Depreciation charge	-22	-14	-7	-44
Effect of changes in foreign exchange accumulated depreciation	-49	-26	-15	-90
Disposals costs	-11	-1	-1	-14
Disposals costs accumulated depreciations	11	1	1	13
Closing Net book value	**432**	**234**	**60**	**726**
At March 31, 2023				
Cost	1 492	978	525	2 995
Accumulated depreciation	-1 061	-744	-464	-2 269
Net book value	**432**	**234**	**60**	**726**
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**
(Amounts in NOK million)			
At January 1, 2022			
Cost	9 904	82	9 986
Accumulated depreciation	-5 841	-68	-5 909
Net book value	**4 063**	**15**	**4 077**
Year ended December 31, 2022			
At January 1, 2022	4 063	15	4 077
Effect of changes in foreign exchange cost	24	2	26
Additions/disposals	932	4	936
Depreciation charge	-851	-9	-860
Effect of changes in foreign exchange accumulated depreciation	-16	-2	-18
Closing Net book value	**4 152**	**9**	**4 161**
At December 31, 2022			
Cost	10 815	87	10 903
Accumulated depreciation	-6 663	-78	-6 741
Net book value	**4 152**	**9**	**4 161**
Period ended March 31, 2023			
At January 1, 2023	4 152	9	4 161
Effect of changes in foreign exchange cost	315	5	320
Additions/disposals	392	0	393
Depreciation charge	-229	-2	-231
Effect of changes in foreign exchange accumulated depreciation	-141	-5	-146
Closing Net book value	**4 489**	**8**	**4 497**
At March 31, 2023			
Cost	11 522	93	11 615
Accumulated depreciation	-7 034	-85	-7 118
Net book value	**4 489**	**8**	**4 497**
Useful life	1–15 years	1–5 years	
Depreciation method	Straight-line	Straight-line	

NOTE 9 Financial instruments

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 20 million on Profit/loss before tax when reconsolidating the last twelve months. Reconsolidating borrowings, intercompany loans, and bank accounts in foreign currency as of March 31, 2023 with a weaker NOK results in a positive effect of NOK 76 million.

Sensitivity analysis

(Amounts in NOK million)	Profit in foreign currency	Borrowings, intercompany loans and bank accounts in foreign currency	**Total**
SEK/NOK exchange rate - increase 10%[1)]	-5	68	63
EUR/NOK exchange rate - increase 10%[1)]	-3	8	5
DKK/NOK exchange rate - increase 10%[1)]	-13	0	-13
Effect on profit/loss before tax	**-20**	**76**	**55**

[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.

	March 31 2023		March 31 2022		December 31 2022	
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
(Amounts in NOK million)						
Other non-current receivables	54	0	33	0	50	0
Accounts receivables	125	0	107	0	126	0
Other current receivables	46	0	65	0	54	0
Derivatives	0	45	0	32	0	47
Cash and cash equivalents	340	0	403	0	345	0
Total financial assets	**566**	**45**	**608**	**32**	**574**	**47**

	March 31 2023		March 31 2022		December 31 2022	
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
(Amounts in NOK million)						
Borrowings	2 038	0	1 769	0	1 989	0
Lease liabilities	4 876	0	4 564	0	4 535	0
Trade and other payables	103	0	144	0	116	0
Other current liabilities	445	0	355	0	423	0
Total financial liabilities	**7 462**	**0**	**6 832**	**0**	**7 063**	**0**

Financial derivative instruments

The Group has the following derivative financial instruments:	**March 31 2023**	March 31 2022	December 31 2022
(Amounts in NOK million)			
Non-current assets			
Interest rate swap contracts	45	32	47
Total non-current derivative financial instrument assets	**45**	**32**	**47**

Overview of interest rate swaps per March 31, 2023

Interest rate swaps	Notional in currency million	Maturity	Fixed rate	**Unrealized gain**
IRS NOK	694	28.10.2026	1.751	34
IRS SEK	200	28.10.2024	0.430	11
Fair value of the Group's interest rate swaps as of March 31, 2023 in NOK million				**45**

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 2023, Q1 2022 nor full year 2022.

In December 2022, a total loan of NOK 9.7 million was issued to key employees participating in a partly debt-financed share investment program. 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 2023.

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, 2023.

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 2 543 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 11 Intangible assets in the Annual Report for 2021 and Note 13 Intangible assets in the Annual Report for 2022. 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 in the coming months.

Deferred tax assets
Deferred tax assets for Denmark and Finland are not recognized in Q1 2023 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.

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[1]

TOTAL	Q1 2023	Q1 2022	2022
(Amounts in NOK million)			
EBITDA before impact of IFRS 16	**137**	**30**	**99**
Extraordinary items	0	0	23
EBITDA before impact of IFRS 16	**137**	**30**	**123**
Group overhead and cost allocation	90	88	338
Country EBITDA before impact of IFRS 16	**227**	**118**	**461**

NORWAY	Q1 2023	Q1 2022	2022
(Amounts in NOK million)			
EBITDA before impact of IFRS 16	**78**	**33**	**123**
Extraordinary items	0	0	12
EBITDA before impact of IFRS 16	**78**	**33**	**135**
Group overhead and cost allocation	-45	-48	-190
Country EBITDA before impact of IFRS 16	**124**	**82**	**324**

SWEDEN	Q1 2023	Q1 2022	2022
(Amounts in NOK million)			
EBITDA before impact of IFRS 16	**43**	**10**	**14**
Extraordinary items	0	0	17
EBITDA before impact of IFRS 16	**43**	**10**	**31**
Group overhead and cost allocation	-37	-41	-160
Country EBITDA before impact of IFRS 16	**81**	**51**	**191**

FINLAND	Q1 2023	Q1 2022	2022
(Amounts in NOK million)			
EBITDA before impact of IFRS 16	**9**	**-8**	**-20**
Extraordinary items	0	0	1
EBITDA before impact of IFRS 16	**9**	**-8**	**-19**
Group overhead and cost allocation	-6	-5	-20
Country EBITDA before impact of IFRS 16	**15**	**-3**	**1**

DENMARK	Q1 2023	Q1 2022	2022
(Amounts in NOK million)			
EBITDA before impact of IFRS 16	**0**	**-19**	**-74**
Extraordinary items	0	0	-7
EBITDA before impact of IFRS 16	**0**	**-19**	**-81**
Group overhead and cost allocation	-7	-6	-25
Country EBITDA before impact of IFRS 16	**8**	**-12**	**-55**

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 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

14 FEB 2023	Q4 2022 Results
26 APR 2023	Q1 2023 Results
28 APR 2023	Annual Report 2022
31 May 2023	Annual General Meeting 2023
25 AUG 2023	Q2 2023 Results
26 OCT 2023	Q3 2023 Results

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