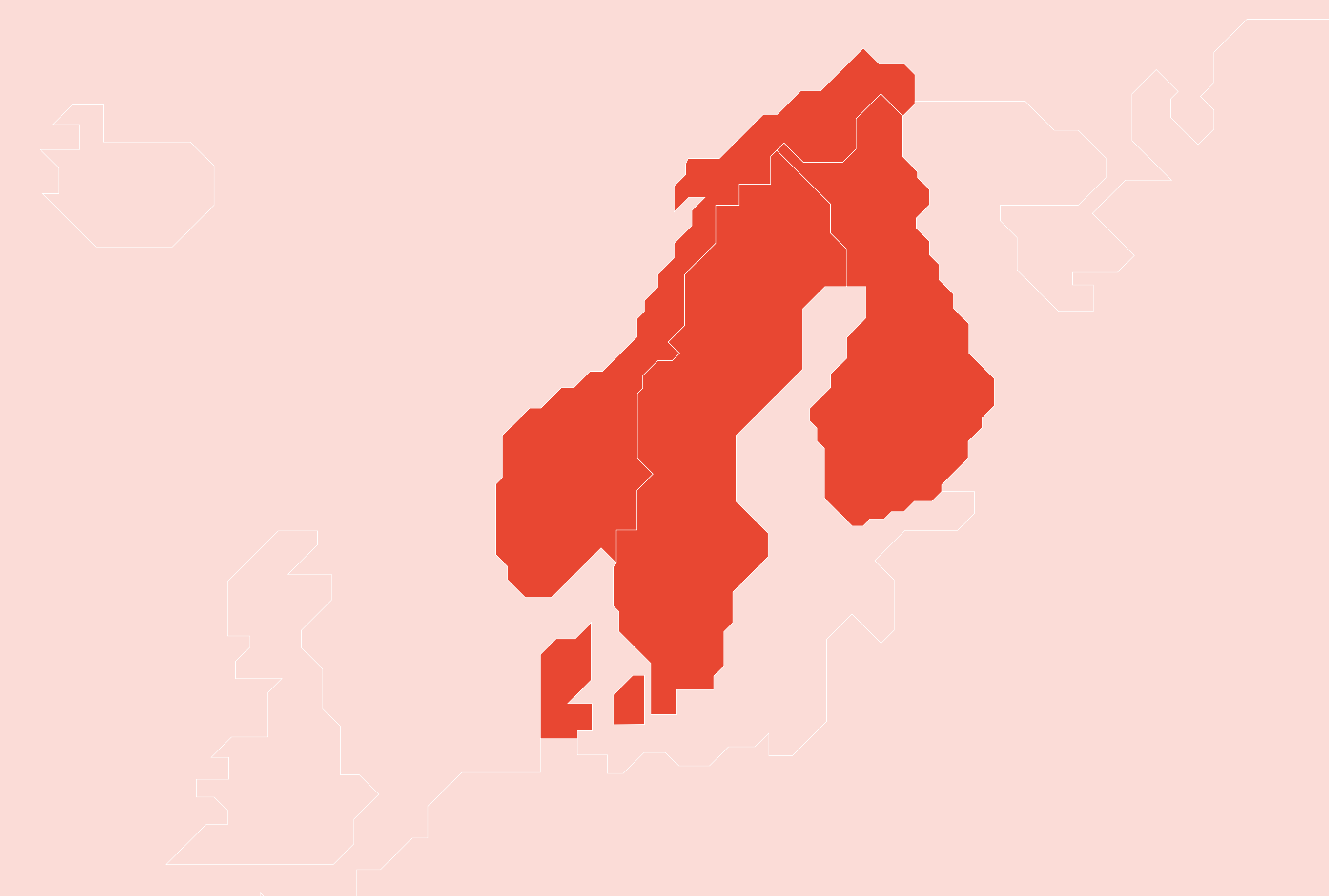

SATS
ANNUAL REPORT 2022
SATS

CONTENTS

SATS IN SHORT

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 275 clubs, almost 9,000 employees and 721,000 members.

Everyone is welcome at SATS, and our members have full flexibility to tailor their packages 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 constantly working with trend research and innovation to be the industry's best and most forward-looking fitness chain.



#1 POSITION IN NORWAY[1]
with 122 clubs and 325,000 members

#1 POSITION IN FINLAND[1]
with 32 clubs and 70,000 members

#2 POSITION IN DENMARK[1]
with 29 clubs and 82,000 members

#1 POSITION IN SWEDEN[1]
with 92 clubs and 244,000 members

1) *Based on figures provided by EuropeActive.*

OUR VISION AND OUR VALUES

We make people healthier and happier!

SATS' vision is to make people healthier and happier. To achieve this, we are dedicated to helping our members succeed in their training—since we know from decades of industry experience that regular training is the best way to stay committed and become healthier and happier.

To achieve our vision and help our members succeed in their training, we have the most competent, dedicated and inspiring staff, the broadest product offering with world-class quality, and the best presence with the widest network of physical clubs and industry-leading digital offerings. We promise both members and non-members that we will take an extended responsibility toward training and physical activity in society.

Our values serve as the compass that leads our actions and behaviour in our daily work.

I put **MEMBERS FIRST**
– our members are the foundation of everything we do and our number one priority. In every situation, we go out of our way to create value for our members. We make our members feel special, we encourage their progress, and we see the individual.

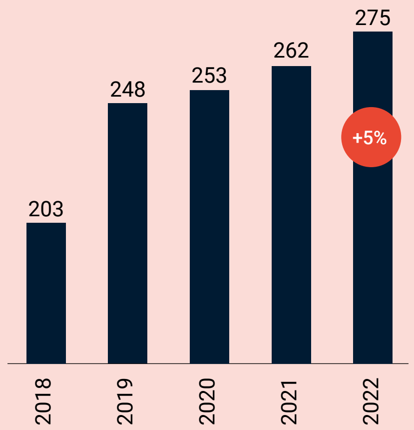
I am **ACCOUNTABLE** for what I do
– accountability is about delivering what we promise. We always set a good example for others and perform our duties diligently. In cases where errors are made, we take responsibility for fixing them as quickly as possible.

I am **PROFESSIONAL**
– we set the standards for our industry and have the most dedicated and competent employees. We all act and contribute to help SATS achieve its goals and be perceived as the preferred partner. We are always good SATS ambassadors.

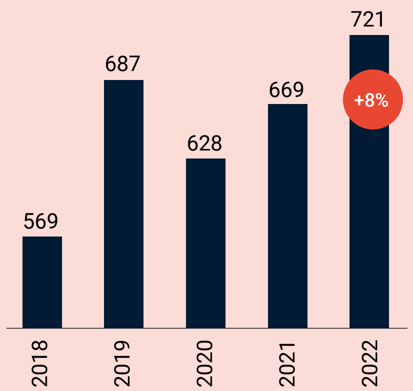
I am **EXTRAORDINARY** in everything I do
– together as a team, we create experiences that our members will remember and surpass their expectations. We take every opportunity to glow, and we take advantage of being big, without losing the personal touch.

HIGHLIGHTS 2022

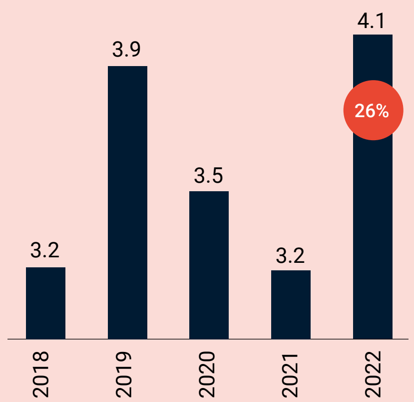
Clubs



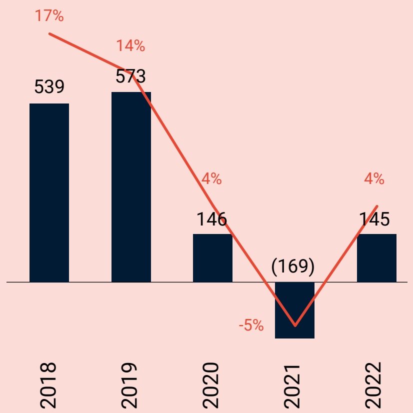
Members
Thousand



Revenues
NOK billion



Adjusted EBITDA[1]
NOK million



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

Members per club

2,621
(LFL[1]members per club back to 2019-levels)

[1]) *Like-for-like*

Number of club workouts

37.7
Million

Yearly health effect

~13,000
Quality-adjusted life years (QALYs)

OUR HISTORY

1995
SATS is launched in Norway by re-branding 8 existing fitness clubs.

1998
SATS operates 49 fitness clubs and is acquired by the American fitness club group 24 Hour Fitness Worldwide.

1999
SATS acquires the Swedish Sports Club group and establishes its operations in Sweden.

2000
SATS becomes the first chain in the Nordics to offer personal training.

The expansion continues, and after entering Denmark, SATS operates 100 clubs in the Nordics.

2001
ELIXIA is launched, and by year-end the chain operates a total of 16 fitness clubs in Norway and Finland.

2002
The private equity investor Nordic Capital and the Norwegian founders of SATS acquire SATS from 24 Hour Fitness Worldwide.

2003
SATS establishes its first clubs in Finland.

2006
TryghedsGruppen smba acquires SATS.

2010
Fresh Fitness is launched as a low-cost alternative in Norway and Denmark.

2011
ELIXIA is acquired by Altor, a private equity investor (Altor Fund III).

2014
SATS and ELIXIA merge, creating the largest fitness chain in the Nordics.

2016
SATS launches Online Training along with multiple niche training concepts, including HiYoga, Build'n Burn, and Martial Arts.

2017
SATS introduces a modular membership structure, where members can tailor their own package.

2018
All ELIXIA clubs in Norway and 22 Fresh Fitness clubs across the Nordics are rebranded to the SATS/ELIXIA concept.

SATS launches a new member app with social networking functionality.

2019
SATS acquires fitness dk, consisting of 39 fitness clubs, to re-enter the Danish market after leaving in 2013.

SATS ASA is listed at the Oslo Stock Exchange.

2020
SATS steps up expansion and opens 15 clubs, of which 6 in Norway, 7 in Sweden and 2 in Finland.

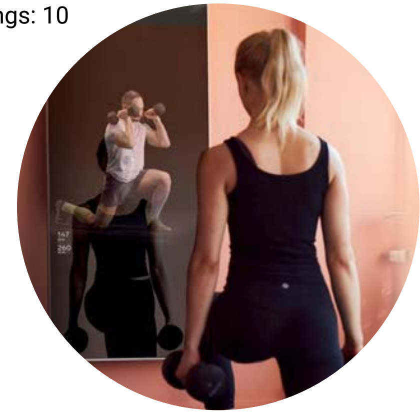
Club openings: 15

2021
SATS launches SATS Online, a new digital home training offering.

Club openings: 10

2022
SATS launched the HIIT group training concept.

Club openings: 19



LETTER FROM THE CEO

Dear Reader,

Thank you all for a healthy and happy 2022! What a great effort our members have put forward. New members have established new habits, and existing members have maintained their already well-established training routines, coming back again and again. This resulted in 37.7 million workouts being completed in our clubs during the year, representing a 7 percent increase from pre-pandemic 2019. This is a significant contribution to the public health in the Nordic population.

Fighting inactivity is embedded in SATS' vision of making people healthier and happier and contributes to the achievement of UN Sustainability Goal #3, Good health and well-being. We have calculated the public health off of all SATS members who reach the World Health Organization's recommendation of 75–100 minutes of vigorous-intensity aerobic physical activity per week at SATS. During 2022, our members have contributed through their activity to around 13,000 quality-adjusted life years (QALYs). We are so proud of this—13,000 more years of good health! Translating that into the socio-economic welfare gain, the contribution is worth around NOK 18.5 billion. The effect of taking one person from being physically inactive to active is so important, not only for the individual, of course, but also for society. This is where SATS' expertise is and where we can really make a sustainability contribution.

At its start, 2022 was a challenge since the restrictions related to the pandemic were still having a heavy impact on the product offering to our members. For example, our clubs in Helsinki were closed, and we could not offer any classes to our members in Oslo. The recovery started once society went back to normal, but our financial performance was affected by not only this recovery phase but also the more challenging macroeconomic situation that evolved during the second half of the year, which increased our costs significantly. Total revenue amounted to NOK 4,082 million, an increase of 26 percent compared to 2021. Adjusted EBITDA before impact of IFRS 16 increased by 315 million to NOK 145 million.

The key focus for SATS has been to recover the member base and then continue to grow members per club to regain a solid financial position. SATS' public health mission and financial targets truly go hand in hand. The more members we recruit, and the more people who will go from passive to active, the more financially sustainable SATS is. Therefore, we are very proud that we ended the year with a record-high member base of 721,000 unique members. It has been a pleasure to welcome all the new members who have started their new journey with us in the past few months.

Onboarding all the new members and facilitating good training experiences would not have been possible without our amazing colleagues, who have worked systematically to help our members succeed with their training. I would like to take the opportunity to thank all of our 10,000 colleagues for their tremendous efforts during this year of recovery. Thank you for living according to our values, putting members first, and being accountable, professional, and extraordinary!

Sondre Gravir
CEO

"Fighting inactivity is embedded in SATS' vision of making people healthier and happier and contributes to the achievement of UN Sustainability Goal #3, Good health and well-being."

THIS IS SATS

VISION

At SATS, we always strive toward our vision of making people healthier and happier. The Nordic population is among the most physically active in the world, and approximately 20 percent of the population belongs to a fitness club. However, people spend more than 60 percent of their waking hours sitting or resting. We aim to change this trend by helping people become more active. Helping people become healthier and happier is also at the core of building a profitable business. Based on decades of experience in the fitness industry, we know that active members are loyal members, who keep their habit over time.

We truly delivered on our vision in 2022, with 37.7 million workouts in our clubs. This represented an increase of 43 percent compared to 2021 and an increase of 7 percent from pre-pandemic 2019, which may be more comparable. The increase per paying member was 8 percent. We have worked systematically to help our members succeed with their training and will continue to do so also in the year to come.

VALUES

Our values are Members First, Accountable, Professional, and Extraordinary. They represent the heart of our culture and the "how" when we make decisions. When we interact with members and colleagues, our values should automatically guide us. We believe in the importance of building a strong value-based culture. Our overall goal is for everyone in the company to know the SATS vision and values, reflect on them, and use them in their daily work. In the SATS Engagement survey from October 2022, more than 90 percent of our colleagues who responded said that they live our SATS values in their daily work. We will continue to work with our culture throughout our clubs and service offices in the Nordics going forward.

STRATEGIC ASPIRATION

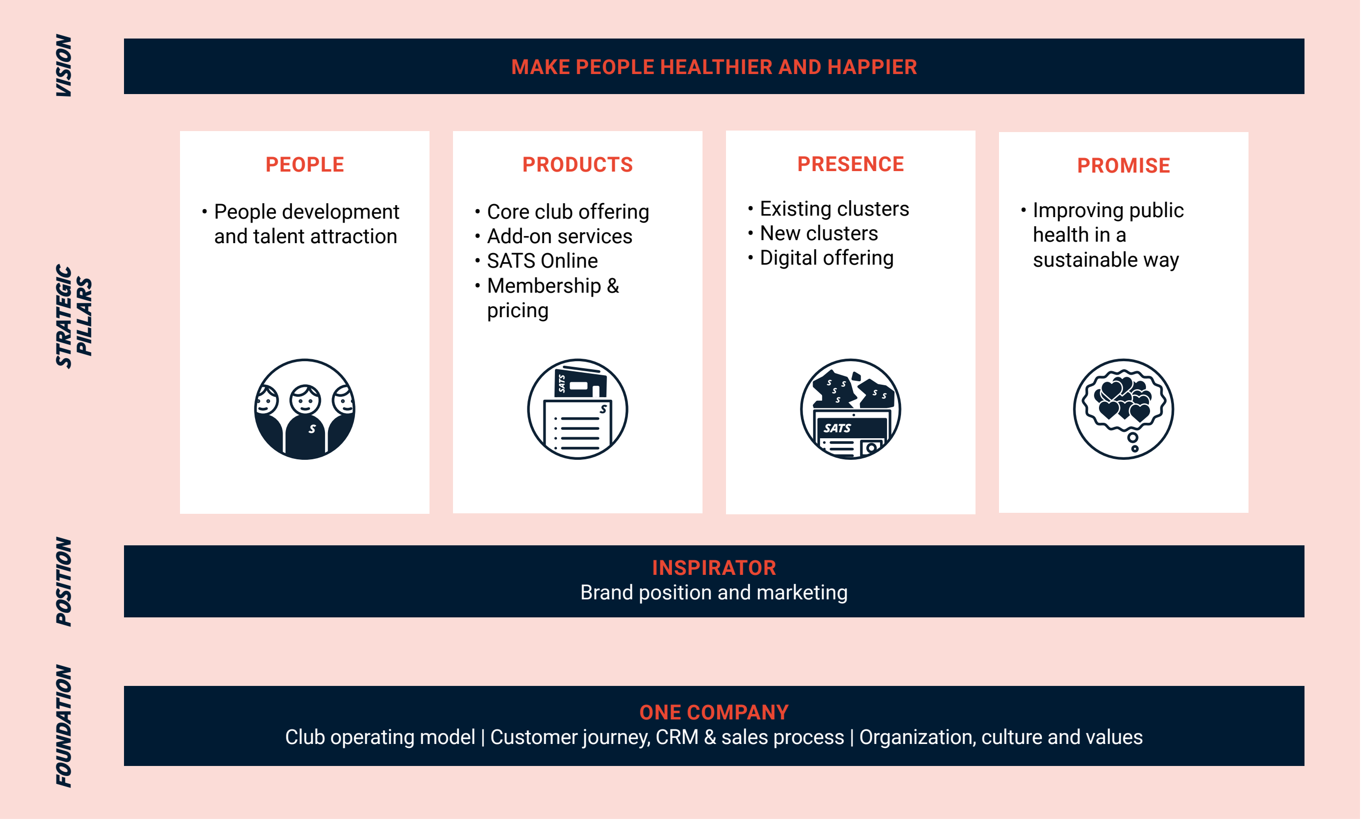
In order to achieve our vision, SATS has developed a strategy that aims to help its members succeed with their training while simultaneously allowing the company to grow profitably faster than the market. This strategy is built on four pillars—People, Products, Presence, and Promise—and is enhanced by our position and One Company model. The Promise pillar represents a commitment to take responsibility beyond paying members. Sustainability is thus integrated into the way of doing business at SATS and is at the core of all decision-making.

People

Our members make it because we have the most competent, dedicated, and inspiring employees.

SATS is a people company. We exist because of our members and our employees. During 2022, we saw record-high member satisfaction numbers in all markets. This would not have been possible without all the hard work by the fantastic SATS employees who ensure great member service is a top priority in our clubs.

To maintain a healthy lifestyle, people need extraordinary and professional support. This is what our almost 9,000 employees do every day. The talent, commitment, and energy of our staff are evident every day in the way they help and motivate our members at their own level, regardless of previous training experience, to better reach their goals. Our goal is for our members to succeed because we have the most competent, dedicated, and inspiring employees.



Product

Our members make it because we have the most complete product offering, with world-class quality, packaged in the right way at the right price point.

Our ambition is to have the most complete and inspiring product offering distributed in the right clubs at the right time, thus creating unique member experiences. Our offering includes studio training for individual strength and cardio, more than 100 different group training classes, concepts, personal training sessions, boot camps for smaller groups, out-of-club training classes, including both online and outdoor training, and retail shops providing members with the right equipment, apparel, and nutrition. While our offering is comprehensive, we aim to make it easy to understand it and tailor it to our members' needs. Our product development strategy centers around continuous innovation and making sure we take part in the latest training trends. Based on customer insights and analysis, we adapt and bring a carefully selected number of these trends to our markets.

Presence

Our members make it because we help them train wherever they are—both by having the widest network of physical clubs and leading digital capabilities to engage, motivate and guide.

We know that convenience and proximity are crucial to reducing the barrier to engaging in physical activity. In order to help our members maintain good training habits, and to attract new members, our clubs must be in the most convenient locations. Our growth strategy is to establish clubs that are strategically located in attractive and densely populated areas, ensuring that members can train near their homes, workplaces, or other locations. SATS Group, with all brands together, is the fourth-largest fitness chain in Europe and the only chain that offers clubs in four Nordic capital cities. In our two largest city clusters, Stockholm, and Oslo, we have more clubs than any competing chain, especially in central areas. Additionally, by having many clubs in the same city, SATS can offer a broad and deep product portfolio, with specialized clubs, niche training concepts, and coordinated group training schedules. Since half of our members use more than one club, we know that our members value the opportunity to use multiple clubs.

In addition to the large network of physical clubs, SATS also has a strong digital presence and digital overlay of products and services. We use digital tools to operate our clubs in a more efficient way, and more importantly as a tool to motivate and engage our members to work out. Our digital services should encourage and motivate members to work out more frequently and do more varied workouts than the services of any other owner.

Promise

Our members (and non-members) make it because we promise to take an extended responsibility toward training and physical activity in society

Physical inactivity is a serious public health problem. Thanks to its competence and product offering, SATS is in a unique position to contribute to a reduction in inactivity, thus improving public health. We have therefore delivered a promise not only to help our members succeed, but also to help non-members increase their activity level. We want to contribute to the UN's Sustainable Development Goals (SDGs), and have decided to focus our contribution to the following goals:

These are the goals that overall are deemed most important to the company's stakeholders and most likely to benefit from SATS' contribution. They go hand in hand with the company's strategy and values and are closely linked to the core competencies of the organization. This work, which is described in more detail in the sustainability section, will help us achieve our vision of making people healthier and happier and contribute to public health in society at large. Ultimately, we want to make people healthier and happier in a sustainable way.

Our position as an inspirator

We want to make sure that our members, whenever and wherever they visit a SATS club or utilize the SATS digital offering, will experience the same inspiring experience and personal service. All our staff, whatever their role, are expected to act in such a way that they are perceived to be true inspirators in our industry. We do this by motivating each member at their own level, ensuring that their training becomes

a long-term habit. Everyone should feel welcome to join our SATS community, regardless of previous training experience. And we aim to create a joyful atmosphere that makes going to the gym a little bit easier.

This position is well established among our staff. In the October 2022 employee survey, around 90 percent of the respondents answered that they integrate SATS' role as an inspirator into their daily work.

Foundation – one company

We work with one operating model, one culture, and one passion for training to make sure that we exceed our members' expectations. We strongly believe it is very important that we work together as a chain with a common operating model and culture across club formats and country borders. This means that our staff follows the same operating procedures in terms of cleaning, health and safety, and maintenance to make sure that every club offers the SATS experience. This common way of working and close collaboration between countries is a great platform that drives efficiency in our operations and continuous improvement. Working with the same routines across clubs enables us to identify high performers and bring their learnings into the rest of the clubs.

A common operating model makes it easier to support the clubs with the tools they need to run the clubs efficiently, for example by digitalizing key parts of the club routines. Altogether, this means that we are moving as one toward delivering a great member experience with every visit.

GROWTH LEVERS TO DRIVE VALUE CREATION

SATS sees several avenues for growth going forward. In the short term, club growth will slow compared to the high growth seen during the pandemic, but there is significant potential in growing the member base at the existing clubs. This member recovery has been the key focus for SATS during the second half of 2022 and will continue to be a key focus in 2023 as well. We see four main routes to increasing the number of members per club. First, we continue to work with our product offering to make our clusters, as well as single clubs, more attractive for existing and potential members. Second, for some clubs, there is a substantial upside in upgrading or relocating in order to improve the club quality and/or micro-location. Third, we optimize the club layout and equipment mix to facilitate more members per square meter at our fullest clubs. Fourth, we downsize and/or relocate clubs with too much space relative to the member base in order to optimize club layout and improve club space utilization.

In the longer term, we will keep growing the club portfolio, expanding in existing clusters, and potentially also entering new attractive clusters. We also see an opportunity to improve the average revenue per member by offering adjacent products and services, continued development of our personal training and retail offering, and pricing optimization.

We continue to improve the scale and platform advantages as the operating leverage drives a high drop-through of incremental revenues. In addition, we will focus on club and overhead cost discipline.

"We also see an opportunity to improve the average revenue per member by offering adjacent products and services, continued development of our personal training and retail offering, and pricing optimization."

FRESH FITNESS – SATS GROUP'S LOW-COST OPERATOR

Fresh Fitness was launched by SATS Group in 2010 as a response to the many low-cost operators entering the fitness market across Europe, including Norway. In Norway, Fresh Fitness was an immediate success, offering high-quality training at a significantly lower price than traditional operators. In 2022, Fresh Fitness was the second largest operator in Norway with more than 80,000 members and 38 clubs.

Fresh Fitness extends SATS' vision of making people healthier and happier by targeting the most cost-conscious consumers, usually unattainable by SATS. Fresh Fitness' vision is to provide affordable training to the people, with a brand profile tailored to reach the general public. The product resembles SATS' product, but with a simplified business model and more self-service solutions.

Fresh Fitness clubs range from 600 to 1,400 sqm with up to 90 percent of the area dedicated to fitness activity. Clubs are open from 5:00 AM–11:00 PM, 365 days per year, enabled by automated club operations, including single check-in gates. Access is granted through QR-code check-ins in the app or by scanning a membership card. Even though club operations are fully automated, all clubs are staffed during peak hours. In addition to offering high-quality studio training, 24 of 38 clubs offer group training with up to 30 classes per week. Classes are a combination of Les Mills, re-branded SATS classes and own-produced classes. All clubs offer personal training through externally hired contractors. Members can purchase three types of membership, Basic, Flex and Group training, with Basic starting at 299 NOK/month (access to one club, no group training, 12-month binding) and group training costing 449 NOK/month.

The opportunities for growth are significant. Fresh Fitness can be profitable in areas with less than 10,000 inhabitants, and there are thus significant opportunities in less densely populated areas than relevant for SATS. Fresh Fitness is a key contributor to the SATS portfolio, both to compete with other low-cost operators and to give the Group added flexibility in terms of growth going forward.

NORWAY

SATS is a well-known brand in Norway and the largest operator of fitness clubs. Norway is the largest operating segment in the Group with 48 percent of the consolidated total revenues in 2022 and 325,000 members at year-end 2022. The Group has 122 clubs in Norway, of which 84 SATS clubs and 38 Fresh Fitness clubs. Our clubs are spread out from Kristiansand in the south to Tromsø in the north, with 66 clubs located in the greater Oslo area.

The member base in Norway recovered in 2022 after the last COVID-19 restrictions were lifted in the first quarter, ending the year up 8 percent. Total revenues increased by 42 percent to NOK 1,940 million, with 2021 not being fully comparable due to the extensive COVID-19 restrictions. Adjusted Country EBITDA before impact of IFRS 16 increased from NOK 97 million last year to NOK 337 million in 2022, resulting in a Country EBITDA margin of 17 percent.

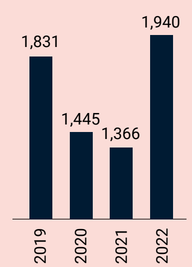
The members of SATS Norway and Fresh Fitness worked out 16.9 million times at our clubs during 2022. The net promoter score (NPS), which measures member satisfaction, was 50, which is defined as high.

SATS and Fresh Fitness employed a total of 3,644 employees at the end of the year, corresponding to 1,068 full-time equivalents.

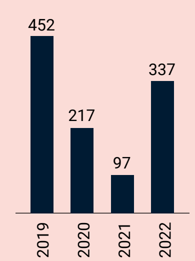
Key financial figures and Alternative performance measures (APM)

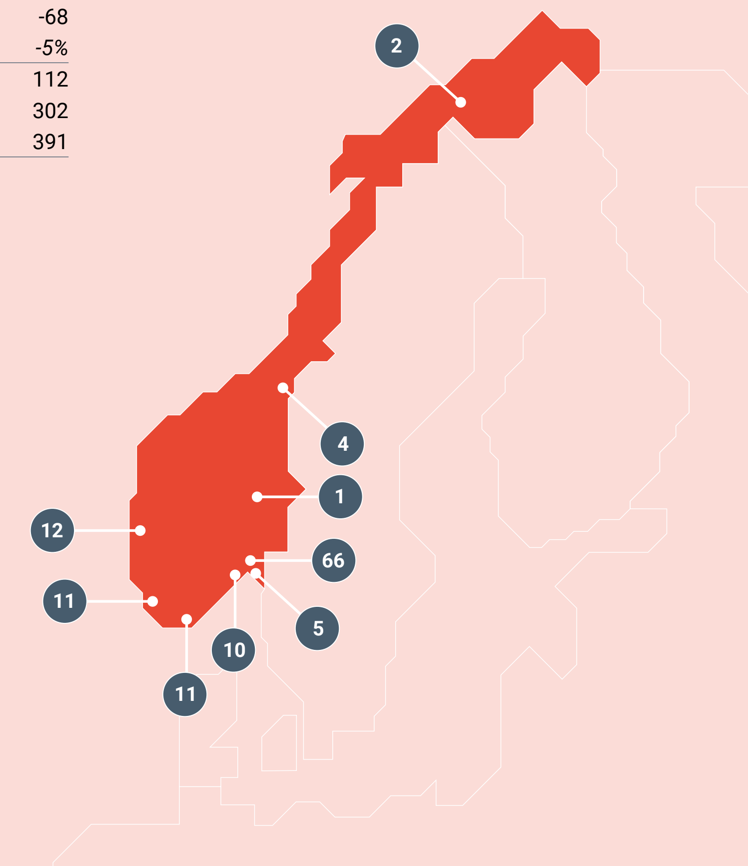
Amounts in NOK million (unless otherwise stated)	**2022**	2021
Membership revenue	1,543	933
Other revenues	397	432
Total revenues	1,940	1,366
Country EBITDA[1]	337	97
Margin (%)	*17%*	*7%*
EBITDA[2]	147	-68
Margin (%)	*8%*	*-5%*
Clubs	122	112
Members ('000)	325	302
ARPM (NOK/month)	515	391

Revenues
NOK million
42%



Country EBITDA[1]
NOK million
247%





1) *Adjusted Country EBITDA before the impact of IFRS 16.*
2) *Adjusted EBITDA before the impact of IFRS 16.*

SWEDEN

SATS Sweden has maintained a strong position over many years and had 244,000 members at the end of 2022. With 34 percent of consolidated total revenues, it is the second-largest operating segment in the Group. The club portfolio consisted of 92 clubs across the country at year-end, including a strong cluster of 72 clubs in the Greater Stockholm area.

The COVID-19 pandemic lasted into the beginning of the year, but the recovery picked up during the second half of the year. The member base grew by 6 percent during the year, and revenues per member increased by 3 percent compared to 2021. Consequently, total revenues increased 10 percent to NOK 1,377 million. Adjusted Country EBITDA before impact of IFRS 16 increased from NOK 133 million last year to NOK 192 million in 2022, resulting in a Country EBITDA margin of 14 percent.

The members visited SATS Sweden 12.9 million times. Member satisfaction was high with an average NPS of 46.

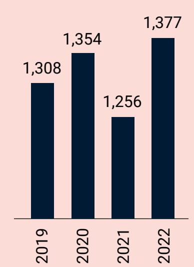
The number of employees in Sweden totaled 3,121 at year-end 2022, corresponding to 901 full-time equivalents.

Linda -Li Cederroth has resigned as Country Manager. Chief People & Operations Officer Torodd Gøystdal is the acting Country Manager until a permanent replacement is appointed.

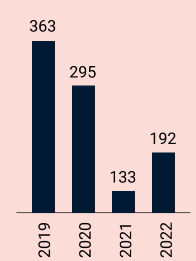
Key financial figures and Alternative performance measures (APM)

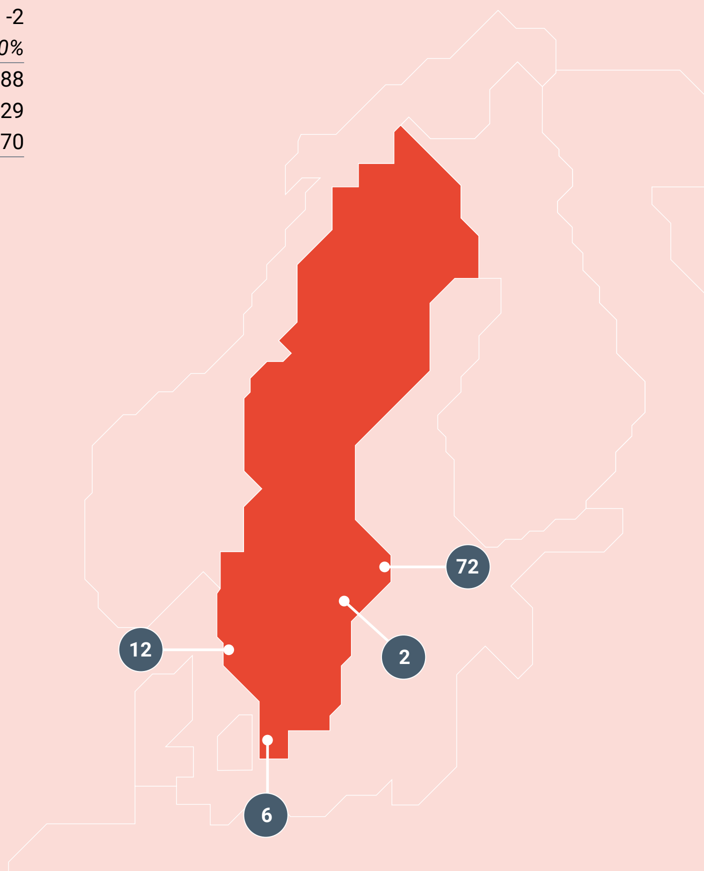
Amounts in NOK million (unless otherwise stated)	**2022**	2021
Membership revenue	1,088	961
Other revenues	289	295
Total revenues	1,377	1,256
Country EBITDA[1]	192	133
Margin (%)	*14%*	*11%*
EBITDA[2]	32	-2
Margin (%)	*2%*	*0%*
Clubs	92	88
Members ('000)	244	229
ARPM (NOK/month)	485	470

Revenues
NOK million
10%



Country EBITDA[1]
NOK million
44%





1) *Adjusted Country EBITDA before the impact of IFRS 16.*
2) *Adjusted EBITDA before the impact of IFRS 16.*

FINLAND

In Finland, the business is operated under the brand ELIXIA and had 70,000 members at year-end 2022. ELIXIA Finland constituted 9 percent of consolidated total revenues in 2022. We currently have 32 clubs in Finland, 24 of which are in the Helsinki cluster. The Finnish fitness market is highly fragmented, and ELIXIA is the market leader.

At year-end 2022, the number of members had increased by 9 percent and revenue per member by 15 percent compared to 2021. Total revenues thus increased 24 percent to NOK 361 million. Adjusted Country EBITDA before impact of IFRS 16 increased from NOK -48 million last year to NOK 1 million in 2022, resulting in a Country EBITDA margin of 0 percent.

The clubs in Helsinki and Tampere, which constituted 84 percent of the club portfolio, were closed until early February. Revenues in Q1 2022 were significantly impacted, partly compensated by governmental compensation of NOK 15 million, recognized as other revenues.

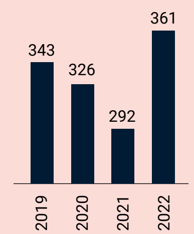
ELIXIA Finland has been working with club optimization during the past year, mainly through relocations, to cater to more members per square meter. The ELIXIA members worked out 3.4 million times at the clubs during the year. ELIXIA Finland had the highest net promoter score in the Group, with an average score of 65.

EXLIXIA Finland employed 902 employees at year-end 2022, which corresponded to 281 full-time equivalents.

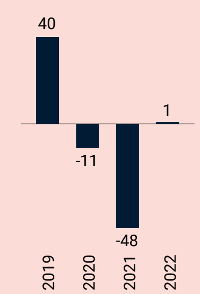
Key financial figures and Alternative performance measures (APM)

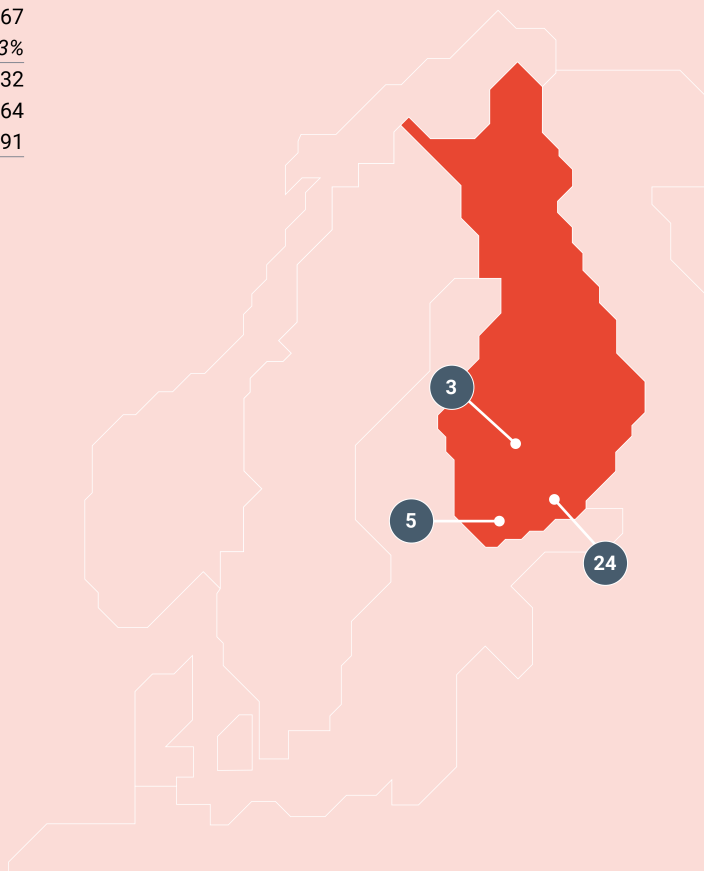
Amounts in NOK million (unless otherwise stated)	**2022**	2021
Membership revenue	280	211
Other revenues	81	81
Total revenues	361	292
Country EBITDA¹	1	-48
Margin (%)	*0%*	*-16%*
EBITDA²	-19	-67
Margin (%)	*-5%*	*-23%*
Clubs	32	32
Members ('000)	70	64
ARPM (NOK/month)	448	391

Revenues
NOK million
24%



Country EBITDA¹
NOK million
n.a.





1) *Adjusted Country EBITDA before the impact of IFRS 16.*
2) *Adjusted EBITDA before the impact of IFRS 16.*

DENMARK

The Danish operations contributed 10 percent of consolidated total revenues in 2022 with 82,000 members at the end of the year. The Danish club network consists of 29 clubs, all of which create a strong cluster in Greater Copenhagen. SATS is the second-largest operator in the Danish market.

The member base in Denmark grew by 11 percent in 2022. The member growth combined with an increase in revenue per member of 13 percent resulted in a revenue growth of 21 percent and total revenues of NOK 403 million. Adjusted Country EBITDA before impact of IFRS 16 increased from NOK -51 million last year to NOK -46 million in 2022, resulting in a Country EBITDA margin of -12 percent.

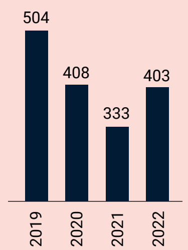
SATS appointed Kim Trier Meyer Country Manager in Denmark in June 2022. The Danish members worked out 4.5 million times at the SATS clubs. Member satisfaction suffered from restrictions on the group training restrictions for group training, in particular during the early months of the year but increased as restrictions were lifted, ending at a yearly average of 31, which is defined as high.

SATS Denmark employed 924 employees at year-end 2022, which corresponded to 212 full-time equivalents.

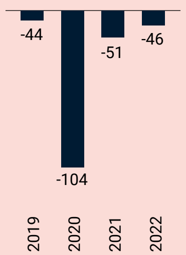
Key financial figures and Alternative performance measures (APM)

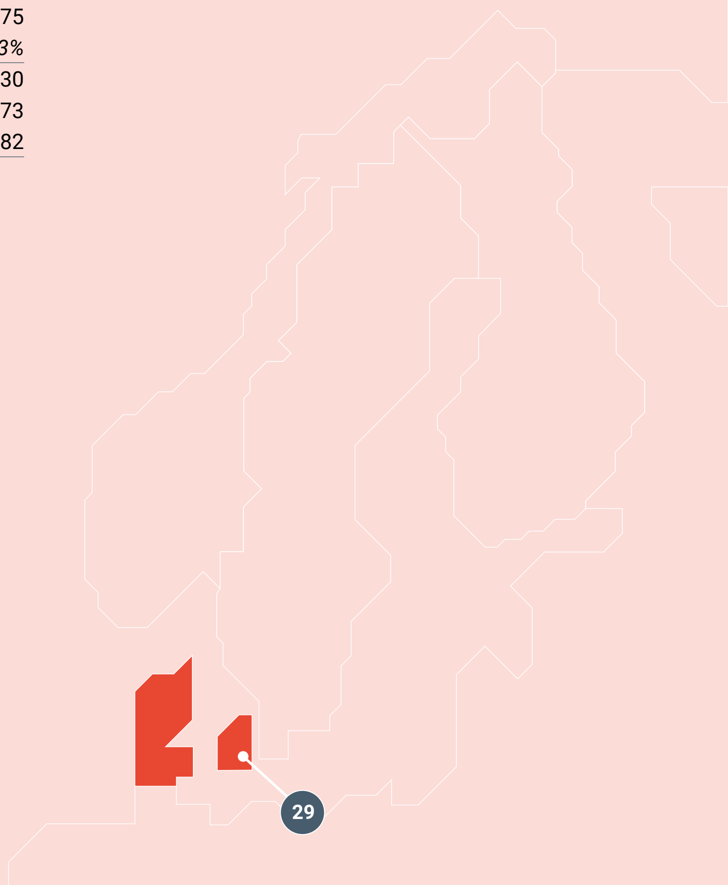
Amounts in NOK million (unless otherwise stated)	**2022**	2021
Membership revenue	335	195
Other revenues	67	138
Total revenues	403	333
Country EBITDA[1]	-46	-51
Margin (%)	*-12%*	*-15%*
EBITDA[2]	-71	-75
Margin (%)	*-18%*	*-23%*
Clubs	29	30
Members ('000)	82	73
ARPM (NOK/month)	433	382

Revenues
NOK million
21%



Country EBITDA[1]
NOK million
9%





1) Adjusted Country EBITDA before the impact of IFRS 16.
2) Adjusted EBITDA before the impact of IFRS 16.

SHAREHOLDER INFORMATION

SATS ASA was listed on the Oslo Stock Exchange in 2019 and had a market capitalization of NOK 1,795 million at year-end 2022. SATS' objective is to provide positive value creation and a long-term return to shareholders that reflects the inherent risk in the company. The company plans to achieve this by delivering in accordance with its business plan and through precise communication to ensure that the share price accurately reflects the value and growth prospects of the company.

INVESTOR RELATIONS POLICY

SATS aims to have a transparent and open dialogue with the financial market and ensure timely disclosure of relevant information to the market and equal treatment of its shareholders. All disclosure, communication and reporting by SATS will comply with applicable laws and regulations as well as relevant recommendations for listed companies and market practice. Financial information and other information for investors, such as presentations on SATS' quarterly results and for capital market days, will be in English.

SATS will publish quarterly financial results in accordance with its financial calendar, which is published annually on its website and on the stock exchange. No investor and analyst meetings will be held during the three weeks prior to the presentation of the company's financial results. SATS ASA complies with the Oslo Børs Code of Practice for IR of March 1, 2021.

GOVERNANCE PRINCIPLES

SATS considers good corporate governance to be a prerequisite for value creation, trustworthiness and access to capital.

In order to secure strong and sustainable corporate governance, it is important that SATS ensures good and healthy business practices, reliable financial reporting, and an environment of compliance with legislation and regulations across the Group.

SATS has governance documents setting out principles for how its business should be conducted. These apply to all of SATS' subsidiaries as well as SATS itself. SATS' governance regime is approved by SATS' Board of Directors.

SHARE CAPITAL

SATS ASA's share capital was NOK 431 million as at December 31, 2022, divided into 203,046,142 ordinary shares, each with a par value of NOK 2.125. All 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 December 31, 2022, was 6,085.

Financial calendar

SATS ASA will publish its quarterly interim financial statements on the following dates for 2023:

26 April 2023	Q1 2023 Results
28 April 2023	Annual Report 2022
31 May 2023	Annual General Meeting 2023
24 August 2023	Q2 2023 Results
26 October 2023	Q3 2023 Results

Analyst coverage

ABG Sundal Collier	Petter Nystrøm	+47 22 01 61 35
Carnegie	Eirik Rafdal	+47 22 00 93 78
DNB	Ole Martin Westgaard	+47 24 16 92 98
Pareto Securities	Joachim Huse	+47 24 13 21 07
Sparebank 1 Markets	Øyvind Mossige	+47 24 13 37 02

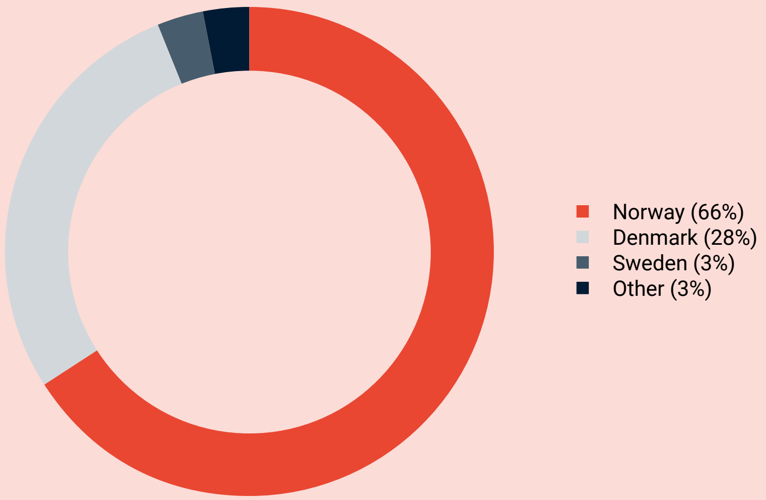
Shareholders

		Number of ordinary shares	Ownership percentage
1	TG Nordic Invest	56,104,764	27.6%
2	AF III HOLDCO AS	48,988,455	24.1%
3	Canica AS	13,172,428	6.5%
4	Ferd AS	8,836,287	4.4%
5	Maaseide HOLDCO AS	7,990,976	3.9%
6	SATS Management Invest AS	7,591,213	3.7%
7	Salt Value AS	5,036,479	2.5%
8	Funkybiz AS	5,000,000	2.5%
9	Verdipapirfondet KLP Aksjenorge	3,801,073	1.9%
10	J.P. Morgan SE	2,896,081	1.4%
11	Ingvarda AS	2,156,749	1.1%
12	Avanza Bank AB	1,897,752	0.9%
13	State Street Bank and Trust Comp	1,361,967	0.7%
14	HFN GROUP AS	1,107,806	0.5%
15	Nordnet Bank AB	983,319	0.5%
16	Wenaasgruppen AS	972,444	0.5%
17	Skandinaviska Enskilda Banken AB	964,714	0.5%
18	Espedal & Co AS	950,279	0.5%
19	Verdipapirfondet KLP Aksjenorge Indeks	809,431	0.4%
20	Spectatio Finans AS	779,184	0.4%
Other shareholders		31,644,741	15.6%
Total		**203,046,142**	**100.0%**

Ownership structure

Percentage holding	Number of shareholders	Number of shares	Proportion of the share capital
<0.25%	6,071	37,104,112	18%
0.5–1%	3	4,367,525	2%
1–3%	5	18,890,382	9%
3–5%	3	24,418,476	12%
5–10%	1	13,172,428	6%
>10%	2	105,093,219	52%
Sum	**6,085**	**203,046,142**	**100%**

Shareholders
by country of residence



BOARD OF DIRECTORS' REPORT

During 2022, the member base increased by 8 percent and revenues per member increased by 17 percent compared to 2021. As a result, total revenues were lifted by 26 percent to NOK 4,082 million. Adjusted EBITDA before impact of IFRS 16 was NOK 145 million, up NOK 315 million from 2021, which was heavily burdened by COVID-19 restrictions.

SATS has 26 years of experience within the fitness industry and is the leading operator of fitness clubs in the Nordic region. The Group operates the SATS brand in Norway, Sweden and Denmark and ELIXIA in Finland, in addition to the price-competitive, low-cost fitness club brand Fresh Fitness in Norway. The Group offers members access to studio training, group training, yoga and online training. In addition, highly qualified personal trainers offer individual coaching, and food, drinks, apparel and training accessories are available through the retail shops in the clubs' reception areas.

SATS is the fourth-largest fitness chain in Europe and the only chain that offers clubs in four Nordic capital cities, making it the clear leader in the Nordic fitness market. As at the 2022 balance sheet date, the Group had a leading network of 275 clubs, with strongholds in key metropolitan cities throughout the Nordic region and 721,000 members. Almost 9,000 employees across the Nordic countries are working to make people healthier and happier every day.

SATS ASA has been listed on the Oslo Stock Exchange since October 2019.

ANALYSIS OF THE 2022 FINANCIAL STATEMENTS

The Board of Directors believes that the 2022 financial statements give a true and fair view of the Group's assets and liabilities, financial position, and profit for the period. The financial statement shows the results for the period January 1–December 31, 2022, compared to the period January 1–December 31, 2021. The Board confirms that the Group's liquidity position will be adequate to fulfil short-term liabilities, including installments on bank borrowings as they fall due.

During 2022, we have continued to uphold the focus on increasing the number of members per club by attracting new members and retaining existing members to successfully regain our strong pre-pandemic position. The member growth during the year, in combination with the cost program launched during fall 2022 and price adjustments made during winter 2022-2023, have laid a solid foundation for profitability going forward. The Board confirms that the use of the going concern assumption is appropriate. The 2022 financial statements have been prepared in accordance with this assumption.

Statement of comprehensive income

Total revenues increased by 26 percent to NOK 4,082 million compared to NOK 3,247 million in 2021. Only the first month of 2022 was affected by COVID-19 restrictions. NOK weakened during the year, causing negative currency translation effects on revenues, and currency-adjusted revenues increased by 28 percent. Revenues for all segments increased compared to 2021, by 42 percent in Norway, 10 percent in Sweden, 24 percent in Finland and 21 percent in Denmark. The increase in revenues is primarily due to strong sales, churn levels overall in line with historical pre-pandemic levels, price adjustments and the opening of new clubs. The total member base increased by 8 percent compared to last year as a result of successful campaigns and sales efforts. Reported ARPM increased by 17 percent, mainly driven by price increases and a lower average freeze level through 2022. The increase in ARPM adjusted for governmental compensation in 2021 and 2022 was 27 percent. Currency-adjusted ARPM increased by 20 percent.

The company received governmental support to compensate for the fixed cost of the imposed club closures in Finland in January 2022. The compensation of NOK 15 million was reported as other revenues. The total compensation in 2021 was NOK 247 million.

The weakened NOK caused a 3 percent positive currency translation effect on operating expenses excluding depreciation and amortization. Operating expenses including depreciation and amortization increased by 17 percent from NOK 3,472 million in 2021 to NOK 4,062 million in 2022. The main driver behind the increased operating expenses was 13 additional clubs and high electricity costs in addition to general cost inflation that was higher than historical levels. The increase in utility costs alone was NOK 83 million, translating into 60 percent.

As a result of an almost full year of normal operations in 2022 compared to the partially restricted 2021, operating profit increased by NOK 244 million, from NOK -224 million in 2021 to NOK 20 million in 2022.

Net financial items decreased by NOK 17 million, or -6 percent, from an expense of NOK 298 million in 2021 to an expense of NOK 281 million in 2022. This was mainly a result of higher financial income due to an increase in net gain unrealized derivatives, higher interest income and a decrease in financial expenses from foreign exchange losses unrealized compared to 2021.

The income tax income decreased by NOK 55 million, from NOK 70 million in 2021 to NOK 15 million in 2022, driven by negative taxable results caused by effects of the COVID-19 pandemic. Losses carried forward increased from NOK 229 million to NOK 276 million in the Norwegian entities in 2022, in addition to NOK 86 million in the Swedish entities in 2022. The tax effect is reflected as a positive tax income in the profit and loss statement in 2022. Deferred tax assets from losses carried forward are not recognized for the Finnish or Danish segments in 2022 due to uncertainty as to whether profits will be utilized against the unused tax losses within a reasonable time frame.

The loss before tax was NOK 261 million in 2022 compared to a loss before tax of NOK 522 million in 2021. Total comprehensive loss was NOK 219 million compared to a loss of NOK 416 million in 2021.

As at the balance sheet date, the Group's total tax loss carried forward is NOK 1,406 million, of which the NOK 1,044 million generated in Denmark and Finland is not recognized in the balance sheet.

Segment development

NORWAY

Total revenues increased by 42 percent to NOK 1,940 million in Norway in 2022. SATS Norway experienced certain club restrictions in January–February 2022, especially related to group training. The revenue increase was driven both by the number of members, which increased by 8 percent at the end of the period, and ARPM, which increased by 32 percent. Operating expenses increased by 35 percent mainly due to 11 new clubs adding costs, high general inflation at the end of the year and significantly higher electricity prices compared to last year. Adjusted Country EBITDA before the impact of IFRS 16 increased from NOK 97 million last year to NOK 337 million in 2022, resulting in a Country EBITDA margin of 17 percent.

Statement of comprehensive income

Amounts in NOK million	**2022**	2021
Total revenues	4,082	3,247
Operating expenses	-4,062	-3,472
Operating profit	20	-224
Net financial items	-281	-298
Profit/loss before tax	-261	-522
Income tax expense	15	70
Profit/loss for the year	-246	-452
Total comprehensive income	**-219**	**-416**

Statement of financial position

Amounts in NOK million	**2022**	2021
Total assets	8,675	8,336
Total liabilities	7,815	7,853
Total equity	**860**	**483**

Statement of cash flows

Amounts in NOK million	**2022**	2021
Net cash flow from operations	1,082	920
Net cash flow from investments	-313	-240
Net cash flow from financing	-681	-877
Net increase/decrease in cash and cash equivalents	88	-197
Cash and cash equivalents at the end of the period	345	281

SWEDEN

Total revenues were NOK 1 377 million in 2022, an increase of 10 percent compared to last year, driven by a 7 percent higher average member base and a 3 percent higher ARPM. SATS Sweden experienced certain club restrictions in January–February 2022, especially related to group training. Operating expenses increased by 9 percent, partly driven by three additional clubs in the portfolio but also general inflation and higher electricity prices in particular. The Adjusted Country EBITDA before the impact of IFRS 16 increased by 44 percent to 192 million in 2022, resulting in a Country EBITDA margin of 14 percent.

FINLAND

Despite the fact that 75 percent of all clubs in Finland (capital region) were closed and the rest partly closed in January 2022, total revenues amounted to NOK 361 million in 2022, an increase of 24 percent compared to last year. The revenue increase was driven both by the number of members, which increased by 9 percent at the end of the period, and ARPM, which increased by 15 percent. Operating expenses increased by 6 percent. The Adjusted Country EBITDA before the impact of IFRS 16 increased from NOK -48 million last year to NOK 1 million in 2022, resulting in a Country EBITDA margin of 0.4 percent.

DENMARK

Total revenues amounted to NOK 403 million in Denmark in 2022, an increase of 21 percent compared to last year. The member base totaled 82,000 members at year-end, up 11 percent from last year, and ARPM increased by 13 percent. Operating expenses increased by 25 percent due to higher general inflation, almost a full year of normal operations, and organizational changes. Adjusted Country EBITDA was NOK -46 million, up from NOK -51 million in 2021, resulting in a Country EBITDA margin of -12 percent.

Statement of financial position

Consolidated assets increased by NOK 339 million to NOK 8 675 million from the balance sheet date of 2021 to 2022. Right-of-use assets and intangible assets were the largest components of consolidated assets, amounting to NOK 4,161 million and NOK 2,588 million, respectively, on December 31, 2022. Both non-current assets and current assets increased. The increase in non-current assets was driven by increased right-of-use assets, goodwill and derivative financial instruments. The increase in current assets was primarily driven by an increase in prepaid expenses and accrued income and cash and cash equivalents.

Total liabilities decreased from NOK 7,853 million as at December 31, 2021, to NOK 7,815 million as at December 31, 2022. Public fees and charges payable decreased by NOK 134 million from the end of 2021 to the end of 2022, as taxes and fees from 2021 have been settled.

As at December 31, 2022, consolidated equity amounted to NOK 860 million, representing an equity ratio of 10 percent, compared to NOK 483 million and 6 percent as at the balance sheet date of 2021. The increase was due to the equity raise in Q1 2022.

Statement of cash flows

Net cash flow from the Group's operations was NOK 1,082 million in 2022, compared to NOK 920 million in 2021. The increased cash flow from operations of NOK 162 million was mainly due to an increase in profit for the year, partly offset by a negative change in payables and other receivables and accruals.

Net cash outflow from investing activities amounted to NOK 313 million in 2022, compared to an outflow of NOK 240 million in 2021. The main reason for the increased outflow was significantly higher M&A activity in 2022 compared to 2021. Maintenance activities were higher in 2022 than in 2021, but still amounted to 4 percent of total revenues as in 2021, which is below the target of about 5 percent.

Net cash outflow from financing activities was NOK 681 million in 2022, compared to an outflow of NOK 877 million in 2021. In Q1 2022, the company made a repayment of NOK 300 million on borrowings and raised NOK 600 million in equity. A draw-down of NOK 200 million in the credit facility was made in Q4 2022.

In 2022, consolidated cash and cash equivalents increased net by NOK 88 million compared to a decrease of NOK 197 million in 2021. As at the balance sheet date, the Group had cash and cash equivalents of NOK 345 million compared to NOK 281 million at the balance sheet date in 2021.

Parent company

The parent company had no operating income in 2022 and NOK 18 million in operating expenses. The parent company's equity was NOK 2,649 million as at the balance sheet date.

RISK PROFILE AND RISK FACTORS

Risk

SATS operates in the highly competitive health and fitness industry. SATS is conducting its operations in the Nordics with 275 fitness clubs located throughout Norway, Sweden, Denmark and Finland. The majority of its fitness clubs are located in larger Nordic cities and in urban areas. In order to achieve its long-term strategic objectives, SATS is inherently involved in risk-taking. Hence, risk management is an essential element of SATS' culture, corporate governance, strategy and operational and financial management.

SATS has defined risk as anything that could have a material adverse effect on the achievement of SATS' goals. Risks can be threats, uncertainties or lost opportunities relating to SATS' current or future operations or activities and can directly or indirectly affect its profitability and growth.

SATS has a risk management framework in place to regularly identify, analyze, assess, and report on strategic, operational, regulatory and financial risks, also taking into consideration risks and uncertainties relating to ethics and sustainability associated with its operations. As part of this work, SATS also assesses how to mitigate risks from materializing. A risk management process is used to aggregate and categorize risks identified across the organization within the risk management framework.

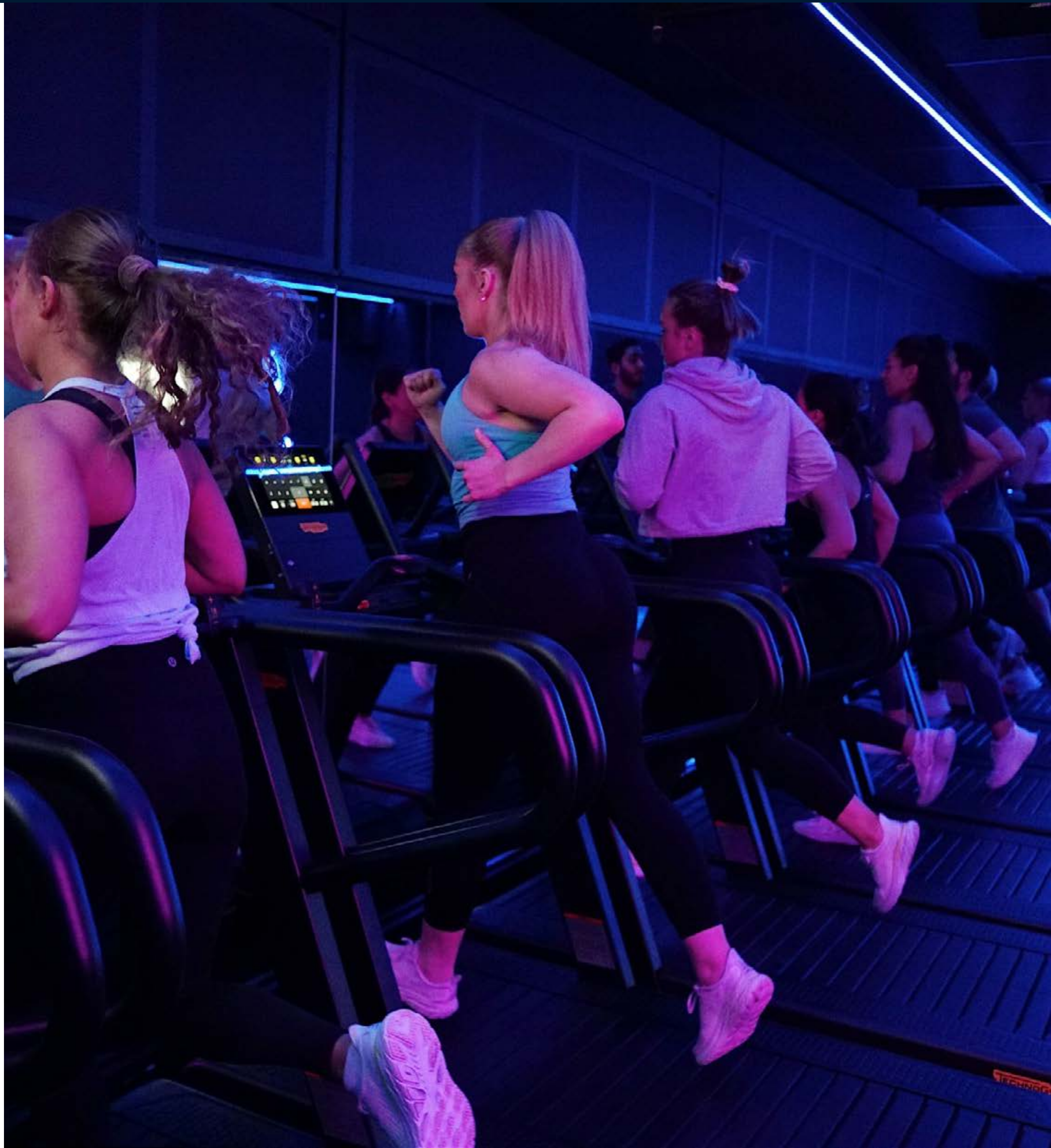
SATS aims to make continuous improvements; it has a risk strategy, corporate governance procedures, a risk management policy and an internal control framework that ensure compliance with laws and regulations. These continue to contribute to the identification and adequate management of strategic, operational, financial, legal and compliance risks. SATS' risk management strategy is designed to provide reasonable assurance that objectives are met by integrating management control into daily operations.

Risk profile

In general, SATS takes a commercial but prudent approach to risk-taking. The risk boundaries are defined by the company's culture and corporate governance, as defined in SATS' strategy, values, code of conduct, policies and procedures.

The risks that potentially have the greatest adverse effect on the achievement of SATS objectives are described in the following section. The overview below is not meant to be exhaustive, and there may be risks or risk categories that are currently identified as not having a significant impact on the business of SATS but could develop into key risks. The primary purpose of SATS' risk management systems is to identify changes in SATS' risk profiles and any risk-related incidents on a timely basis so that appropriate measures can be taken. Certain risks are inherently difficult to foresee, and no guarantees can therefore be made that our risk management system will properly identify any and all risk that we might be exposed to at any given point in time. For example, COVID-19 and the effects thereof were inherently difficult to identify at an early stage of the pandemic in early 2020. Similar events, or other less predictable occurrences, may happen in the future.

"Certain risks are inherently difficult to foresee, and no guarantees can therefore be made that our risk management system will properly identify any and all risk that we might be exposed to at any given point in time."



Risk	Description	How does SATS work to mitigate this risk?
STRATEGIC RISKS		
Member experience and satisfaction	SATS' revenues are generated from membership fees, members' use of personal training ses-sions and in-club retail activities. Our success is therefore dependent on providing products and services that attract new members and retain existing members over time, resulting in high volumes and low churn rates. Should we experience member loss, our growth and profitability would be negatively affected.	• We operate a transparent, flexible and straightforward membership model with different varieties of membership forms and price levels. • We have a cluster strategy, serving multiple locations to meet our members' needs in their everyday lives, as well as an online training offering in the member app and on the member website. SATS is aiming to make fitness available to members wherever they are and whenever they want. • We are also present under in the lower price segment, under the Fresh Fitness brand. This allows us to reach an even broader group of members.
Suitable sites	Our cluster strategy, as well as our growth strategy, relies in part on our ability to identify, secure and retain suitable sites for our fitness clubs. Many factors could affect our ability to secure suitable sites, including contract terms and prices, as well as regulatory requirements.	• We have a business development team and real estate specialists working actively and diligently on securing the best sites, on favorable terms for SATS.
Climate risk	Climate risks include (i) physical risks, and (ii) transition risks. Physical risks could result from climate related acute and/or chronic changes in rainfall patterns, flooding, shortages of water or other natural resources, temperatures, etc. Transition risks include regulatory risks, market and technology risks, and reputational risks. SATS' ambitions are based on a successful transition to a 1.5 degree economy. An external assessment from 2021 concluded that SATS is well positioned to respond to climate changes and stricter climate-related regulations and requirements. The resilience of SATS' strategy within the different climate-related scenarios is robust. Please see the Task Force on Climate-Related Financial Disclosures (TCFD) report for more information.	• SATS maps energy consumption on an ongoing basis and implements measures to reduce the consumption. • The Board of Directors has decided to align with the Science Based Targets initiative (SBTi) during 2023. • SATS has a large network of clubs, mainly located in clusters. This network reduces the dependence of individual clubs, which could be beneficial in the event of physical impacts such as water ingress, over-heating etc. • SATS leases buildings for clubs and are flexible in the choice of locations.

Risk	Description	How does SATS work to mitigate this risk?
OPERATIONAL RISKS		
Technology and data security	SATS' business model relies on technology and may need to adapt to significant and rapid technological changes in order to compete successfully. From a security perspective, external attacks on companies are increasing. SATS and our members could be adversely harmed should we be targeted, which in turn could affect not only our reputation and brand value, but also our profitability.	• To stay competitive, we are not only focusing on the physical products offered by SATS but also on providing our members with relevant and consumer friendly digital tools so that they can get the most out of their membership. • We have fully insourced all technological developments, such as our member app and website, to reduce third party reliance. We are nevertheless reliant on third parties in some instances, as well as attracting and retaining talented personnel. • We are continuously working to reduce the risk of external attacks, for example by implemented additional measures in 2022.
People – recruitment, retaining and developing talents	We are actively working on maintaining the market's perception of SATS as a high-quality operator in the health and fitness industry. The work carried out by our employees, especially those in direct contact with members (club staff, group training instructors, personal trainers) are highly important. Should we fail to attract, motivate and retain the right talents within our group, our member experience could be adversely affected and thus result in increased churn.	• We have developed onboarding systems for new employees, as well as training systems for certain roles within SATS • We focus on feedback culture, using for example employee surveys to constantly develop and improve our HR strategy and our relationship with employees, to ensure that SATS is a preferred employer
Quality, health and safety	Certain risks related to health and safety are inherent to SATS, as an operator of fitness clubs. This includes physical exertion, injuries from improper use of equipment, breakdown of equipment, incorrect advice from our employees, etc. Cleanliness has during Covid-19 been a particular concern, and similar epidemics/pandemics may occur in the future. Having more than 700,000 members, we have great diversity in our member base. We are also located in the Nordic capitals, which are areas with an increased exposure to criminal activity relating to for example drugs.	• We are continuously monitoring the functionality and quality of our equipment, and our clubs are equipped with first aid kits and defibrillators. • We are providing our employees with training in health and safety matters. • We actively work to ensure that our members comply with SATS' Safety Regulations and Rules of Conduct, and have a large focus on anti-doping.

Risk	Description	How does SATS work to mitigate this risk?
REGULATORY AND COMPLIANCE RISKS		
Protection of perso-nal data and compli-ance with the GDPR	We collect, store and process substantial amounts of data (including highly sensitive data) from our members and employees, including names, social security numbers, pictures, addresses, bank details, training habits, locations, etc. This information is subject to strict legislative re-quirements, including the General Data Protection Regulation (GDPR), and other related legisla-tion implemented in Norway, Sweden, Denmark and Finland. Given the amount of data SATS has, there is an inherent risk of us infringing members' and employees' rights. Any non-compliance with the GDPR, as well as related regulation on marketing to consumers and con-sumer protection regulation, could adversely affect our reputation and our profitability.	• We have implemented the GDPR in our organization, using both internal and external resources to monitor our continuous compliance with applicable rules and regulations. • From a technical perspective, SATS has implemented processes and routines to ensure GDPR compliance.
ESG – Environmental, social and gover-nance	ESG is a focus area for SATS, as well as our stakeholders (investors, members and the general public). The main risks relating to ESG for SATS are (i) compliance with applicable laws and regulations, which are constantly evolving, (ii) SATS' environmental footprint and (iii) reputational risks and brand perception by our stakeholders. Should we fail to comply with applicable laws and regulations, for example relating to reporting requirements, such could result in administrative fines. Additionally, our reputation and brand image could be affected and result in member loss.	• As a provider of health and fitness services and products, risk related to climate and CO2 emission are generally considered to by low for SATS. We are nevertheless placing considerable focus on sustainability and how we can contribute by having a "greener" profile. • We work actively to identify and comply with applicable laws and regulations through our ESG team, placing high value on ESG to meet market and stakeholder requirements and expectations.

Risk	Description	How does SATS work to mitigate this risk?
FINANCIAL RISKS		
Capital expenditures	SATS has a property portfolio of 275 fitness clubs, which, in addition to lease costs and energy costs, require ongoing maintenance work and re-investments. We also need to maintain the quality of our equipment, as well as continuously develop our overall product offering. If we are not able to keep our expenses low, our profitability will be adversely affected.	• Our capital expenditure is to a large extent controlled by SATS. As example, the maintenance capital was lower than usual during the Covid-19 years due to an increased focus on ash preservation, thus illustrating our control measure. • We have initiated a profitability improvement program that will gradually come into effect during 2023.
Liquidity	SATS' ability to service debt and ongoing costs relating to its operations is dependent on its liquidity, which in turn is linked to the growth ambition and strategy. Cash is generated through revenues, which can be supplemented by bank borrowings and equity contribution. The availability, and price, of external capital depends on the prevailing conditions in the financial market. Our growth plans, as well as results of operations, could be affected if we cannot secure sufficient funding (on favorable terms).	• Management control and financial risk are carried out centrally in the finance division by the treasury management at the Group's headquarters. • The central finance functions identify, mitigate and report on financial risks. • SATS regularly monitors its cash flow situation, to ensure its ability to service debt and other commitments.
Credit	SATS' members have historically demonstrated high payment capacity. However, considering the increased interest rates and inflation, which are expected to continue in the near term, our exposure might increase.	• SATS' credit risk in relation to customers is limited since none of our individual customers are deemed significant. The relatively few members who default on their payments are routinely transferred to debt collecting agencies.
Currency and interest rate	Exchange rate fluctuations may impact SATS' consolidated financial statements due to the reporting currency being in the NOK, which is different from the functional currency of its subsidiaries in Sweden, Denmark and Finland.	• Foreign exchange rate risk is limited to SATS' four operative jurisdictions, thus reducing the risk compared to companies operating in multiple countries. • Foreign subsidiaries' revenues and operating expenses are incurred in local currency. • Parts of SATS' interest rate is hedged through swap arrangement.
Tax and accounting	We are subject to prevailing tax laws, treaties and regulations in Norway, Sweden, Denmark and Finland, as well as the interpretation thereof. Should there be any changes in the regulatory environment, our operations could be adversely affected.	• Our central finance division monitors and reviews local practices to provide reasonable assurance that SATS remains aware of and operates in line with laws, treaties, regulations and policies related to reporting tax and other relevant regulations. Furthermore, SATS engages external counsel to advice on tax and accounting matters when required.

EVENTS AFTER THE BALANCE SHEET DATE

SATS announced a new share investment program for senior executives and certain other key employees of the Company on March 27, 2023, with the results announced on March 29, 2023. 23 employees applied for in total 2,908,158 shares. The shares will be delivered as a combination of (i) 1,638,605 new shares to be issued by the Company and (ii) 1,269,554 existing shares to be acquired by the Company in the market pursuant to a buy-back program. Delivery of the Shares is conditional upon certain resolutions related to the Share Investment Program being passed by the general meeting in the 2023 Annual General Meeting.

On March 30, 2023, a share buy-back program of maximum 2,000,000 was announced. The purpose of the share buy-back program is to obtain treasury shares for a combination of settlement of the Company's new share investment program, for delivery of matching shares under a previous share investment program and to partly cover the matching shares under the new share buy-back program.

On 26 April, SATS reported the Q1 2023-results. Please see the Company's website for the full report and presentation.

The Board of Directors is not aware of any other events after the balance sheet date, or any new information regarding existing matters, that could have a material effect on the 2022 consolidated financial statements.

GOING CONCERN

The Board of Directors confirms that the accounts have been prepared on a going concern basis and in accordance with International Financial Reporting Standards (IFRS). The Board of Directors believes the SATS Group has sufficient equity and liquidity to fulfill both its short-term and long-term obligations.

SUSTAINABILITY AT SATS

Please refer to the Sustainability report included in this document for more information about the Group's activities related to and approach toward sustainability and social responsibility.

Work environment and equal opportunities

The Group strives for a balanced gender distribution, and as of 2022 it employed 6,014 female and 2,577 male employees. The Group's management team consists of 50 percent female and 50 percent male executives. The Board of Directors is composed of three men and two women.

The personnel policy of the Group is deemed to be gender neutral in all respects. The company is of the view that equal opportunity issues have been adequately accommodated, and no specific measures have been initiated or planned regarding this. No feedback has been received to the effect that the personnel policy of the Group is considered to discriminate based on gender.

On a Group level, there is a slight salary gap in favor of men with fixed paid contracts. This is mainly a result of differences in seniority. There is a salary gap in favor of women with hourly paid contracts. The company is continuously working to ensure equal pay for equal work, which in most roles is secured through an extensive use of wage matrices.

Through our culture, routines and practices, the Group ensures equal treatment and recruitment of employees regardless of ethnicity, gender, nationality, sexual orientation, language, religion or faith. The Group should provide a good and safe workplace where no discrimination of any kind is acceptable. During 2022, the Group registered sick leave of 6 percent. No significant workplace accidents or incidents occurred in 2022 in either of the operating segments.

At the end of the year, the parent company had no employees. The Board of Directors expresses its appreciation for the work done by all employees during 2022.

External environment

The Group's goal is to contribute to an environmentally sustainable society. Please refer to the sustainability section included in this report for more information about the Group's activities related to and approach toward sustainability and social responsibility.

Human rights and working conditions

The Norwegian Transparency Act went into effect on July 1, 2022. SATS, in compliance with this act, has conducted a human rights due diligence assessment relating to the work carried out by the Group (including its suppliers). Through this due diligence process, the company has focused on identifying and assessing its operations in terms of human rights and decent working conditions throughout its value chain. The results from this analysis are available on the company's investor website. SATS works continuously on its assessments pursuant to the Norwegian Transparency Act, and it will track responses and communicate how impacts are addressed at least annually following any significant change to the company's risk assessment.

SATS is committed to safeguarding human rights, and it supports and respects the internationally recognized UN Universal Declaration of Human Rights and the International Labor Standards (ILO Declaration on Fundamental Principles and Rights at Work). This includes, among other things, human trafficking, forced labor, exploitative working conditions and practices, slavery, and child labor.

SHAREHOLDER INFORMATION

SATS ASA's share capital was NOK 431 million as at December 31, 2022, 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 December 31, 2022, was 6,085.

CORPORATE GOVERNANCE

Good corporate governance is a priority for the Board of Directors. SATS' objectives for its corporate governance principles are based on openness, independence, equal treatment, control and management, with the ultimate goal of maximizing shareholder value while creating added value for all stakeholders. The principles are designed in compliance with applicable laws, regulations and ethical standards.

SATS is incorporated and registered in Norway and subject to Norwegian law as well as the laws and regulations in the other Nordic countries in which it operates. SATS' shares are listed on the Oslo Stock Exchange (Nw. Oslo Børs). As a Norwegian public limited liability company listed on the Oslo Stock Exchange, SATS must comply with inter alia the Norwegian Public Limited Liability Companies Act, the Norwegian Securities Trading Act (including without limitation the Market Abuse Regulation, as implemented under Norwegian law), and the regulations of Oslo Børs for issuers of shares listed on the Oslo Stock Exchange. The company endorses the Norwegian Code of Practice for Corporate Governance (Nw. Norsk anbefaling for eierstyring og selskapsledelse) issued by the Norwegian Corporate Governance Board, which was most recently revised on October 14, 2021.

SATS is subject to the corporate governance reporting requirements of Section 3-3b of the Norwegian Accounting Act and the Code, cf. Section 4-4 of the continuing obligations for stock exchange listed companies on the Oslo Stock Exchange (Oslo Rule Book II).The annual report on SATS' compliance with the Code has been approved by the Board of Directors, and it is included in a separate section of the annual report. It is also available on SATS' investor website.

SATS ASA has purchased and maintains a Directors and Officers Liability Insurance on behalf of the members of the Board and the Executive Management. The insurance covers pure financial loss claims against the Board of Directors and Executive Management as a consequence of compensatory acts and/or omissions in their respective duties, with an adequate insurance limit.

BUSINESS AND INDUSTRY OUTLOOK

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

Fitness clubs, in particular full-service operators, are at the center of the health and wellness economy and positioned to expand into adjacencies. The addressable market in the Nordics is the most advanced in Europe in terms of penetration. Given the fragmented markets in terms of market value, clubs and members, the consolidation potential is still considerable. The Nordic markets have sustained their "penetration premium" relative to Europe and are expected to continue to do so. Nordic fitness club memberships are Europe's most affordable relative to both overall leisure spending and other comparable products/services.

In the near-term, SATS is being 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 still no signs of members trading down due to lower purchasing power. With a combination of the underlying wave in the society of focus on health and SATS' strong market position, the member base per club is also expected to develop well over time.

SATS will focus on offering a comprehensive and high-quality equipment park, the position as the leading personal training destination in the Nordics, 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 to participate in the fitness industry's digitalization as there are exciting opportunities 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.

DISCLAIMER

This report includes forward-looking statements that are 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.

BOARD OF DIRECTORS

Hugo Lund Maurstad
Chair of the Board

- Managing Partner and majority shareholder of Monte Rosa Capital
- Has previously been partner in Altor and Director in McKinsey & Company
- Has many years of experience as the chair and board member of multiple private and public companies
- Has a Master's in Economics from the Norwegian Business School (BI)

Søren Rene Kristiansen
Board Member

- CEO of the Danish real estate investment group Dades A/S
- Prior to Dades, Kristiansen served as CEO and CFO in TryghedsGruppen
- Has broad experience in directorial work
- Has an MSc in Business Administration from the Copenhagen Business School (CBS)

Rebekka Glasser Herlofsen
Board Member

- Independent board member and investor and serves as the chair of Norwegian Hull Club and Handelsbanken Norge in addition to several other boards
- Has management experience from Wallenius Wilhelmsen, Torvald Klaveness, Enskilda Securtities and Bergesen
- Has a business degree and AFA from NHH, and attended the Breakthrough Program for Top Executives at IMD Business School

Siren Sundby
Board Member

- Vice President of Capgemini Invent Norway
- Board member and vice president of Redningsselskapet
- Has previous directorial experience, including from her work on the Lillehammer 2016 Youth Olympic Games' Board of Directors
- Has an MSc in Economics from the Norwegian Business School and a BSc in Engineering from the Technical University of Denmark

Martin Folke Tivéus
Board Member

- CEO of Attendo and has held managerial positions at Klarna, Evidensia Djursjukvård and Avanza Bank
- Board member of Telia Company and has previous board experience from Danske Bank and Teracom Group
- Has a BSc in Marketing, Economics, Business and Politics from Stockholm University

EXTENDED MANAGEMENT

GROUP MANAGEMENT

Sondre Gravir
Chief Executive Officer

- CEO of SATS since 2018
- Previously held several senior management positions, e.g., CEO Aftenposten, CEO FINN and CEO Schibsted Marketplaces (Now Adevinta)
- Member of Board of Directors of Norwegian and FINN.no
- Has a business degree from the Norwegian School of Economics (NHH)

Cecilie Elde
Chief Financial Officer

- Long-standing relationship with SATS through various roles, CFO since 2016
- Prior to becoming CFO in SATS, she held managerial positions in NetCom and Tele2
- Board Member of RevolutionRace AB
- Has a business degree from the Norwegian Business School (BI)

Kim Trier Meyer
Country Manager Denmark

- Country Manager for Denmark since 2022
- Has held various managerial positions in the retail industry in addition to his experience from the fitness industry as Market Director at Fitness World
- Has studied The Higher Commercial Examination Programme at Vejle Handelsskole

Wenche Evertsen
Country Manager Norway

- Country Manager for Norway since 2020
- Long-standing relationship with SATS through various roles
- Has a Bachelor of Business Administration from the University of Texas at Austin and an Executive Master of Management from the Norwegian Business School (BI)

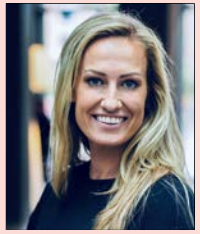
Jussi Raita
Country Manager Finland

- Country Manager for Finland since 2017
- Served as regional manager at Instru Optiikka Oy and Elixia prior to joining SATS
- Has a Master's in Economics from the University of Jyväskylä

OTHER EXECUTIVES

Torodd Gøystdal
Chief People & Operations Officer and acting Country Manager Sweden

Gaute Sandal
Chief Digital Officer



Marianne Orderud
Chief Marketing Officer

Silje Garberg Ree
Chief Product Officer

RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the consolidated financial statements for the year ended 31 December 2021, have been prepared in accordance with IFRS as adopted by the EU, that the financial statements for the parent company for the year ended 31 December 2021, have been prepared in accordance with the Norwegian Accounting Act and simplified IFRS in Norway, that they give a true and fair view of the company's and Group's assets, liabilities, financial position and results of operations, and that the Board of Directors' Report gives a true and fair view of the development, performance and financial position of the company and the Group and includes a description of the principal risks and uncertainties that they face.

Oslo, April 28, 2023

Signed electronally

Hugo Lund Maurstad *Chair of the Board*	**Rebekka Herlofsen** *Board Member*	**Martin Folke Tiveus** *Board Member*	**Siren Sundby** *Board Member*	**Søren Rene Kristiansen** *Board Member*	**Sondre Gravir** *CEO*

CORPORATE GOVERNANCE

SATS considers good corporate governance to be a prerequisite for value creation and trustworthiness, as well as for access to capital. In order to secure strong and sustainable corporate governance, it is important that SATS ensure good and healthy business practices, reliable financial reporting, and an environment of compliance with legislation and regulations across the Group structure.

SATS has governance documents setting out principles for how its business should be conducted to ensure that its shareholders' interests are protected, and the Group complies with high ethical and social standards. SATS' governance regime has been approved by the Board of Directors and applies to both SATS and its subsidiaries.

IMPLEMENTING AND REPORTING ON CORPORATE GOVERNANCE

Applicable rules and regulations for corporate governance

SATS is incorporated and registered in Norway and is subject to Norwegian law. The shares of SATS are listed on the Oslo Stock Exchange (Oslo Børs). As a Norwegian public limited liability company listed on the Oslo Stock Exchange, SATS must comply with the Norwegian Public Limited Liability Companies Act, the Norwegian Securities Trading Act (including, but not limited to, the Market Abuse Regulation as implemented under Norwegian law), the Continuing Obligations for Issuers of Shares on the Oslo Stock Exchange, as set out in Oslo Rule Book II, and all other applicable laws and regulations.

As a company listed on the Oslo Stock Exchange, SATS is subject to corporate governance reporting requirements pursuant to Section 3-3b of the Norwegian Accounting Act, as well as Section 4.4 of Oslo Rule Book II (the continuing obligations for stock exchange listed companies). SATS follows the Norwegian Code of Practice for Corporate Governance (Norsk anbefaling for eierstyring og selskapsledelse (NUES)) issued by the Norwegian Corporate Governance Board as of October 14, 2021 (the Code).

SATS' Board of Directors actively adheres to good corporate governance standards, and it is striving to ensure that SATS at all times is compliant with the requirements of Section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance. To the extent SATS does not fully comply with the Code, it will provide an explanation for the deviation and the relevant basis for the chosen solution in its annual report on corporate governance. The annual report on corporate governance for 2022, as set out herein, has been approved by the Board of Directors.

Main objectives for corporate governance

Corporate governance at SATS involves the set of relationships between the management, the Board of Directors, shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and it determines the means of achieving those objectives and monitoring performance.

SATS' governance structure comprises the following governing bodies:

- **General Meeting,** elects Board members based on input from the Nomination Committee and makes other corporate resolutions that pursuant to law lie with the General Meeting.
- **The Board of Directors,** sets the strategic direction for SATS and the overall organization, in addition to employing the Chief Executive Officer (CEO) and monitoring performance, risks and control functions within the Group.
- **The CEO,** operationalizes and implements the Board of Directors' strategies and directions, is responsible for the day-to-day management of the company, and reports back to the Board of Directors.
- **Group functions,** support the CEO in maintaining Group-wide policies and oversight and follow-up on Group-wide initiatives.
- **Business units,** delegated responsibilities for achieving business objectives.

SATS' corporate governance policy is based on the Code and, as such, it is designed to establish a solid basis for good corporate governance and support the achievement of SATS' core objectives on behalf of its shareholders, including to achieve profitability.

The manner in which SATS is governed is vital to the development of its value to the shareholders and the investor market over time. SATS believes that good corporate governance involves openness and trustful cooperation between all parties involved in the Group: shareholders, the Board of Directors, management, employees, members, suppliers, public authorities, and society at large. By pursuing the principles of good corporate governance, which have been approved by the Board of Directors, the Board of Directors and management strive to contribute achieving the following objectives:

- **Openness.** Communication with SATS' interest groups shall be based on openness on issues relevant for the evaluation of the development and position of the company.
- **Independence.** The relationship between the Board of

Directors, management and shareholders shall be based on independence. Independence shall ensure that decisions are made on an unbiased and neutral basis.

- **Equal treatment.** One of SATS' primary objectives is equal treatment and equal rights for all of its shareholders.
- **Control and management.** Good control and corporate governance mechanisms shall contribute to predictability and reduce the level of risk for shareholders and other interest groups.

For more information about SATS' work with corporate governance and its compliance with the Code, please read the following sections.

Deviations from Section 1 of the Code: None.

BUSINESS

In accordance with SATS' objectives in its articles of association, it is a leading provider of products and services related to health and fitness in the Nordics. The Group, through its brands and concepts SATS, ELIXIA, Fresh Fitness and SATS Yoga, operates 275 fitness clubs that serve more than 700,000 members. The Group employed around 9,000 employees as at December 31, 2022, as further set out in the notes to the consolidated financial statements.

SATS' vision is to *make people healthier and happier*. To achieve this vision, SATS is working with four pillars: (1) people, (2) products, (3) presence and (4) promise. The promise pillar represents SATS' commitment to take responsibility beyond paying members, such as its focus on public health.

SATS' vision is directly linked to its sustainability strategy, and it is thus integrated in the way of doing business at SATS. SATS' sustainability and social responsibility is part of its strategy. SATS focuses on creating shareholder value within a sustainable framework, considering economic, social and environmental factors that involve SATS' business and the way it operates. The initiatives, projects and impacts are presented in SATS Sustainability Report. The sustainability report has been prepared in accordance with the Core option of the Global Reporting Initiative (GRI) Standards. SATS' main focus areas for sustainability and social responsibility work are public health, inclusion, jobs and empowerment, reliable and safe societies, and environmentally sustainable operations—as further set out below. SATS has in this respect included Scope 3 in the climate accounts, arriving at a complete footprint for the year. SATS also sets targets for its continued efforts for sustainability.

SATS' three main priorities from a sustainability perspective, are:

- **Public health:** Positive health effects of physical activity are significant and well-documented. Inspiring people to exercise, thereby promoting public health, is the heart of SATS' business.
- **Inclusion, jobs and empowerment:** Promoting equality and inclusion, SATS provides opportunities for jobs, education and personal growth. This empowers its people, and SATS is proud to contribute to a society where ambition and attitude lets you shape your future, regardless of your background.
- **Energy management:** SATS reports a full climate account, including the Scopes 1,2 and 3 in their entirety, and is working to reduce emissions. SATS will commit to the Science Based Targets Initiative (SBTi) in 2023. As a leading health and fitness chain in the Nordics, SATS believes it can influence the fitness industry to operate in a more environmentally efficient manner.

Furthermore, the Norwegian Transparency Act of June 18, 2021, No. 99 (Nw. Åpenhetsloven) went into effect on July 1, 2022, relating to enterprises' transparency and work on fundamental human rights and decent working conditions. SATS' report on the due diligence conducted in accordance with the Norwegian Transparency Act is published on the investor website.

Deviations from Section 2 of the Code: None.

EQUITY AND DIVIDENDS

Shareholders' equity and capital structure

As of December 31, 2022, SATS had a share capital of NOK 431,473,051.75, divided into 203,146,142 shares, each with a nominal value of NOK 2.125. The shares of SATS are registered in Euronext Securities Oslo, the Norwegian Securities Trading Depository.

The Board of Directors ensures that the company has equity capital at an appropriate level considering SATS' objectives, strategy and risk profile, and is continuously monitoring SATS' capital situation.

Authorizations to the Board of Directors

Authorizations empowering the Board of Directors to increase the company's share capital or acquire treasury shares are limited to defined purposes, as resolved by the General Meeting. Any such authorizations are granted for a period no longer than until the next Annual General Meeting.

The Annual General Meeting held on April 4, 2022, gave the Board of Directors the following authorizations:

- Authorization to increase the share capital by up to NOK 6,472,095.50 in connection with potential investment program, in the event SATS establishes one. Deviation from shareholders' pre-emption rights is allowed. The authorization is valid until the earlier of June 30, 2023, and the 2023 Annual General Meeting.
- Authorization to increase the share capital by up to NOK 43,147,304.75 for purposes of securing an optimal capital structure and capitalizing on potential growth opportunities. Deviation from shareholders' pre-emption rights is allowed. The authorization is valid until the earlier of June 30, 2023 and the 2023 Annual General Meeting.
- Authorization to acquire treasury shares with a total nominal value of up to NOK 43,147,304.75 to be used in connection with any obligations by SATS under the existing or any new investment programs. The authorization is valid until the earlier of June 30, 2023 and the 2023 Annual General Meeting.

Dividend policy

SATS' leverage and dividend policy aims to ensure prudent leverage going forward, with excess cash returned to shareholders. In the short term, the key priority is to reduce the net debt, while in the long term, excess cash is expected to be returned to shareholders.

Deviations from Section 3 of the Code: None.

EQUAL TREATMENT OF SHAREHOLDERS

SATS has one class of shares, where each share carries one vote. The shares in SATS carry equal rights, including rights to dividend. The nominal value of the SATS share is NOK 2.125.

As part of their equal rights in SATS, shareholders have pre-emption rights to participate in and subscribe for new shares in a share capital increase. Any deviation from this pre-emption right shall be justified by the common interest of the company and its shareholders, as well as applicable equal treatment regulations.

If the Board of Directors resolves to issue new shares and deviate from existing shareholders' pre-emptive rights pursuant to an authorization granted to the Board of Directors, the stock exchange announcement shall also include a justification for such deviation. Similarly, if any resolution by the Board of Directors to issue new shares is subject to approval by the General Meeting of the company, a justification will also be provided in the notice of the General Meeting.

The Board of Directors has been granted authorization from the General Meeting to acquire treasury shares, inter alia in connection with its share investment program. SATS' transactions in treasury shares (own shares) shall be carried out through the Oslo Stock Exchange's trading platform at the prevailing trading price or by making a public offer to all shareholders. If the liquidity of the SATS share is weak, the Board of Directors will take particular care when carrying out a transaction in treasury shares through the stock exchange in order to ensure equal treatment of its shareholders.

Deviations from Section 4 of the Code: None.

SHARES AND NEGOTIABILITY

SATS' shares are listed on the Oslo Stock Exchange. The articles of association do not include any form of restrictions on the ownership, negotiability or voting rights relating to SATS' shares.

Deviations from Section 5 of the Code: None.

GENERAL MEETINGS

The General Meeting of shareholders is SATS' supreme corporate body, serving as a forum for interaction between the shareholders, the Board of Directors and management. The company holds its Annual General Meeting in accordance with the law and its articles of association. Extraordinary General Meetings are held as required.

The next Annual General Meeting of SATS is scheduled for May 31, 2023. Practical details for the meeting will follow from the notice to the Annual General Meeting and on SATS' investor website.

The Annual General Meeting must be held by the end of June each year. The articles of association stipulate that the General Meeting shall approve the annual accounts and the annual report, including distribution of dividends, and any other matter which is referred to the General Meeting by law or the articles of association. The notice of the Annual General Meeting shall be sent to SATS' shareholders with known addresses at least 21 days prior to the meeting. Documents relating to matters to be dealt with by the General Meeting, including documents which by law shall be included or attached to the notice, will not be sent to the shareholders if such documents have been made available on the company's website, provided that a shareholder nevertheless may request that documents relating to matters to be dealt with at the Annual General Meeting be sent to them.

The articles of association further state that the Board of Directors may decide that shareholders who want to participate in the General Meeting must notify the company thereof within a specific deadline that cannot expire earlier than three days prior to the General Meeting.

Shareholders will be able to vote on each individual matter at the General Meeting. Shareholders who are unable to attend the General Meeting may vote in advance or by proxy. SATS' shareholders may vote in writing, including through electronic communication, during a specific period before the General Meeting. More information about voting instructions, as well as use of proxies, will be included in the notice of the General Meeting.

Pursuant to Norwegian law, only shares that are registered in the name of the shareholder may be voted. Shares that are registered in a nominee account must be reregistered in the VPS prior to the General Meeting in order for the shareholder to be able to vote with the shares.

The chair of the Board of Directors, or another person nominated by the Board of Directors, attends and opens the General Meeting. The company facilitates that the General Meeting can be chaired by an independent person.

Deviations from Section 6 of the Code: None.

NOMINATION COMMITTEE

The articles of association of SATS stipulate that the company shall have a Nomination Committee, consisting of between two and three members. Furthermore, the composition of the Nomination Committee shall be resolved by the General Meeting, where the majority of the Committee members shall be independent from the Board of Directors and management. The members shall be elected for periods of two years, unless otherwise is resolved by the General Meeting.

The Nomination Committee comprises the following persons for 2022, as resolved by the 2021 General Meeting: Erik Thorsen (chair) and Øistein Widding (member). The members are independent from the Board of Directors and management, and they have been appointed until the 2023 Annual General Meeting.

The work of the Nomination Committee is to submit recommendations to the General Meeting for the election of members to the Board of Directors, as well as the members to the Nomination Committee, and to recommend the remuneration for the Board members and Nomination Committee members. The General Meeting has adopted instructions for the Nomination Committee.

Deviations from Section 7 of the Code: None.

BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

Pursuant to the articles of association of SATS, the Board of Directors shall comprise between three and nine members, elected by the General Meeting. Board members are appointed for a period of two years, unless otherwise decided by the General Meeting in connection with the election.

The current Board of Directors comprises the following five Board members: Hugo Lund Maurstad (chair), Siren Sundby (member), Søren Rene Kristiansen (member), Rebekka Glasser Herlofsen (member) and Martin Folke Tivéus (member). A description of the competence and background of the Board members can be found at our website.

The Code stipulates that the composition of the Board of Directors should ensure that it can operate independently of any special interest, and therefore that the majority of the Board members should be independent of the company's management and material business contacts. At least two Board members shall be independent from the company's main shareholders (shareholders holding more than 10 percent of the shares in the company).

The Board composition meets the requirements of the Code. All of SATS' Board members are independent from its management and material business contacts. Three of the in total five Board members, Siren Sundby, Rebekka Glasser Herlofsen and Martin Folke Tivéus, are independent from SATS' main shareholders, TG Nordic Invest and AF III Holdco AS.

Deviations from Section 8 of the Code: None.

WORK OF THE BOARD OF DIRECTORS

The Board of Directors

SATS' Board of Directors is composed with the intention of exercising significant involvement and extensive oversight of the Group's operations. The Board of Directors is responsible for the governance and administration of the company and must ensure an appropriate organization of the company's business. While the Board of Directors has the formal and overall responsibility for the administration of the company, the day-to-day administration and activities are delegated to the CEO. It is nevertheless the Board of Directors' responsibility to ensure that the company's activities are properly organized, to keep itself informed about the company's financial position and ensure that the company's activities, accounts, and asset management are subject to adequate control.

The Board of Directors conducts its work in accordance with the "Instructions for the Board of Directors", which includes a policy on how the company handles related party transactions, and the Board of Directors' annual agenda. The annual agenda covers an annual meeting and activity plan, covering strategic planning, business issues and oversight activities for the upcoming financial year. The key activities of the Board of Directors include

- Setting and overseeing the achievement of SATS' overall long-term strategies and goals;
- Setting the overall organization and principles for company operations and monitoring compliance with these;
- Approving budgets, business plans and investment limits;
- Handling capital and financing issues;
- Issuing the instructions for the CEO, as well as monitoring the CEO's work and the company's performance;
- Evaluating the company's internal control functions, risk management, sustainability reporting and compliance with SATS' Code of Conduct; and
- Evaluating any transactions between SATS and its shareholders, a shareholder's parent company, members of the Board of Directors, management or any closely associated person to any such party that are deemed to be material pursuant to the Norwegian Public Limited Liability Companies Act. Any such material transactions are subject to approval by the General Meeting, and the Board of Directors is in such case required to arrange for an independent auditor valuation of the transaction.

Additional matters that require attention from the Board of Directors will be included in the Board of Directors' agenda as needed. The agenda for Board meetings, meeting materials and minutes from the Board of Directors' meetings are distributed and archived by the CFO.

Neither members of the Board of Directors nor members of management can consider items in which they have a special and prominent interest. The interest of such persons is always considered in accordance with the principles included in the "Instructions for the Board of Directors," and any interest is notified by the relevant person to ensure that all matters can be considered in an unbiased and satisfactory way.

Board committees

The Board of Directors has established two permanent sub-committees, the Remuneration Committee and the Audit Committee, which are described in further detail below. The committees function as advisory board committees, meaning that all decisions lie with the Board of Directors in accordance with the Norwegian Public Limited Liability Companies Act. The Remuneration Committee and the Audit Committee supervise the work of the company's management on behalf of the Board of Directors and prepare matters for the Board of Directors to consider and resolve upon within their respective designated areas. The committees have the opportunity to work together with company resources as part of their preparatory work and to seek advice and recommendations externally.

Remuneration Committee

The Remuneration Committee shall consist of between two and three members of the Board of Directors who are appointed for two-year terms. The current members of the Remuneration Committee are Hugo Lund Maurstad (chair) and Siren Sundby (member), and they will serve until September 2023 unless their service is extended by the Board of Directors.

The primary task of the Remuneration Committee is to assist the Board of Directors in matters relating to the remuneration of the executive management of the Group, review succession policies, career planning and management development plans, and prepare matters relating to other material employment issues in respect of executive management.

The Remuneration Committee reports and makes recommendations to the Board of Directors, but the Board of Directors retains responsibility for implementing such recommendations through Board resolutions.

Audit Committee

The Audit Committee shall consist of between two and three members of the Board of Directors who jointly have the required qualifications and competence in accounting and auditing set out in the Norwegian Public Limited Liability Companies Act. The members of the Audit Committee are appointed for two-year terms. The current members of the Audit Committee are Rebekka Glasser Herlofsen (chair), Søren Kristiansen (member) and Siren Sundby (member), and they jointly have the required competence and expertise. The committee members serve until September 2023 unless their service is extended by the Board of Directors.

As a sub-committee to the Board of Directors, the Audit Committee supports the Board of Directors in fulfilling its responsibilities with respect to financial reporting, internal controls, internal and external audit, risk management and risk framework.

The primary tasks of the Audit Committee are to

- assist the Board of Directors in discharging its duties relating to the safeguarding of assets, the operation of adequate system and internal controls, the control processes and the preparation of accurate financial reporting and statements in compliance with applicable legal requirements, corporate governance, and accounting standards;
- monitor and assess the quality of the statutory audit of Group companies and the Group's financial statements;
- help ensure the independence of the external auditor and ensure compliance with applicable rules and guidelines

regarding the provision of additional services by the auditor to the Group or Group companies;
- provide support to the Board of Directors on the risk profile and risk management of the Group; and
- initiate investigations, if necessary, and propose measures relating to the tasks mentioned above.

The Audit Committee reports and makes recommendations to the Board of Directors, but the Board of Directors retains responsibility for implementing such recommendations through Board resolutions.

The CEO

The Board of Directors has prepared instructions for the CEO. The CEO is responsible for the business development and leads and coordinates the day-to-day operations in accordance with such instructions, as well as any other decisions made by the Board of Directors.

Having the overall responsibility, the CEO has the final say in all decisions according to legal requirements after consulting and receiving feedback from relevant members of the management team.

The CEO issues a delegation of obligations and authority, which defines the responsibilities of the country managers and Group functions, and within which limits they may make decisions. Within this framework, duties and decision authorities are further delegated person-to-person via solid reporting lines based on the roles in the operational organization.

Deviations from Section 9 of the Code: None.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk management

SATS operates within four jurisdictions in the Nordics; Norway, Sweden, Denmark and Finland. The health and fitness industry in these geographical markets is highly competitive, where providers of health and fitness products and services compete against price-conscious consumers. In striving to reach its long-term strategic goals, SATS is inherently involved in risk-taking. Risk management is therefore an essential element of SATS' work, culture, corporate governance, strategy and operational and financial management. Reference is made to SATS' risk profile and risk factors in the Board of Directors' Report.

Internal control

COMPLIANCE FUNCTION

SATS' risk management is centralized as part of its Group-wide functions. Through this work, SATS ensures that all significant risks relating to strategic, operational, regulatory and financial aspects of its operations are identified, analyzed and followed up through the day-to-day work carried out by its business units and functions.

The Board of Directors is involved in the risk management of the Group's operations, and it bears the overall responsibility for the company having sound internal control and systems for risk management. In this respect, the Board of Directors carries out an annual review of the most important areas of the Group's overall risk exposure together with SATS' management team. The compliance function of the Group is responsible for SATS' risk management model. This include:

- presenting the Group's consolidated risk report to management, the Audit Committee and the Board of Directors; and
- maintaining guidelines and templates for risk management and reporting.

SATS' compliance function is responsible for supporting and monitoring compliance with legal requirements and internal governance documents. The function is independent of the operational activities and reports to the CEO as well as administratively to the CFO. The function monitors the development of the company's risk exposure and internal control regime on an ongoing basis and has the right and obligation to report directly to the Board of Directors if material risks and compliance incidents have not been communicated timely to the Board of Directors through ordinary reporting lines.

INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

The SATS system for ICFR is based on the COSO framework and three lines of defense model. The approach is top-down and risk based, beginning with the assessment of risks of significant errors in the Group's consolidated financial statements. The controls are designed from the top (Entity Level Controls) down to the process level (Process Level Controls), and it is the sum of all these controls that make up the total ICFR design for SATS.

The ICFR Framework at SATS is an integral part of SATS' governance system, and the company has designed an annual process to ensure compliance with policies and procedures, the effectiveness of process level controls, and maintenance of system effectiveness. An ICFR plan for ensuring ongoing effective and efficient ICFR must be prepared every year and presented to the Board of Directors for approval prior to the start of the fiscal year. The ICFR plan must be prepared by the ICFR Officer, taking into account the control owners' learning and the results from this year's ICFR process and any changes expected to impact ICFR.

Deviations from Section 10 of the Code: None.

REMUNERATION FOR THE BOARD OF DIRECTORS

The remuneration for the Board of Directors shall reflect its responsibility, expertise and time commitment and the complexity of SATS' business. No Board Member has taken on any specific assignments for SATS in addition to their appointment as member of the Board of Directors. The remuneration is resolved by the General Meeting pursuant to the recommendation from the Nomination Committee.

Remuneration to the Board of Directors is reported in the notes to the consolidated financial statements. The remuneration for the Board of Directors is not linked to SATS' performance. No Board Member has been granted any options.

The members of the Board of Directors, except for Chair Hugo Maurstad, were offered in 2021 the possibility to purchase shares in SATS at a 20 percent discount on the same terms and conditions as SATS' employee share investment program (ESIP). Rebekka Glasser Herlofsen and Siren Sundby purchased 16,077 and 6,698 shares, respectively, subject to a three-year lock-up. No shares were offered under the employee share investment program to the Board of Directors in 2022.

Deviations from Section 11 of the Code: None.

REMUNERATION FOR EXECUTIVE PERSONNEL

The Board of Directors has prepared and adopted clear and understandable guidelines for salary and other remuneration for executive personnel, in line with the requirements of Section 6-16a of the Norwegian Public Limited Liability Companies Act and Section 12 of the Code. The guidelines set out principles that ensure responsible and sustainable remuneration decisions in a manner which promotes SATS' business strategy, long-term interests and financial sustainability. The current guidelines were approved by the General Meeting in 2022.

The guidelines will be assessed by the Board of Directors on an annual basis, as a minimum, whereas any significant changes in SATS' remuneration policies for executive personnel require a revision of the current guidelines and will be subject to approval from the General Meeting. The guidelines, in any event, will be approved by the General Meeting every fourth year.

The Remuneration Committee presents its recommendation to the Board of Directors concerning remuneration of executive personnel on an annual basis, and, in this respect, assesses the remuneration of such persons annually. The remuneration for the company's management team is set out in Note 8 Personnel expenses of the consolidated annual financial statements. The performance-based elements of the remuneration for executive personnel are subject to an absolute limit, as further set out in SATS' guidelines for salary and other remuneration for executive personnel.

INFORMATION AND COMMUNICATIONS

SATS believes that it has transparent and honest communication with its shareholders, the capital market and other stakeholders. The Board of Directors seeks to ensure that the company's accounting and financial reporting inspires investor confidence.

Information is regularly published through the company's annual reports, quarterly reports, press releases, investor presentations and stock exchange announcements in accordance with what is deemed appropriate at any given time, as well as in accordance with the statutory requirements for such publications. The company's annual reports and quarterly reports contain extensive information about various aspects of the Group's business, activities and initiatives. Quarterly presentations are webcast to the investor market, who are invited to participate in Q&A sessions and schedule investor meetings. Additionally, SATS held its inaugural Capital Markets' Day in 2022, where investors, analysts and the press were invited. At the Capital Markets Day, the Management provided the market with an in-depth review of the Group's ongoing activities, strategy and operational development. The Capital Markets Day was also webcast, and it can be watched by anyone who is interested in learning more about SATS.

The shareholders of SATS, the capital market and the public in general are treated equally when it comes to access to the financial information. The investor relations department of SATS maintains regular contact with the shareholders, potential investors, analysts and other financial market stakeholders. The Board of Directors is informed about SATS' investor relations activities.

SATS publishes its financial calendar each year. The financial calendar is publicly available at the company's investor website.

Deviations from Section 13 of the Code: None.

TAKEOVERS

The Board of Directors will not seek to hinder or obstruct any takeover bids for SATS or its shares. In the event of such a bid, the Board of Directors will seek to comply with Section 14 of the Code and applicable laws and regulations for takeover processes.

There are no defense mechanisms against takeover bids in SATS' articles of association nor any underlying steering document. In corporate takeover or restructuring situations, the Board of Directors shall exercise due and proper care so that all shareholders' values and interests are preserved as best as possible. During the course of a takeover process, the Board of Directors and management shall ensure that all shareholders are treated equally and that the business activities of the Group are not unnecessarily disrupted. The Board of Directors is responsible for ensuring that the shareholders of SATS are given sufficient information and time to form a view on any takeover offers presented to them.

Other than as described above, the Board of Directors has not found it necessary to draw up any explicit basic principles for SATS' behavior in the event of a takeover bid. The Board of Directors concurs with Section 14 of the Code and the recommendations set out therein to takeover processes, and it will seek to follow the recommendations of the Code should a takeover process be relevant.

Deviations from Section 14 of the Code: None.

AUDITOR

The external auditor of SATS is Deloitte AS, who has been the company's auditor since 2015. The auditor is fully independent from the company.

The auditors are responsible for the audit of the company's consolidated annual report and accounting records and to remit whether these have been prepared in accordance with applicable laws and recommendations. Prior to the audit, the Audit Committee reviews Deloitte's plan for the audit, and after completion of the audit it reviews the plan and the work performed.

The auditor is present in meetings when the internal control over financial reporting (ICFR) is presented to the Audit Committee. The auditor is generally present at meetings held by the Audit Committee, and it is thus involved in the Audit Committee's work with the annual accounts and other related tasks.

The auditor is also involved in the review of the company's internal control procedures, and it reports regularly to the Audit Committee. Additionally, the auditor presents its audit and work related thereto to the Board of Directors.

Deloitte assists SATS with certain consultancy services, primarily tax advice. We have policies for use of non-auditing services from Deloitte, which also has internal processes and procedures to ensure its independence. The Audit Committee is responsible for approving non-auditing services from Deloitte in advance of our engagement of them.

The auditor's fees are specified in 9 Other operating expenses to the annual report.

Deviations from Section 15 of the Code: None.

SUSTAINABILITY REPORT 2022

SUSTAINABILITY HIGHLIGHTS

PUBLIC HEALTH

Positive health effects of physical activity are significant and well-documented. Inspiring people to exercise in a safe way, and thereby promoting public health, is the heart of SATS' business.

INCLUSION, JOBS AND EMPOWERMENT

Promoting equality and inclusion, SATS provides opportunities for jobs, education and personal growth. This empowers people, and we are proud to contribute to a society where ambition and attitude let people shape their future, regardless of their background.

ENERGY MANAGEMENT

As the leading health and fitness chain in the Nordics, we can influence our industry to climate progress. Our ambition is to commit to the Science Based Targets initiative (SBTi) during 2023.

S&P GLOBAL RANKING

S&P Global ESG score 2022: 27 (93rd percentile).

SUSTAINABILITY MANAGEMENT

ABOUT THE SUSTAINABILITY REPORT

(GRI indicators: 102-45, 102-46, 102-48, 102-54)

SATS' sustainability report presents the company's work during 2022 related to sustainability and social responsibility. The purpose of the report is to provide stakeholders with a comprehensive summary of the company's activities within, and approach to, environmental, social and governance sustainability. The report covers activities within the wholly owned subsidiaries in Norway, Sweden, Finland and Denmark in 2022, operating through the brands SATS, ELIXIA, Fresh Fitness, SATS Yoga, and SATS Online. SATS' sustainability report for 2022 has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. The GRI Index in the report provides an overview of disclosures according to GRI Standards, including references to where information related to each of the disclosures can be found. The climate accounts for 2021 have been restated in this report (a reduction of 81,134 tCO2e, due to an error in the 2021 reporting). Other than that, there are no significant restatements of information presented in this report. There have been no organizational changes during the reporting period.

SUSTAINABILITY GOVERNANCE

(GRI indicators: 102-12, 102-13, 102-16, 102-18, 103-2)

SATS' organizational structure and governance model for sustainability work is illustrated in the figure below.

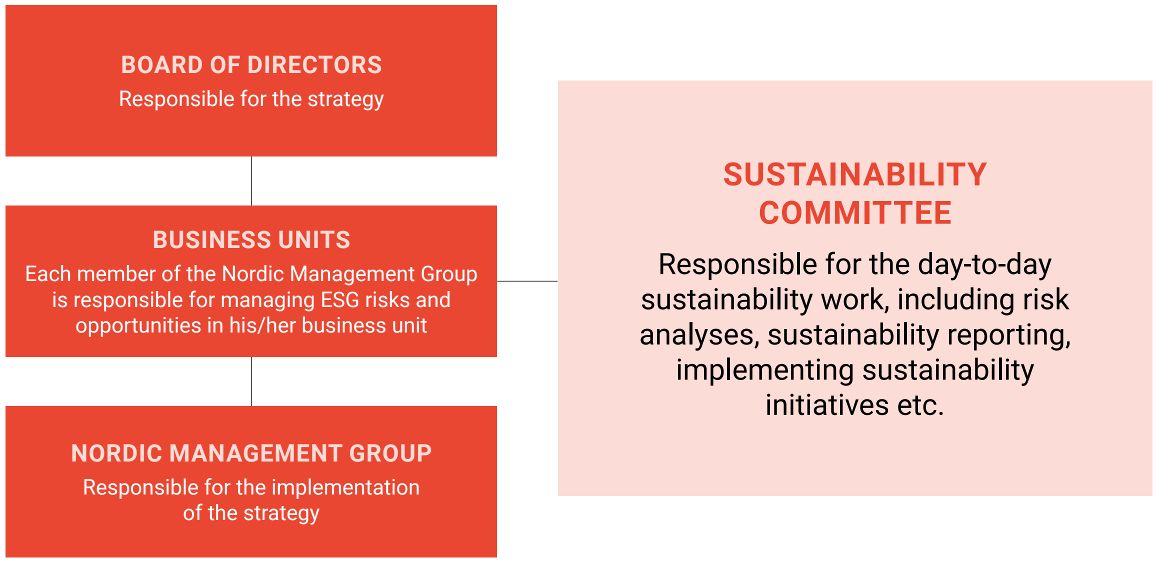
SATS Group has one set of ESG policies that is valid for the Group, and it includes the operations in all four countries. The purpose of these policies is to clarify for all stakeholders what SATS Group stands for. Having the same policies for the entire company also strengthens SATS Group's ambition to build one way of working in all countries of operation. SATS employees, on all levels, are generally very engaged in ESG topics. For this reason, it is extra valuable that the Group's common ESG policies provide a joint platform for ESG understanding and engagement across the company. SATS Code of Conduct is one of SATS' tools to implement our Group-wide policies. The Code of Conduct was rigorously implemented in 2019, with employee courses across the company, and has since then been a regular topic at various employee meetings and courses as well as included in the onboarding journey for new employees. The challenge for SATS in ensuring all employees know its Code of Conduct is that many employees are difficult to reach as they work only 2–3 hours a week and have their main employment elsewhere (e.g., group training instructors). Aware of this challenge, SATS ensures that Code of Conduct information and courses are as easily available as possible (e.g., online).

The SATS Supplier Code of Conduct has been signed by all suppliers with whom the SATS Group has a purchasing agreement, and it clarifies the E, S and G contractual obligations to which each supplier must adhere when working with SATS. The Group policies and codes of conduct listed below are available on our website.

- Code of Conduct
- Supplier Code of Conduct
- Sustainable Procurement Policy
- Climate and Environmental Policy
- Health and Safety Policy
- Privacy Policy

SATS is a member of trade organizations in all our operating countries: NHO in Norway, Frisk in Sweden, SKY in Finland, and Dansk Erhverv, Dansk Fitness and the Helse organization in Denmark, in addition to the international trade organization IHRSA (International Health, Raquet & Sportsclub Association). SATS is working actively with anti-doping together with Antidoping Norge in Norway, Dopinglinkki in Finland, Anti-Doping Danmark in Denmark and Anti-Doping (NADO) in Sweden. Furthermore, the company is collaborating with the independent Anti-Doping Foundation Pure for Sure for SATS Academy.

Structure and governance model



"SATS employees, on all levels, are generally very engaged in ESG topics. For this reason, it is extra valuable that the Group's common ESG policies provide a joint platform for ESG understanding and engagement across the company."

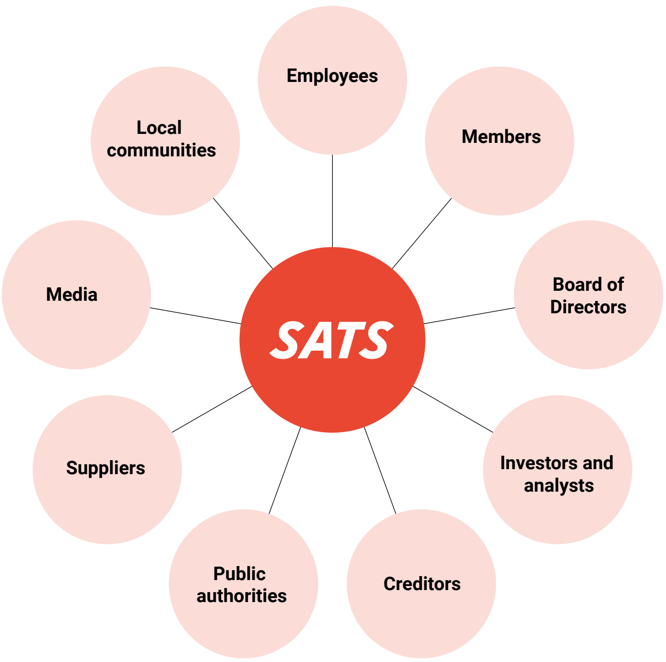
STAKEHOLDERS

(GRI indicators: 102-40, 102-42, 102-43, 102-44)

In 2019, SATS started a process to identify relevant stakeholder groups and survey important topics for further reporting. The purpose was to identify the areas that are most important and relevant to the company's sustainability work. SATS updated this analysis in 2021. The primary stakeholders are shown in the stakeholder map below. All the stakeholders are important and meaningful in relation to SATS' sustainability work, but special emphasis is placed on members, employees, and investors.

Our members' input and ideas are helpful and important in all SATS improvement work. Members provide feedback through NPS surveys (as described in the Member satisfaction section of the report), to our member service, and, most importantly, to our employees at our training clubs.

Structure and governance model



Our employees also experience our operations up close but from a different perspective than our members. They receive member feedback, and, since many of them spend a lot of time at our training clubs, they can observe improvement potential and provide feedback and ideas. Employee feedback is mostly channeled through managers but also through employee surveys and the whistleblowing system (as explained in the Employee dialogue and Whistleblowing sections).

Investors bring valuable insight from relevant peers, regulators and the financial market, complementing the input from members and employees.

Key topics and concerns raised through this stakeholder dialogue are described below.

- SATS used to provide blue plastic shoe covers for members to put on while walking through the club to the changing rooms. Concerns were raised as to why SATS was using so much plastic, especially since the plastic used in such blue shoe covers is not very environmentally friendly. SATS has now removed these blue shoe covers in all countries, and in some locations replaced them with environmentally friendly plastic bags. Members take off their shoes at the entrance and carry them to the changing rooms.
- We have received feedback that fridges used to chill drinks and food should be equipped with doors. SATS has listened to this feedback and most existing fridges have been switched out, and all new fridges are equipped with doors.
- Concerns have been raised that SATS should review and reduce its paper and plastic consumption. As a result, this work has been initiated and in many cases SATS has managed to find new non-paper or non-plastic solutions. This is further described in the Circular resource management section of this report.
- On a typical Monday evening, SATS clubs are full of healthy and happy members sweating away on cardio machines that are powered by electricity. What if all this member energy could be captured and used instead of just wasted? The idea has been brought up by many different stakeholders and on several occasions. SATS has reviewed the options for using the energy its members produce. The conclusion, however, is that the investment required cannot be motivated given the low amounts of energy produced. This can be exemplified by the following: An experienced cyclist with a high level of physical fitness can produce about 200 W in one hour of cycling. We can assume that an average member can produce about 100 W per hour on a cardio machine, meaning that a full cardio room on a Monday night, with say 20 people continuously on treadmills from 5–8 PM, would produce 3 x 20 x 0.1 kWh, i.e., 6 kWh. This is equivalent to the energy consumption of about 15 minutes in a warm shower or 4–10 washing machines (depending on water temperature). We concluded that this rather low energy potential was not worth the investment required or the energy cost of replacing cardio equipment with a type that allows energy capture. Therefore, it was decided not to proceed with the project.

Through cooperation with its stakeholder groups, the company is better equipped to find good, balanced solutions to work toward a sustainable development locally, nationally and globally.

"Investors bring valuable insight from relevant peers, regulators and the financial market, complementing the input from members and employees."

MANAGEMENT APPROACH

(GRI indicators: 102-47, 102-49, 103-1, 103-2, 103-3)

In 2020, SATS conducted the company's first materiality assessment and based the Group's 2020 initiatives and reporting on this assessment. In 2021, we concluded that an improved materiality assessment would help us strengthen our sustainability work. Our ambition was also to better clarify our contribution to the UN Sustainable Development Goals. We identified the following sustainability themes where we believe SATS can have the most significant impact.

Care for our planet: This sustainability theme centers mainly around climate impact but also addresses circular resource management and water management. We include Scopes 1, 2 and 3 in our GHG emission statement, and the Board has decided that SATS will commit to the SBTi in 2023.

Public health: This is the sustainability theme where SATS' impact is most significant. Our vision, to make people healthier and happier, is clear and telling. The heart of SATS' business is to provide opportunities for safe and healthy exercise and mindfulness and inspire people to seize these opportunities.

Inclusion, jobs and empowerment: SATS is committed to creating an including and safe workplace: an atmosphere where employees can grow and learn at work as well as in the classroom and through online courses. We take pride in the fact that employees can build a great career at SATS, regardless of educational background and network.

Reliable and safe societies: Operating in the Nordic countries, with its strong institutions, stable democracies, and limited corruption, SATS is humbly grateful for the significant values this environment provides. The company is committed to contributing to making the world more reliable and safer.

Within each sustainability theme, we have identified sustainability topics where we believe our impact is material. The illustration below shows an overview of our sustainability themes and topics. Our contribution within all of these sustainability themes and topics is described in detail in this report. We believe our commitment and contributions truly make a difference and can drive industry-wide improvement.

SATS sustainability work

ENVIRONMENT

- **CARE FOR OUR PLANET**
  - Energy management
  - Circular resource management
  - Water management

SOCIAL

- **PUBLIC HEALTH**
  - We are the Inspirators!
  - Community
  - Mindfulness
  - Sustainable nutrition
  - Member safety
- **INCLUSION, JOBS AND EMPOWERMENT**
  - Diversity, equality and inclusion
  - Skills and education
  - Human rights and respectful workplaces
  - Employee safety

GOVERNANCE

- **RELIABLE AND SAFE SOCIETIES**
  - Customer rights and data protection
  - Business ethics and integrity

SATS AND THE UN SUSTAINABLE DEVELOPMENT GOALS

(GRI indicator: 102-12)

Agenda 2030 was established by the United Nations in 2015 as a universal call to action to end poverty and set the world on a path of peace, prosperity, and opportunity for all on a healthy planet. The agenda consists of 17 Sustainable Development Goals (SDGs) and 169 underlying targets to be achieved by the end of this decade. It has been adopted by all UN member states. Meeting these targets requires a concerted effort from all businesses and markets, and SATS is committed to contributing to this effort. With its market leading position in the fitness and training industry in the Nordics, SATS is in a unique position and bears an important responsibility to contribute to achieving the SDGs.

We have identified the SDGs where our efforts have the greatest impact. These are based on an assessment of the underlying targets within each SDG and SATS' ability to contribute to these targets. Since 2019, SATS has tied its contribution to UN Sustainable Development Goal #3 *Good health and well-being* and #12 *Responsible consumption and production*. In 2021, we also tied our contribution to Goal #8 *Decent work and economic growth*, Goal #5 *Gender equality*, and Goal #13 *Climate action*.

The illustration shows all of these SDGs and which SATS sustainability topics contribute to each SDG. SATS' work within each sustainability topic is described in this report.

SATS and the UN Sustainable Development Goals (SDGs)

UN SDG		SATS' contribution: identified sustainability topics
3 GOOD HEALTH AND WELL-BEING	**Ensure healthy lives and promote well-being for all at all ages**	• We are the Inspirators! • Community • Mindfulness • Sustainable nutrition • Member safety
5 GENDER EQUALITY	**Achieve gender equality and empower all women and girls**	• Diversity, equality and inclusion • Skills and education • Human rights and respectful workplaces
8 DECENT WORK AND ECONOMIC GROWTH	**Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**	• Diversity, equality and inclusion • Human rights and respectful workplaces • Skills and education • Employee safety • Customer rights and data protection • Business ethics and integrity
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**Ensure sustainable consumption and production patterns**	• Circular resource management • Water management
13 CLIMATE ACTION	**Take urgent action to combat climate change and its impacts**	• Energy management

Source: sdgs.un.org/goals

SATS' SUSTAINABILITY TARGETS

SATS' ENERGY MANAGEMENT TARGET

The climate crisis remains one of the world's most urgent challenges, with increasing impact in terms of scope and depth. Scientific consensus shows us that, to avoid catastrophic effects, we must not go beyond an average global temperature increase of 1.5ºC from pre-industrial levels. This requires current carbon emissions to halve every decade. Without immediate and coordinated action, global communities, ecosystems and economies will suffer significant damage.

SATS is committed to being part of the concerted effort required to reach the Paris Agreement target. The Board has decided that SATS Group will commit to the Science Based Targets initiative (SBTi) in 2023.

SATS' PUBLIC HEALTH TARGET

SATS' strongest sustainability contribution is within public health, and the company is committed to contributing to healthier and happier communities. SATS' public health target is to reach 50 million member workouts in one year, which would imply a significant benefit for public health. In 2022, we reached almost 38 million workouts.

RESPONSIBLE PROCUREMENT

(GRI indicators: 102-9, 102-10, 308-1, 308-2, 414-1)

When procuring products and services, SATS has the opportunity to impact its suppliers, giving them incentives to improve on topics regarding E, S and G. This opportunity is most significant when dealing with companies within the health and fitness industry in the Nordics, where SATS is a leading player. We believe our actions can drive valuable improvement and are committed to using our purchasing power wisely and as effectively as possible.

SATS' purchasing policy ensures that SATS uses this opportunity to exercise responsible procurement. It addresses delegation of authority and responsibilities related to the purchasing of goods and services and applies to all employees who are involved in purchasing decisions.

To reduce ESG risk and to incentivize responsible E, S and G behaviour, our procurement strategy is to source from large, established, preferably Scandinavian, suppliers and distributors. The implication of this strategy might be a higher purchasing price on some products and services. It has not come to our attention that any of our suppliers have a significant, actual or potential, negative social or environmental impact.

We introduced our Supplier Code of Conduct in 2019, and since then it has been included in all supplier agreements. The Supplier Code of Conduct clarifies SATS' expectations to its suppliers on topics such as anti-corruption, human rights, environment, etc and is publicly available on our website.

The process of selecting suppliers and purchasing goods and services is a shared responsibility between the requisitioning business unit and the purchasing department. When a business unit makes a purchasing request, SATS' purchasing organization evaluates the scope of the request, if there is a need for contracting a supplier or not, whether initiating a major sourcing project is relevant, and if the need is country specific or similar for all countries.

SATS does not have its own warehouses or logistics department. Instead, we work with local distributors who manage supply and logistics directly to all our clubs across the Nordics. Club employees order products through a purchasing portal available only for the SATS organization. Products ordered through this portal include consumables needed (e.g., paper towels, cleaning detergents and cleaning equipment) and retail goods for sale in our shops (e.g., training supplements, clothes and equipment). All the products for sale in the purchasing portal are sold through contracted suppliers and/or distributors with whom SATS' purchasing department has a purchasing agreement.

Cleaning services is a higher ESG risk purchasing category, and to reduce risk SATS works with supplier agreements with a contractually agreed process for dialogue between the cleaning supplier and SATS managers. These meetings and dialogue create transparency, and any challenges or issues can be addressed and resolved.

Construction (building and renovating our clubs) is also a purchasing category with higher ESG risk. SATS' policy is to reduce ESG risk as much as possible, and we have chosen therefore to work with large established firms that can be expected to handle ESG in a responsible way. In addition, SATS construction project managers work closely with construction suppliers on all building projects.

CHANGES IN THE SUPPLY CHAIN

- A new supplier, based in Denmark, was contracted for SATS clothing. The SATS clothing products are now produced mostly in China and handled in accordance with SATS' ESG routines.
- An agreement with a large supplier of cardio equipment for our clubs was signed. This is an example of how we update our large procurement contracts every second to third year.
- Five new, large construction suppliers were added to our supplier list in Sweden; where we previously only had one large supplier. The ambition going forward is to establish a framework agreement with approximately three large construction suppliers per country, which will provide us with flexibility when managing our construction projects such as new club projects and renovations.
- The agreement with the supplier that manufactured our Rflex mirrors for Mentra by SATS was discontinued. The reason for this is that SATS has paused the sales of Rflex mirrors.

ENVIRONMENT

CARE FOR OUR PLANET

Care for our planet is the theme for SATS' environmental sustainability work. As a service provider, SATS' direct environmental impact is rather limited. However, the company is the leading Nordic fitness chain and has the power to set the standards in the marketplace. Furthermore, SATS' stakeholders expect environmental compliance, transparency, and improvements.

The company has a *Climate and environmental policy*, which is one of the SATS Group policies and published on the company's website. Within the environmental sustainability theme *Care for our planet*, SATS has identified three topics where the company has an impact:

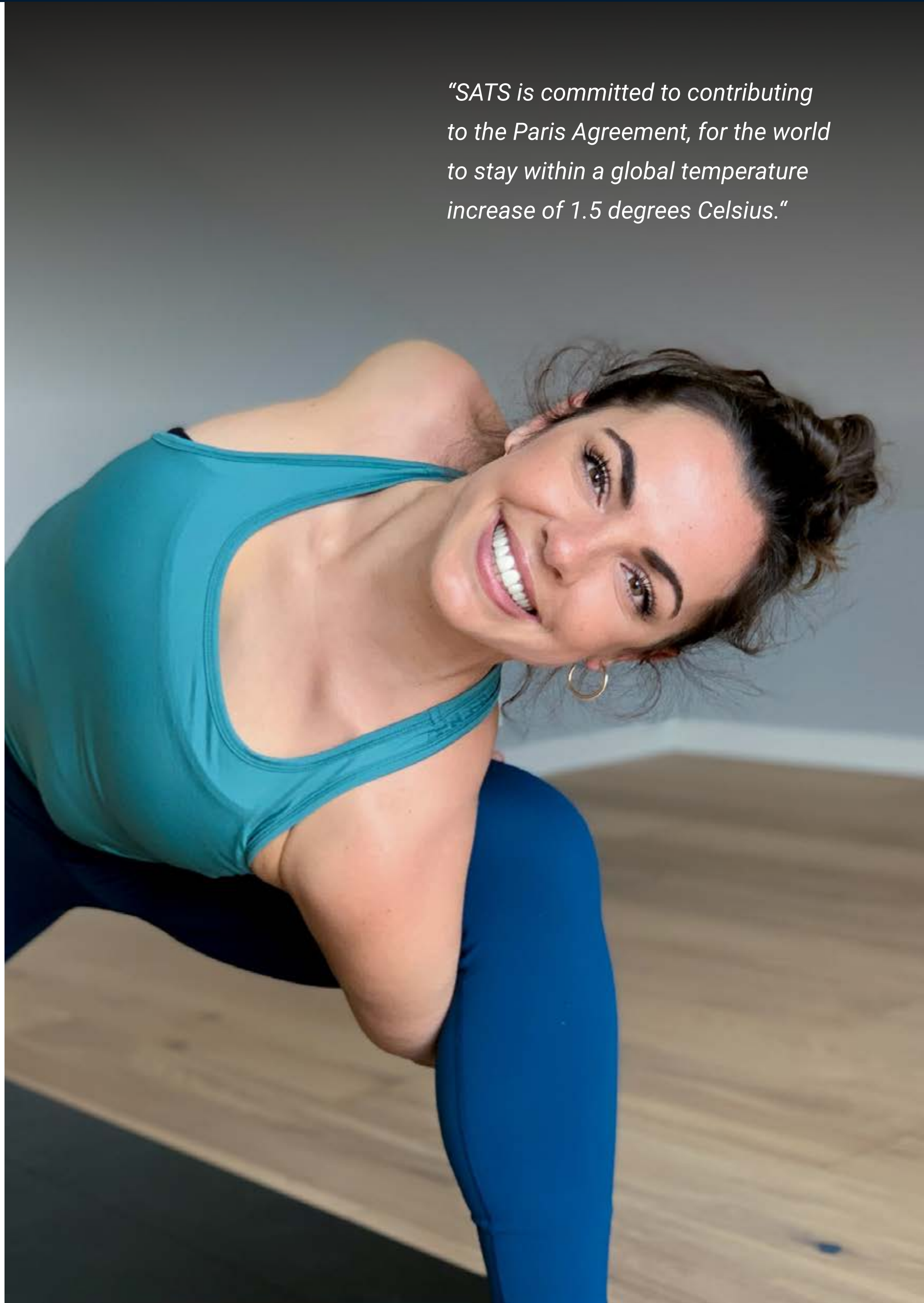
- Energy management
- Water management
- Circular resource management

ENERGY MANAGEMENT

SATS is committed to contributing to the Paris Agreement, for the world to stay within a global temperature increase of 1.5 degrees Celsius. We include Scopes 1, 2 and 3 in our GHG emission statement, and the Board has decided that SATS Group will commit to the Science Based Targets Initiative in 2023. So far, SATS' energy management work has focused on mitigation activities.

Electricity efficiency

The majority of SATS' energy consumption takes place at our clubs. Over the years, SATS has conducted several projects to identify and remedy sources of energy inefficiencies. Typically, more efficient energy solutions are installed during larger renovation projects or when new clubs are built. In addition, new energy solutions are rolled out faster when they provide



large improvement in energy efficiency. SATS' work to reduce electricity consumption, which focuses on the main sources of consumption, is described in the following sub-sections. The actions taken are in line with the recommendations from energy mappings. During 2022, SATS has further strengthened its focus on reducing electricity consumption.

VENTILATION
Ventilation is one of the main sources of energy consumption at SATS and has therefore been a focus for many years. New clubs are built with demand-controlled ventilation. In addition, SATS has installed a system called "Datavaktmesteren" in select high-consumption clubs in Norway. This system automatically controls the ventilation, optimizing air amounts based on the varying demands over the course of a day. Peak hours, when the club has the most visits, require more air than in the early afternoon or late evenings or even at night when the club is not even open. Similar ventilation systems are also installed in clubs in other countries, although in these cases they are often owned by the landlord.

In addition to these smart ventilation efficiency solutions, SATS also works with the rather basic activities to ensure that ventilation in clubs is only turned on during opening hours. Most ventilation systems have control boards with manual settings that are set by the landlord. Because club opening hours can vary depending on the day of the week and sometimes the season, routines including corresponding ventilation time adjustments are important.

SATS will continue to work to improve its ventilation efficiency, by both implementing already identified solutions in more clubs and testing new methods as new technologies become available. A dialogue with the landlords will also continue to be vital for ventilation efficiency since landlords often control the ventilation systems.

LIGHTS
Lighting represents a rather significant part of SATS' electricity consumption. SATS applies two methods to reduce this consumption: installing LED lights to reduce electricity consumption per light and reducing the unnecessary time lights are on at our clubs. The latter includes working with sensor systems and maintaining a dialogue with employees and members to ensure unneeded lights are turned off.
LED lights are installed in all new clubs and renovation projects where lighting is included. SATS evaluates installation of LED lights in other clubs using a cost-benefit analysis. To reduce the on-time of lights, and thereby reduce electricity consumption, SATS works with a number of activities depending on club size and visit pattern. One such measure that has been evaluated is cleaning during opening hours.

FRIDGES
Several chilled products, such as drinks and lunches, are displayed and sold in SATS' retail shops. Most fridges in SATS clubs have doors to avoid letting the cool air out. SATS has historically used open fridges for campaign display, but these have been removed for the most part.

To reduce energy consumption related to fridges, the company applies a range of activities. First, SATS controls fridges for cold drinks with timers so they turn off when the clubs are closed. This only applies to fridges that contain drinks that can be stored both chilled and at room temperature without being harmed. Second, SATS places drinks in the fridge in a way that enables energy-efficient cooling: empty space is left at the very back of the fridge and the bottom shelf is left empty. Third, a cover is drawn down when the club is closed to avoid unnecessary energy leakage.

HEATED GROUP TRAINING STUDIOS
Some group training classes are held in heated group training studios. The first heated group training studios in SATS were built more than ten years ago. Since then, technology has advanced and both heaters and room construction have improved with regards to energy efficiency. SATS has installed timers on heaters to ensure they turn on at the right time before a heated group training class and turn off immediately after the class. Instructors of these classes also try to minimize the amount of time the door to the heated studio is open, letting members in quickly and then closing the door to avoid that the heat escapes. SATS has hot studios at only a minority of its clubs, but group training in a hot studio is popular, so this product is likely to remain in our offering and may even grow. SATS has initiated a project to develop a system with heat pumps to produce the heat for these studios instead of electric heaters. This would reduce the energy required for heating by one-third.

SAUNAS
The majority of SATS' clubs offer its members a sauna. A few also offer steam baths. To optimize electricity consumption, SATS installed timers on many of its saunas. With this solution, the sauna remains on during club opening hours, but at a very low temp. Members who wish to use the sauna can push a button to increase the heat temporarily.

During the fall of 2022, SATS decided to temporarily close many of the saunas at its clubs to reduce electricity cost and consumption. SATS is re-evaluating this decision on a regular basis to balance the need for energy consumption against the product offering.

Replacing fossil fuel cars with electrical cars
At the end of 2021, SATS leased and operated 39 cars across the Nordics, of which three were electric, five were hybrids and 31 used fossil fuels. During 2022, the company replaced five fossil fuel cars with electric cars. In addition, the company also added two electric cars and one hybrid. In total, the company now operates 42 cars: ten electric, six hybrids and 26 fossil-fuel cars.

The infrastructure for charging electric cars across most of Norway has now become good enough that it is possible to use electric service cars. The ambition is therefore to replace each fossil fuel car with an electric equivalent as leasing contracts expire. The charging infrastructure in the other Nordic countries is also developing in this direction.

Climate risk
(GRI indicator: 201-2)
SATS has assessed climate-related risks and opportunities to position the company and be prepared for stricter requirements on reporting for listed companies. The risks and opportunities are mapped in accordance with the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD). The conclusion of this mapping is that climate-related risk for SATS is considered to be low. The company is well-positioned to respond to climate changes and stricter climate-related regulations and requirements. The Board of Directors has climate risk on its agenda, and management integrates climate risks into the company's risk management system as well as its three-year strategy.

Climate accounts

(GRI indicators 302-1, 305-1, 305-2, 305-3)

SATS presents a full climate account on a yearly basis, including Scope 1–3 in their entirety. We believe that what gets measured gets managed, and the climate account serves as the foundation for decision-making related to reducing SATS' footprint. As a service company, our emissions are modest, but there is still room for improvement. We believe SATS has a great untapped potential in influencing vendors and partners to reduce GHG emissions.

Emissions related to non-electric company cars amounted to 155 tCO2e in 2022, up 3 percent from 2021. Of the non-electric company car emissions, 85 percent stemmed from diesel cars, and the remainder from petrol cars. SATS does not consume any fuel other than through company cars, and the total Scope 1 emissions thus totaled 155 tCO2e, which is equivalent to 0.1 percent of the total emissions of the company.

The location-based electricity emissions were 1,847 tCO2e in 2022, representing a 2 percent reduction since 2021. The electricity consumption was artificially low in 2021 due to imposed club closures and other COVID-19 restrictions, so the underlying reduction in electricity consumption was higher than the reported 2 percent. Additional electricity savings measures implemented in Q3 2022 were the primary drivers behind the reduction, including temporary shutdown of saunas, adjustments of ventilation systems, adjustments of water temperature, and so on. The emissions from district heating and cooling totaled 1,499 tCO2e, down 3 percent from 2021. The total location-based emissions in 2022 were 3,346 tCO2e, while the market-based emissions were 18,545 tCO2e. The latter decreased by 3 percent from 2021 and represented 7 percent of the total 2022 emissions.

The majority of the Scope 3 emissions are calculated using a spend-based method, with emissions being estimated by multiplying economic value in USD by relevant secondary emission factors. The high inflation during 2022 and the weakening of NOK against USD resulted in higher estimated emissions. These factors, in addition to an almost full year of operations in 2022 as opposed to 2021, were the main contributors to the increase in Scope 3 emissions by 36 percent to 246,061 tCO2e in 2022.

Climate accounts

	2022				2021			
			GHG emissions				GHG emissions	
	Quantity	Unit	tCO2e	Percent	Quantity	Unit	tCO2e	Percent
Scope 1 Fuel consumption related to:								
Non-electric company cars	59,009	Litre	155		57,266	Litre	150	
of which diesel	49,628	Litre	132		45,003	Litre	119	
of which petrol	9,381	Litre	23		12,263	Litre	30	
Sum Scope 1			**155**	**0.1%**			**150**	**0.1%**
Scope 2 Electricty and district cooling/heating								
Purchased electricity location based	60,457	MWh	1,847		60,681	MWh	1,875	
District heating	23,585	MWh	1,332		23,502	MWh	1,418	
District cooling	3,106	MWh	167		2,471	MWh	133	
Sum Scope 2 Location based			**3,346**				**3,426**	
Purchased electricity market based			17,046				17,521	
Sum Scope 2 Market-based			**18,545**	**7.0%**			**19,072**	**9.5%**
Scope 3								
1: Purchased goods and services[1]			106,222	40.1%			85,773	42.9%
2: Capital goods			29,994	11.3%			25,724	12.9%
3: Fuel and energy[1]			0	0.0%			0	0.0%
4: Upstream transportation and distribution			35,613	13.5%			12,779	6.4%
5: Waste			43,414	16.4%			29,254	14.6%
6: Business travel			453	0.2%			338	0.2%
7: Employee commuting			914	0.3%			982	0.5%
8: Upstream leased assets			0	0.0%			0	0.0%
9: Downstream transportation and distribution			0	0.0%			0	0.0%
10: Processing of sold products			0	0.0%			0	0.0%
11: Use of sold products			8,836	3.3%			7,729	3.9%
12: End-of-life treatment of sold products			20,601	7.8%			17,898	9.0%
13: Downstream leased assets			13	0.0%			11	0.0%
14: Franchises			1	0.0%			1	0.0%
15: Investments			0	0.0%			0	0.0%
Scope 3 total			**246,061**	**92.9%**			**180,488**	**90.4%**
Total GHG emission			**264,761**	**100%**			**199,710**	**100%**

[1)] *2021 figures are restated, due to an error in the 2021 reporting.*

Energy intensity

	2022	2021
Energy consumption MWh/total revenues (NOK million)	21.3	26.8
Energy consumption MWh/employee	8.5	10.1

GHG emissions intensity

	2022	2021
Tonnes CO2e/total revenues (NOK million)	0.8	1.0
Tonnes CO2e/employee	0.3	0.4

SATS did not sell any electricity, heating, cooling or steam and did not buy any renewable energy.

The 2022 climate accounts are prepared using the following 2021 emission factors:

- International Energy Association (IEA)
- Department of Business
- Energy and Industrial Strategy (Scope 1 emission factors), AIB Guaranteeing the origin of European energy (Scope 2 emission factors)
- Scope 3 Evaluator | Greenhouse Gas Protocol (Scope 3 emission factors)

CIRCULAR RESOURCE MANAGEMENT

SATS sells food and drinks, clothes, training tools and equipment. SATS' own branded products include food, drinks, and a clothing line. About 30 percent of all SATS drinks sold are sold in recyclable bottles or cans with approved *pant* marking. The *pant* marking needs to be approved by authorities in each country where the product is sold. In Norway, all SATS cans and bottles are recyclable and *pant*-approved by authorities. In Sweden and Denmark, SATS bottles and cans are approved but bottles containing dairy products cannot be approved for *pant* in these countries. In Finland, the process for being approved by the *pant* system is long, and Elixia is still waiting for approval.

It was important for SATS to use recycled fibers to produce its own clothing line. The company is proud to declare that all items in the SATS clothing line, except women's tights and women's underwear, are made using recycled fibers. Going forward, this is something the company wants to develop further.

Members consume paper towels, for example after washing their hands and cleaning equipment after use. This consumption increased significantly in 2020 and 2021, even though many SATS clubs were in lockdown for many months during these years. This increase was an effect of members' increased need for, and willingness to, clean equipment after use during the pandemic. Public health and infection control has been prioritized over a reduction of paper towel consumption. In 2022, the consumption of paper towels was on about the same level as in 2021, with pandemic-related capacity restrictions and club closures lasting into January and February and certain extra hygiene habits persisting after the pandemic.

SATS also has the ambition to repair training equipment and machines to every extent possible rather than discontinuing their use. When equipment is replaced, SATS attempts to sell it to a third-party for further use. As a last resort, SATS' service technicians disassemble the machine, keeping all spare parts to be used to repair other machines.

SATS has also found various ways to reduce paper and plastic consumption:

- When signing up new members, each member used to receive a paper contract with several pages of printed text. Now, new members sign digitally instead, and contracts are stored in a digital format.
- At the close of each day, on every club, SATS employees used to print and then save a cash registry report. This is now done digitally instead.
- After logging in to participate in a group training class, members receive a paper ticket to give to the instructor. Due to the number of group training classes and group training visits every day at all of our 275 training clubs, this turns out to be a lot of paper tickets. SATS recognizes that an improved digital solution is needed and is in the process of implementing one (but it is not completed yet).
- SATS no longer issues physical membership cards; instead, members use a QR code in the SATS app to log in at the clubs.
- Marketing material: SATS used to print a lot of marketing material for the clubs, distributing many new posters to all our clubs each month. This material has now been reduced, with posters and marketing material moving toward more general content that can be used for longer periods of time (typically replaced 1–2 times a year).
- SATS used to print large volumes of group training schedules to distribute at our clubs. Schedules are now only available digitally.
- SATS used to use a lot of marketing materials such as fliers, free training vouchers, etc. These types of material are no longer used (or only as rare exceptions).

WATER MANAGEMENT

Most of the water consumption at SATS' clubs is consumed in the showers, but cleaning, hand washing, and filling of water bottles also drive water consumption. In SATS clubs, showers are built with low water consumption, have shower heads that distribute the water sparingly and are controlled through timers. The standard shower timer turns off the shower after about 20 seconds. In sinks, motion sensor technology is used to control and minimize water consumption.

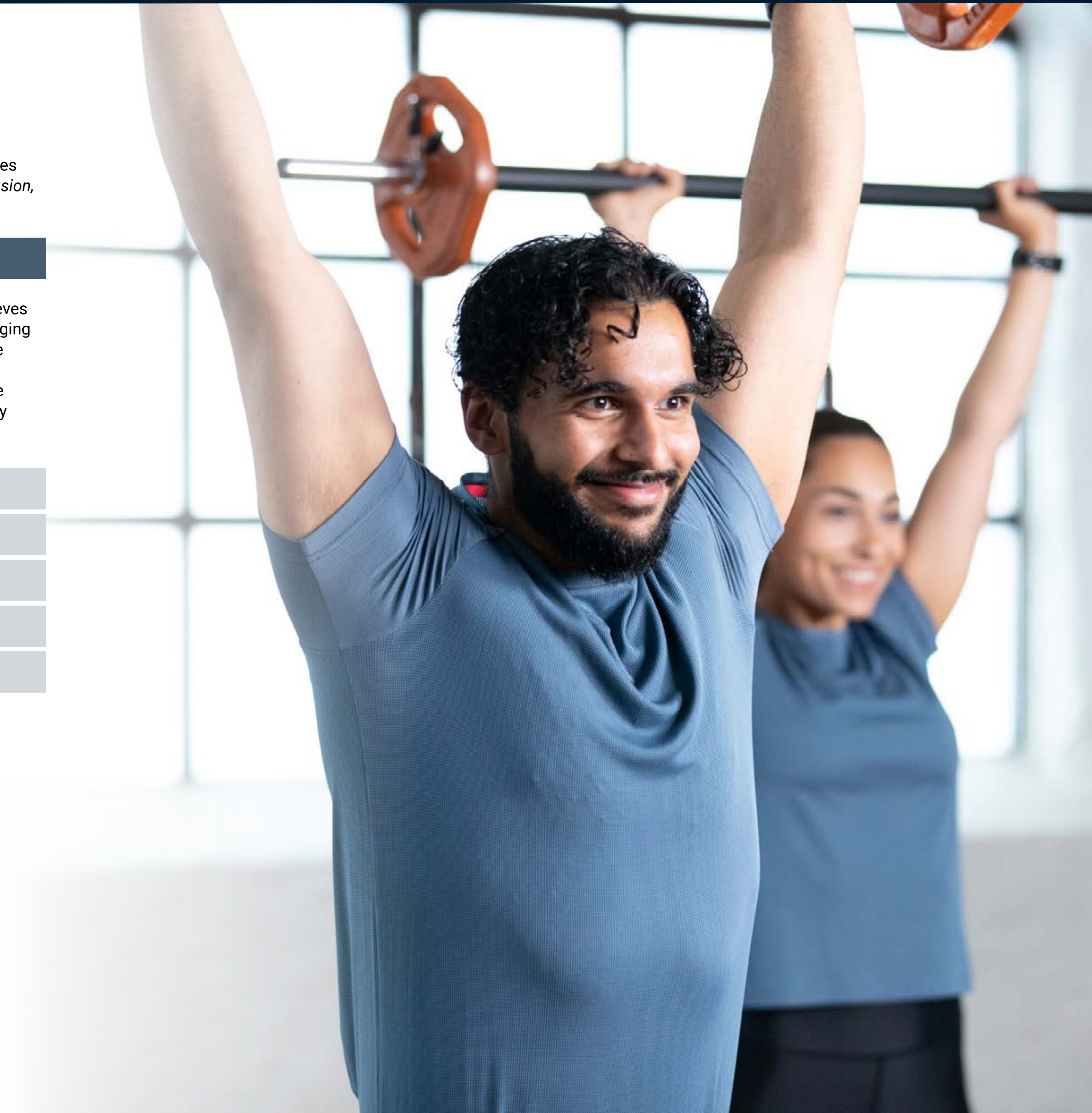
SOCIAL

Within social sustainability, SATS has identified two themes where our contribution is material: *Public health* and *Inclusion, jobs and empowerment*.

PUBLIC HEALTH

Public health is the sustainability theme where SATS believes it has its highest impact. This theme is also the one engaging the majority of the company's stakeholders the most. The company's vision of making people healthier and happier clearly illustrates the company's high ambition. Within the *Public health* theme, SATS has identified five sustainability topics where the company focuses its efforts:

- We are the Inspirators!
- Community
- Mindfulness
- Sustainable nutrition
- Member safety



WE ARE THE INSPIRATORS!

It is rare to see a member leave our clubs looking unhappy. Regardless of how far they have run or how heavy they have lifted, when they leave, they have achieved something. At SATS, we see it as our main purpose to help our members be inspired to visit us more often and get the most out of every visit. We want all members to feel welcome, and we take pride in making sure that our clubs are clean and tidy. We smile and encourage our members while we are doing our daily tasks.

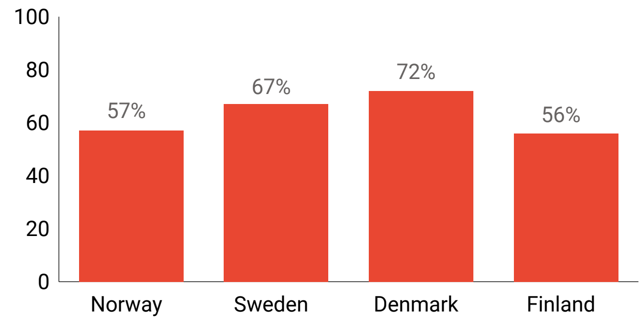
A good amount of physical activity helps people stay healthy and happy and most people, could get improved health from increasing their physical activity. Therefore, motivating both members and non-members to exercise is at the heart of SATS' business. This is what the entire organization is set up to achieve, from our training clubs where club managers, personal trainers and instructors inspire and guide our members when they visit us, to our colleagues at the service office who develop, for example, our member communication, digital training tools and new training products.

Our target is to achieve 50 million member visits in one year, which would represent a significant benefit for public health.

In our work to inspire increased activity levels, we place an extra emphasis on activating youth, which is described in the SATS youth activation program section.

Activity level

Share of population spending >150 minutes on health-enhancing activity per week



Source: Eurostat 2014/2018

WHO's recommendations for physical activity

Updated in 2020

Recommended levels of physical activity for children and adolescents aged 5–17 years:

- Children and adolescents should do at least an average of 60 minutes per day of moderate- to vigorous-intensity, mostly aerobic, physical activity, across the week.
- Vigorous-intensity aerobic activities, as well as those that strengthen muscle and bone, should be incorporated at least 3 days a week.

Recommended levels of physical activity for adults aged 18–64 years:

- All adults should undertake regular physical activity.
- Adults should do at least 150–300 minutes of moderate-intensity aerobic physical activity; or at least 75–150 minutes of vigorous-intensity aerobic physical activity; or an equivalent combination of moderate- and vigorous-intensity activity throughout the week, for substantial health benefits.
- Adults should also do muscle-strengthening activities at moderate or greater intensity that involve all major muscle groups on 2 or more days a week, as these provide additional health benefits.
- Adults may increase moderate-intensity aerobic physical activity to more than 300 minutes; or do more than 150 minutes of vigorous-intensity aerobic physical activity; or an equivalent combination of moderate- and vigorous-intensity activity throughout the week for additional health benefits.

Recommended levels of physical activity for older adults aged 65 and above:

- All older adults should undertake regular physical activity.
- Older adults should do at least 150–300 minutes of moderate-intensity aerobic physical activity; or at least 75–150 minutes of vigorous-intensity aerobic physical activity; or an equivalent combination of moderate- and vigorous-intensity activity throughout the week, for substantial health benefits.
- Older adults should also do muscle-strengthening activities at moderate or greater intensity that involve all major muscle groups on 2 or more days a week, as these provide additional health benefits.
- As part of their weekly physical activity, older adults should do varied multicomponent physical activity that emphasizes functional balance and strength training at moderate or greater intensity, on 3 or more days a week, to enhance functional capacity and to prevent falls.
- Older adults may increase moderate-intensity aerobic physical activity to more than 300 minutes; or do more than 150 minutes of vigorous-intensity aerobic physical activity; or an equivalent combination of moderate- and vigorous-intensity activity throughout the week, for additional health benefits.

Physical activity is important for good health

The World Health Organization (WHO) recommends that adults perform at least 150 minutes of moderate-intensity activity every week. However, only 56–72 percent of the population in the Nordic countries reaches this minimum recommendation on physical activity. Some researchers argue that increased levels of physical inactivity is the most significant public health problem facing society today (Professor Steven N Blair, BMJ 2009). WHO's physical activity recommendations are described above.

"Physical inactivity is among the leading risk factors for death and disability in the WHO European Region and is estimated to cause 1 million deaths every year."

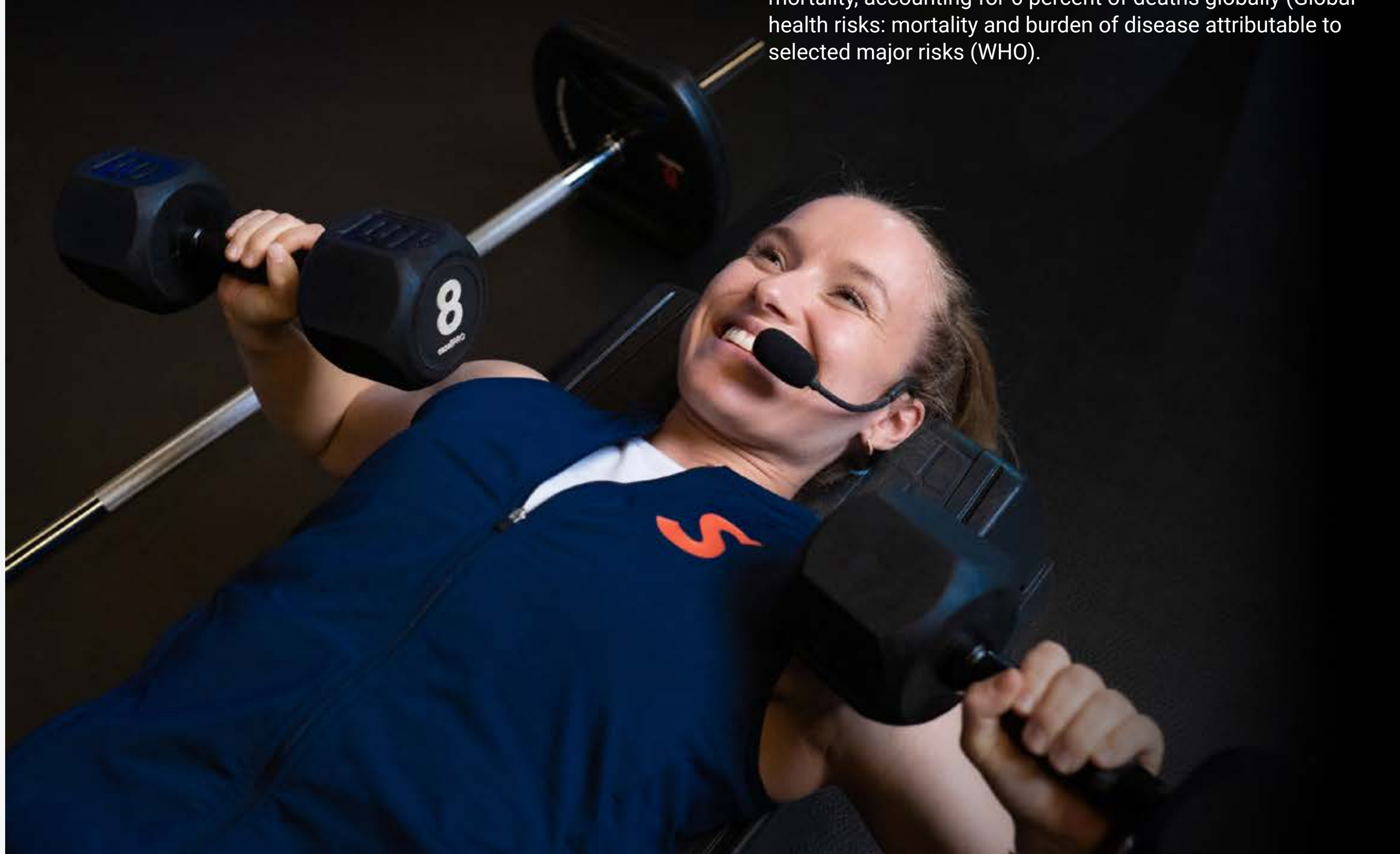
A SELECTION OF RESEARCH STUDIES INDICATING THE BENEFITS OF PHYSICAL ACTIVITY

Inactivity is a public health problem

- Physical inactivity is among the leading risk factors for death and disability in the WHO European Region and is estimated to cause 1 million deaths every year (Global, regional, and national comparative risk assessment of 84 behavioural, environmental and occupational, and metabolic risks or clusters of risks, 1990–2016: a systematic analysis for the Global Burden of Disease Study 2016).
- In an article published 2012 in the Lancet, Dr I-Min Lee, ScD, et al. concluded that tens of thousands of deaths could be avoided every year (with modest assumptions) if inactivity could be reduced by as little as 10 percent ("Effect of physical inactivity on non-communicable diseases worldwide: analysis of burden of diseases and life expectancy").
- Physical inactivity is a leading risk factor for premature mortality, accounting for 6 percent of deaths globally (Global health risks: mortality and burden of disease attributable to selected major risks (WHO).

Positive health effects of physical activity are significant

- There is evidence that regular physical activity contributes to the prevention of several chronic diseases and reduces the risk of premature death. (Darren E.R. Warburton et al, 2006, "Health benefits of physical activity: The evidence")
- Regular physical activity leads to a better quality of life due to increased mental well-being and better general physical health ("Hva fysisk aktivitet gjør med kroppen" by helsenorge.no)
- A physically active 30-year-old can get five years of increased life quality with increased well-being and three additional years of life compared to an inactive peer ("Hva fysisk aktivitet gjør med kroppen" by helsenorge.no)
- Physical activity improves both stress management, learning, memory, creativity, concentration and intelligence (Ole Petter Hjelle, Doctor and brain researcher).
- Some studies also suggest that the risk of COVID-19 makes exercise even more important. Dominski & Brandt examined whether the benefits of exercise in indoor and outdoor environments during the COVID-19 pandemic outweigh the risks of infection, concluding that exercise could become a key pillar for health recovery and that it is important to keep following physical activity guidelines.
- Tison, Avram & Kuhar conducted a descriptive study of the worldwide effect of COVID-19 on physical activity, stating that governments and policymakers should be aware of the impact of governmental restrictions on decreasing physical activity since physical activity is an important determinant of health.



SATS inspires to physical activity

HELPING MEMBERS STAY ACTIVE

SATS' ambition is the same for all members: to help them be healthier and happier by staying active. For most people, this implies a need to increase their activity level. In other words, contributing to increased physical activity and reduced physical inactivity is the core of SATS' business. The entire organization works toward this goal.

To stay active, members need to find a type of activity that suits them, a time and place that works in their schedule, and, most of all, the inspiration and motivation to both get going and stay at it.

Wide range of products. To stay active, each member needs to find a type of training that suits them. SATS has a highly diverse member base, ranging from athletes to people without training experience and all age groups. Each member has individual goals and needs. To meet these different needs, SATS offers a wide range of training products and services. All SATS' products and programs are also based on scientific evidence in terms of generating health benefits and minimizing risk of injury.

Easily accessible training opportunities. Even though a person may have both the ambition and the intention to stay active, life can sometimes get in the way of a healthy training habit. Therefore, SATS makes training opportunities as easily accessible as possible. We offer 275 training clubs across the Nordic countries, reaching a broad range of the population. For those who do not have the opportunity to come to a SATS club, we offer online training. Altogether, the product portfolio provides members with the flexibility to train not only at our clubs but also from home, from a hotel room on another continent, or from a pontoon in the archipelago—whatever works best on any given day.

Inspiration. When our members visit a SATS club, our staff can inspire and motivate them. The feeling after a training session and the positive community in each SATS club is the best motivation to come back the next day or next week and stay active. However, we all stumble from time to time and need inspiration to get going again. Therefore, SATS' member activation team plans digital inspiration, challenges, reminders, and training tips—all adapted and adjusted to different segments in our member base, thus making the information relevant, inspiring, and helpful for each member. The member activation team measures and evaluates all activities, constantly learning to stay relevant and improve our help and inspiration to our members.

SATS YOUTH ACTIVATION PROGRAM

A healthy amount of physical activity for youth benefits both mental and physical health as well as cognition and many other factors related to learning and personal development. At the same time, average physical activity among youth is below recommended levels in all the Nordic countries, and this figure is decreasing. The typical age when youth drop out of sports has fallen and is now just over 11 years old. A few years ago, it was 13 for girls and 14 for boys. This trend is alarming.

We are not in a place to analyze the root causes, but we are aware that selection of youth at an early age is becoming customary in sports, and that science has proven such selection to be based mostly on physical maturity. In national teams it is common for a majority of the players to have birthdays in the early months of the year, and this is hardly a coincidence. Regardless, the fact that youth drop out of sports at an early age is both sad for the individual and for public health. Scientists warn that the consequences will be significant in both the long term and the short term.

This is a major challenge that we need to address together as a society, and it serves as the background to why SATS has decided to take an extra responsibility towards youths. We are determined to provide a place for all youth, regardless of whether they come to us to prevent injuries, to increase functional strength or because they no longer feel they have a place in the sports movement.

The company has defined a youth activation program to coordinate and strengthen its focus on this group. The goal is to make exercise and working out more available and attractive for youth in line with the company's vision: to make people healthier and happier.

Youth activation in all of SATS

SATS started its youth activation program in 2020. During the first year, the program deliberately focused on projects to help and inspire specific groups of youth to exercise, such as immigrant youth, individuals having a hard time integrating into society, and socially exposed youth. The company also

Increasing youth activity at SATS

- 25 percent increase in the number of new youth members and 35 percent increase among younger youth. In comparison, the increase in new members in total was 12 percent.
- The number of youth members in SATS' member base increased by 17 percent (year-end 2022 vs. year-end 2021). The increase in the number of younger youth members was slightly higher at 19 percent. In comparison, the increase in the number of members in total was 10 percent.
- The number of active youth members increased by 19 percent, in line with the trend in the overall member base. Among the younger youth, we saw an even higher increase in active members: 25 percent. An active member is defined as one who works out at least once per week at a SATS club.
- The visit increase in the overall member base was very high, 40 percent, largely due to the pandemic affecting the 2021 numbers. The visit increase was significantly higher among youth members than in the overall member base: we saw a 50 percent increase in visits among youth members and a 70 percent increase in visits among younger youths members.
- The younger youth appreciate our group training classes, and we have seen a 20 percent increase in the number of youth visits to group training classes.

The numbers reflect 2022 vs. 2021. It should be noted that the figures for 2021 were highly affected by the pandemic, with all its restrictions. "Youth" is defined as 11–18-year-olds, and "younger youth" is defined as 11–15-year-olds.

organized after-school activities and youth camps at a few training clubs. All these activities were highly appreciated by the participants, which was heartwarming.

What distinguishes SATS most is its coverage, reach and competence: 275 training clubs across Norway, Sweden, Denmark and Finland, all equipped with the best training tools and inspiring, competent and friendly staff, as well as SATS online training tools and an organization geared toward inspiring people to undertake healthy exercise habits. This is unique, and it is what makes SATS perfectly positioned to address the youth activation challenge in the Nordic countries on a bigger scale. Therefore, the company decided in early 2022 to adapt its youth activation program efforts to address youth in all its channels.

The efforts to make the SATS offering more available to youth has consisted of targeted campaigns, price reductions and member activation initiatives spread out across the year and activated at all of the company's training clubs. These large-scale activities have begun to show results in 2022 as more and more youth engage in healthy and happy habits at SATS.

Youth activation activities

In parallel to the new youth activation program and its focus on activating a broad youth member base, SATS also works with some targeted youth collaborations and activities.

Right To Play (now Right By Me)

SATS collaborates with the international organization Right To Play (changed name in January 2023 to Right By Me). During the first phase of the program, which lasted 20 weeks, youth from the organization were invited to work out regularly and together with an instructor at a SATS club. The purpose was to provide fun and inspiring experiences and increase self-esteem through regular exercise and social interaction.

In the next phase, the youths were introduced to working out with a personal trainer at SATS. The purpose of this phase was partly the same, i.e., to keep up good exercise habits. However, in line with our sustainability theme *Inclusion, jobs and empowerment*, this new phase also introduced the youths to the personal trainer profession and the training industry in general, providing them with inspiration for education and work.

In the third phase of the project, during the fall of 2022, the youths were trained in the receptionist role at SATS, including tasks such as sales, service, training inspiration and club maintenance. They were then offered internships as receptionists at SATS, giving them the opportunity to gain work experience and continue building their service skills.

The results of the project have been very positive. Aside from the positive effects for their physical health, the participants also reported that their leadership skills improved, as did their sense of belonging and self-esteem. Furthermore, 26 out of 35 of the participants found employment during the project.

The organization Right By Me

The organization Right By Me (formerly Right To Play) works to help immigrant youth find meaningful work through cooperations with associations and enterprises. Since 2007, when it was started in Sweden, the organization has helped over 550 youths find work.

Find more info at www.rightbyme.se

Mental Helse Ungdom

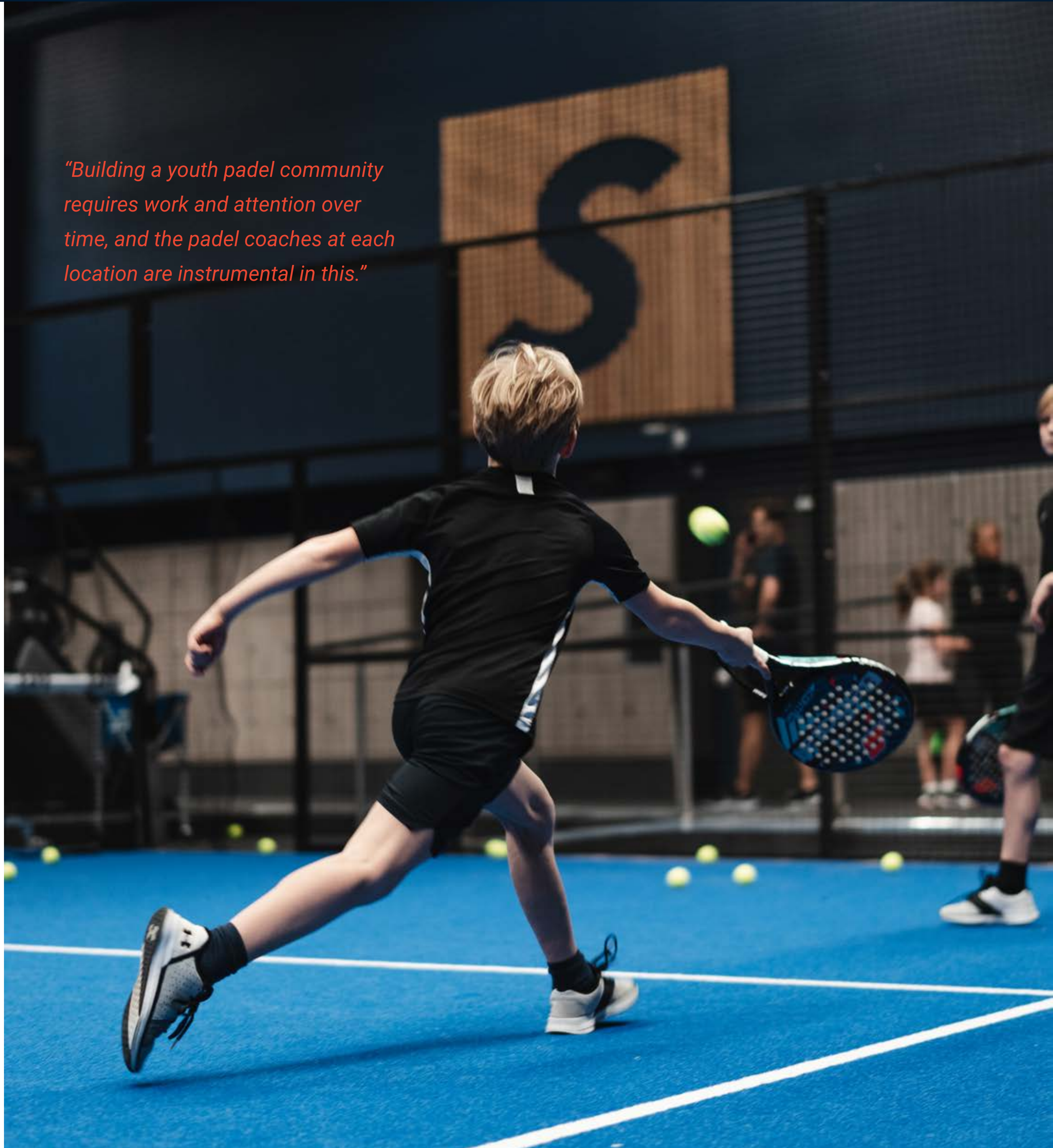
Mental Helse Ungdom is a Norwegian organization that works to increase and improve the dialogue about and knowledge of mental health matters with politicians and other decision-makers. The organization also provides help, support and community to youth and young adults, from free legal advice to summer camps. The purpose of SATS' collaboration with Mental Helse Ungdom is to see if a healthy exercise habit can improve mental health. The project started in mid-2022 and offers participants training through SATS Online and in-person workouts once per month. Every six weeks, participants respond to a survey to evaluate the project and its results. The project will be adjusted along the way to better help and suit the participants.

SATS youth padel activities

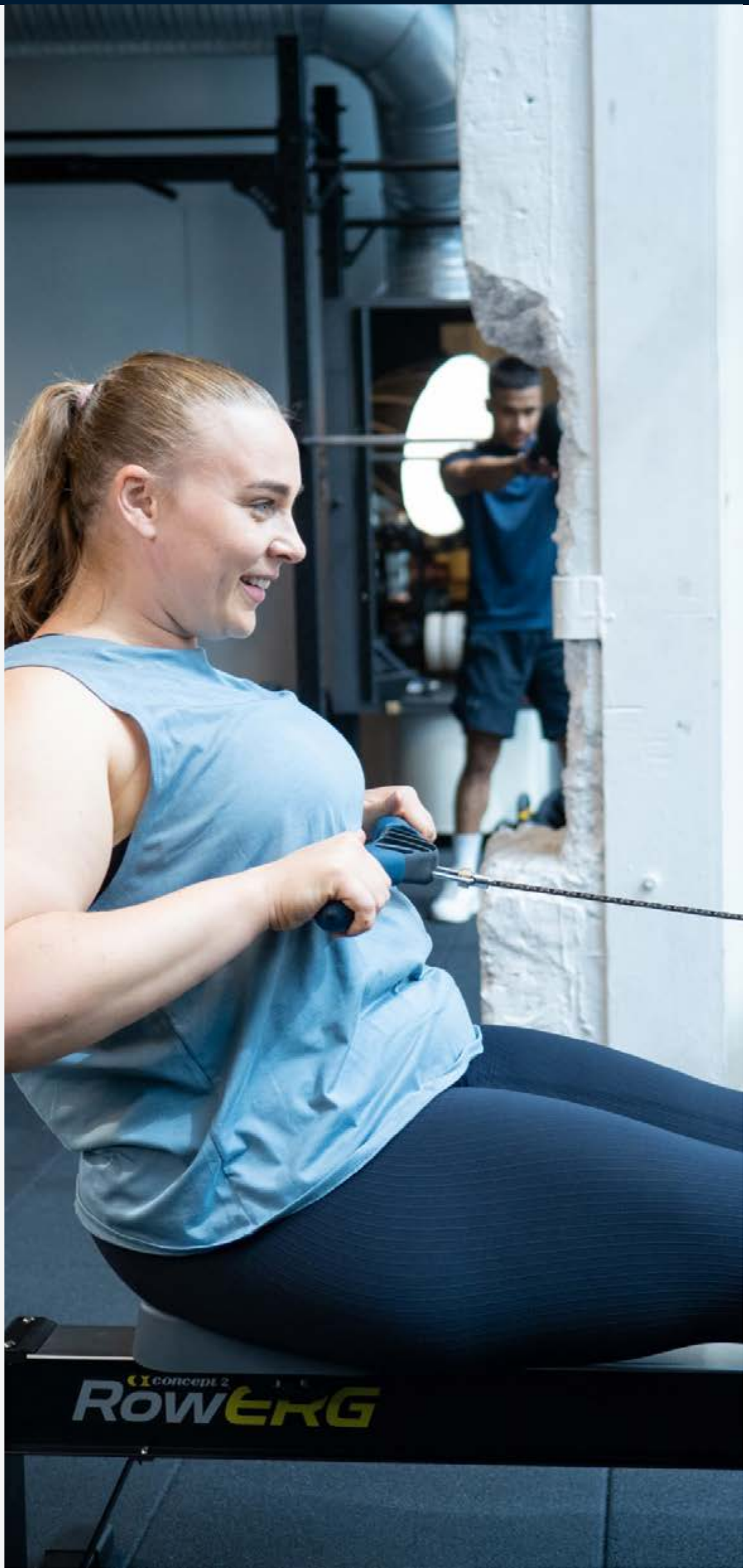
SATS offers padel at six clubs in Sweden. At some of these locations, we offer youth courses, where one padel coach trains four youths on one padel court once a week. Each week, the course focuses on a certain theme, e.g., backhand, forehand, playing with the glass wall, etc. The environment is not competitive, and everyone is welcome. It is common for kids who played tennis for many years but no longer enjoy the competitive environment that tennis offers to come participate in a SATS youth padel course. Many kids who have never played racquet sports also come to SATS to play padel.

Building a youth padel community requires work and attention over time, and the padel coaches at each location are instrumental in this. At SATS Gåshaga, youth courses and padel camps during school breaks have been offered for several years and are very popular. Generally, evening times on weekdays are popular for padel bookings, but at SATS Gåshaga, the youth are the priority, and all courts are reserved for youth courses 2–8 pm on weekdays. Around 250 youths participate in SATS Gåshaga's youth padel activities.

SATS Näsby Slott and SATS Hovås are the other two locations that offer youth courses, although the courses at these locations are still under development. In total, there are around 350 youth participating in SATS youth courses, and we believe this number will increase.



"Building a youth padel community requires work and attention over time, and the padel coaches at each location are instrumental in this."



Physical activity and brain health – Swedish School of Sports and Health Sciences

Since 2014, SATS has been collaborating with the Swedish School of Sports and Health Sciences (GIH). The research group at GIH which is involved in the collaboration is called E-PABS (Center of Excellence in Physical Activity, Healthy Brain functions and Sustainability). The E-PABS research group studies physical activity, sustainability, and brain health and involve businesses, healthcare, and schools in their research.

In this collaboration, SATS has contributed by providing access to our training clubs and our instructors and by giving study participants free memberships. SATS has also provided schools access to training clubs for daily physical activity during the school day as part of research projects evaluating the benefits for school children's mental health and cognition from more frequent physical activity. Furthermore, SATS has contributed through dialogue and regular meetings with the research project teams, giving input and sharing experiences regarding how to inspire to physical activity and behaviour change. The shared insights and research findings from this collaboration are used by SATS to further optimize our products and services and by GIH to publish scientific articles and improve the educational programs and courses.

The research group at GIH is called E-PABS (Center of Excellence in Physical Activity, Healthy Brain functions and Sustainability). This research group studies physical activity, sustainability, and brain health in collaboration with businesses, healthcare, and schools.

Friends

SATS is collaborating with the Swedish organization Friends, which provides adults with research-based tools to prevent bullying among children and youth. In 2022, SATS contributed by giving all of its recycling bottles and cans to Friends, which resulted in a donation of over SEK 300,000.

Mentor

SATS is cooperating with the organization Mentor in Sweden. Mentor works to give at-risk youth extra support from an adult mentor to help them believe in their own future and refrain from drugs and violence. SATS Sweden provides Mentor with an arena where the mentor pairs can hang out together and exercise for free. In addition, SATS helps the organization recruit new mentors through free advertisement in clubs.

POSITIVE CONTRIBUTION DURING THE PANDEMIC

The lockdowns during the COVID-19 pandemic had many side effects, one of them being reduced physical activity in the population at large. To encourage physical activity during lockdown, SATS offered online training to members and non-members. The company also offered a daily schedule of live, streamed group training classes. This was done to help people stay healthy and happy through the challenging times. In addition to the lockdowns, the various restrictions from the Nordic governments when not in lockdown made training far less available. To counteract this, SATS added indoor and outdoor group training classes and helped members plan their training to less busy time slots. Furthermore, SATS also made an extra effort to improve its online offering. Physiotherapy and personal training were made available online, and the online training offering was increased and improved. In addition, SATS worked hard to inform, motivate and inspire members to find and use the training form best suited for them during the pandemic. SATS will continue striving to give all existing and potential members a broad training product offering that meets their varying needs.

COVID-19 restrictions were discontinued during 2022 in all four countries where SATS operates:

- **Norway:** Group training was not allowed until mid-January 2022. Thereafter, the capacity was restricted to a maximum of 20 participants per class until early February 2022, when these restrictions were discontinued.
- **Sweden:** Capacity restrictions on all training club visits of maximum 10 visitors per square meter, which implied significant capacity restriction on group training but also affected gym training. These restrictions were discontinued in early February 2022.
- **Denmark:** All visitors to a training club were required to show a coronavirus passport. This regulation was lifted in early February 2022.
- **Finland:** Helsinki training clubs were in an imposed lock down until end of January 2022. Training clubs in Tampere and Turku were in an imposed lockdown until January 8 and January 11, respectively.

COMMUNITY

Loneliness is a health problem

In addition to inactivity, loneliness is also a health problem in our modern society. Many people live alone and have too little interaction with friends and family. This situation worsened during the pandemic as a consequence of instructions from authorities to minimalize social gatherings and interactions. However, even before the pandemic, SATS had recognized the growing need for a sense of social belonging. The pandemic only accentuated this challenge.

Therefore, SATS views its community efforts as important contributions to public health and works actively to encourage and support the shaping of community in and around each and every one of its 275 training clubs in the Nordics. Creating relationships, offering inspiration and motivation to our members, is what SATS colleagues do every day. Every interaction is valuable, and the total effect of this should not be underestimated. Interaction among members is also encouraged during and around group training classes, boot camps and on the gym floor. The ambition is that each SATS club acts as a meeting place for those who have friends as well as for those who do not. The company expects the trend of increased loneliness, and the implied need for community, to continue.

Member satisfaction

To create a positive community around SATS, high member satisfaction is key. Therefore, this is a KPI that SATS monitors closely. The company communicates daily with members, primarily through employees at the clubs, but also through social media, email, SMS, app-push, chat and phone. To be able to improve member satisfaction, monitoring and follow-up are essential activities.

Member satisfaction is measured using Net Promoter Score (NPS), a well-established metric for customer satisfaction surveys. The NPS scale ranges from -100 to 100, and scores above 30 are considered high. In 2022, SATS had a total of over 360,000 member responses from members who had just visited a SATS gym. This corresponds to an average of almost 7,000 responses per week. SATS comparable NPS score for 2022 was 56 (this score excludes January to April, when there were still pandemic restrictions on our operations) up from 38 in 2021. A few changes have been made to the NPS methodology, which affect comparability:

- During 2020 and 2021, the NPS survey to group training visiting members was temporarily stopped for revision. Because the group training NPS score is typically higher, this negatively affected our total weighted average NPS.
- At year-end 2022, a new NPS survey was launched and sent to members after personal training sessions. The scores from these surveys are extremely high, averaging around 90, positively affecting the total score. Personal training NPS has not yet been launched in all countries.

The NPS responses and results are used in all parts of the organization to guide priorities and improvement activities, for example in club operations but also when developing training products, planning tools and equipment, as well as club design and atmosphere. Our operative organization works together with member care and the member activation team to achieve high member satisfaction over time. We are very happy that the member satisfaction has remained high over the past few years. Members who are pleased with their experience when they visit us stay members longer and visit us more often. Member satisfaction is thus a key driver for physical activity over time.

MINDFULNESS

Mirroring physical activity, mindfulness and stillness are also important for being healthy and happy. Yoga and similar training products that focus on stillness and mindfulness have been part of SATS' product offering for a long time. Recognizing the growing need for these types of products, the company launched a project to improve and expand its yoga and mindfulness offering at all of its training clubs. This initiative has spanned several years and is still ongoing. It has included, and will continue to include, the creation of new and attractive yoga and mindfulness classes, large and repeated programs to educate more instructors, and investments in facilities and equipment. Online content focusing on mindfulness is also added continually. The purpose of all these activities is to build and sustain an attractive and high-quality yoga and mindfulness offering that is available to all members. Inspiring members to participate in these types of classes and activities is also part of the program.

SUSTAINABLE NUTRITION

In addition to exercise and movement ad stillness and mindfulness, nutrition can help a person be healthier and happier. A healthy and happy diet plays an important role in helping people reach health-related goals. Nutrition products

sold in SATS' retail shops and recipes and inspiration in SATS' digital channels are all based on Nordic Nutrition Recommendations (NNR). NNR is a collaboration between the national food and health authorities in the Nordic countries (Denmark, Finland, Norway, Sweden and Iceland). Each country's national food and health authority nominates scientists to the international project team that works on the NNR. The NNR, then, forms the scientific basis for national nutrient recommendations and food-based guidelines. The most recent published edition of the NNR (NNR2012) was launched in 2012/13 and published in 2014. A new edition, NNR 2022, will be published in July 2023. Among other things, the NNR 2022 project focuses on integrating sustainability into the NNR and hence into the national nutrient recommendations and food-based guidelines. SATS looks forward to integrating this important and new perspective into its nutrition-related products and services.

A happy and healthy diet should be sustainable in every way: for the individual, for all those who work to produce the food, and, of course, for the planet we share.

MEMBER SAFETY

SATS has strong routines to ensure member safety, and club employees are trained in the execution of these routines. Employee courses and informational material support these routines. All clubs are audited ten times a year to ensure adherence with the routines.

Regular maintenance of training machines and equipment

Safe training requires safe training equipment. To ensure machines and training equipment are safe for members to use, SATS has established clear cleaning routines and proactive maintenance. These routines stipulate how SATS staff are to check and maintain training equipment and facilities and at what intervals. The frequency of maintenance for each machine is based on the experience and knowledge SATS has accumulated after decades of running health and fitness clubs and a dialogue with machine and equipment manufacturers. Any training equipment that is out of order or deemed unsafe is shut off until it is repaired.

Routines for cleaning and maintenance of machines and equipment serve a dual purpose: making our clubs safe for our members and prolonging the lifetime of our training equipment to thus reduce unnecessary consumption.

Fire safety routines

Fire safety is a key topic for our staff at clubs, and fire safety routines are incorporated in daily, weekly, quarterly, and yearly routines at our clubs. These routines are followed up in monthly audits of each club and audited by external suppliers according to country regulations. We practice fire evacuation at our clubs every year, including a specially designed routine for the clubs that offer childcare. SATS offers online courses and tutorials regarding fire safety and fire evacuation routines, and these courses are always available for our employees. SATS' fire safety routines are in line with the legislation in all of the countries where we operate.

First aid – CPR

At SATS, we have rigorous routines regarding CPR. All clubs have defibrillators in the front desk area with clear signage, ensuring visibility from as many directions as possible. Most importantly, we recognize that efficient CPR is a skill that must be trained and frequently practiced. We cannot predict how our employees at a club will react in a life-threatening situation involving heart failure, but we know that providing them with proper training increases the chance of them saving lives. Therefore, we offer CPR training to all our employees in two forms: CPR courses and CPR drills.

CPR courses are provided to all employees in all countries. They are offered every month to ensure availability. It is mandatory for SATS club managers, member care staff, personal trainers and childminders to participate in a CPR course a minimum of every second year. Colleagues in other roles are also encouraged to take the CPR courses. In addition to the classroom courses, there is an online education video available in the SATS online education offering. Our employees can watch this video at any time, and it is also played at the start of meetings, manager days etc., when many employees are gathered. The video serves as a reminder and is a complement to the classroom education.

CPR drills are executed at all clubs every year. During the CPR drills, club staff simulate what could happen in a real CPR situation. They experience how it feels, with all the noises and members around them, and how this affects them in a situation that is often stressful and emotional. This is a good way to learn the importance of quick response, lifesaving skills and cooperation with colleagues.

CPR safety zone

SATS Sweden has earned the "Hjärtsäker zon" (CPR Safety Zone) certificate. This is a standard that is only used in Sweden for CPR routines, and it has been developed by the organization First Aid Sweden. The CPR Safety Zone standard refers to private and public companies outside the medical world and stipulates routines and requirements for how to be prepared to handle any CPR incidents. Immediate and adequate help in the event of heart failure can save lives. However, outside of the medical world, people often do not know how to respond in such a situation. The purpose of the CPR Safety Zone certification standard is to save lives by increasing knowledge about how to handle heart failures. A CPR Safety Zone is required to provide the following:

- Routines, knowledge and readiness to handle a heart failure and contact 112 (SOS alarm service, corresponding to 911 in some other countries)
- Competence in CPR, making sure help can be given immediately
- Knowledge among all employees of where the defibrillator is and how to handle it
- Accurate aid, using a defibrillator, within 180 seconds to a person when needed
- A defibrillator registered in the Swedish defibrillator register

During 2022, we had seven incidents in our clubs in all four countries in which SATS employees initiated CPR to help members with heart failure. There was also one incident where SATS employees were alerted to help with a heart failure in a nearby pharmacy. In addition, there were seven incidents where SATS employees were about to initiate CPR but ultimately did not need to. We are relieved that the treated person survived in all these incidents.

Training product safety

(GRI indicator: 416-1)

Members' health and safety are key priorities at SATS. Our vision to make people healthier and happier is deeply rooted in everything we do. All our training products are assessed and managed for the best possible impact on health in a safe way. We work in multiple ways to make sure our clubs are safe places for working out.

PHYSIOTHERAPY

Physiotherapy is an important element of our holistic commitment to making people healthier and happier. We offer prehabilitation and rehabilitation in a positive environment at twenty-five clubs in Sweden and nine in Norway. All our therapists have at least three years of university education and are authorized in their respective countries. The physiotherapy segment within SATS is growing, and client satisfaction is very high.

This excellent customer satisfaction is the result of both the physiotherapists' competence and their working environment. By treating clients in the inspiring fitness environment of a SATS club, both compliance and commitment from clients are very high. Combined with the endless possibilities in terms of exercise equipment, great results can be achieved. As a result, SATS' physiotherapists help their clients become healthier and happier. With an injury healed, less pain, and improved mobility, clients can continue to live their active lives and workout.

SATS Physiotherapy frequently invites national and international experts to provide supplementary training for our physiotherapists. This helps our physiotherapists maintain a high competence level and stay up to date on current research. During the COVID-19 pandemic, SATS expanded the physiotherapy offering to also allow for video consultations, offering clients help even if they could not visit a SATS club. SATS physiotherapists follow all local requirements to work safely with clients at the club.

GROUP TRAINING

Some of our members prefer working out on their own on the gym floor, while others prefer an instructor and a group environment. In fact, SATS group training plays a huge role in inspiring our members to exercise regularly. Therefore, our group training offering is a top priority. We work hard, together and at all levels in our organization, to offer our members a group training schedule that is varied, exciting and inspiring and has sufficient capacity. In addition, we follow up that our employees at clubs are knowledgeable about the various group training classes so they can make inspiring and accurate recommendations to our members.

As a general rule, all training is good training. However, in reality, incorrect training, i.e., exercises that are not adapted to a person's specific circumstances, can be harmful. Therefore, SATS' group training instructors are all educated and licensed through a group training instructor course that covers anatomy, physiology and training theory as well as group training instructor skills. SATS' group training classes also follow guidelines for exercises, choreography and music. These are described in the Nordic Group Training Manual, which includes outlines and frames for all group training classes that are offered at SATS. Before an instructor can teach a SATS concept class, they must be educated in that specific class through SATS Academy.

During the COVID-19 pandemic, SATS' group training was adapted to ensure a safe training environment for members. This included, for example, moving classes outdoors, limiting the number of members in the group training sessions, adapting class programming to ensure members maintain a distance to one other during class, not moving around or sharing equipment during class, and reducing class duration to allow time for all participants to clean equipment after use.

We also offer SATS Online to all members—a library with hundreds of classes in different training categories and skill levels, as well as mindfulness.

PERSONAL TRAINING

SATS' personal trainers are passionate about exercise, health and helping members reach their goals. We cooperate with the leading personal trainer educators in all of our countries and only recruit candidates who embody our values. All new hires go through our own onboarding program, including a course where they learn about their personal trainer role at SATS, member interaction, work environment and CPR. Over time, our personal trainers continue to develop their competence, skills and experience on the job and in SATS' licensing courses. SATS' licensing courses cover both mental and physical aspects of how to better help members succeed with their goals and become healthier and happier. During the COVID-19 pandemic, SATS' personal trainers adapted to coaching their clients in a safe way, for example keeping a distance and using face masks.

Eating disorders

For most people, physical activity is healthy and happy, but as always, too much of anything becomes unhealthy. At SATS, we can see clearly that as pressure and stress in society increases, eating disorders also increase at our clubs. Not only among young women, but among men and women of all ages. During the pandemic, we saw an increase in eating disorders.

SATS collaborates with expert organizations in each country. We invite them to our HSE education days to educate our managers on eating disorders and how to best handle them at our clubs. We also have an online course ("I care") on eating disorders that is available for all employees. This course invites our managers and other employees to better understand the disease and reflect on how to best handle cases where we suspect an eating disorder.

In the event we suspect that a member has an eating disorder, the first step is for the club manager to take the initiative to arrange a dialogue and meeting and let the member know we are worried that they are not feeling well and that we care.

Although those who fall ill to the disease have a lot in common, each case is different, sad, and complex, and therefore very difficult to handle. In most cases, when we suspect an eating disorder, the conclusion is that we cannot let the member keep training at SATS. In some cases, we agree to let them keep training as a part of their healing process and only do activities to build strength and recover. However, we have to consider that eating disorders are contagious, so there is a risk that other members could be triggered by seeing a member with a clear eating disorder at our clubs.

At SATS, we are not doctors and cannot give medical treatment. What we can do is show that we care, and we have learned from our expert partners that even though the dialogue with SATS may not always end on a positive note, it can be what finally makes the person seek medical care and start the journey back to feeling healthy and free from the disease.

Member injuries

We program our training offering to avoid member injuries to every extent possible, but where physical activity is practiced, sports injuries also sometimes follow. Our online self-study course "Bandage for injuries" trains our employees so they can help our members with safe and immediate care following the RICE method for fast recovery from injury (Rest, Ice, Compression, Elevation).

In 2022, there were a total of 522 incidents reported involving member injuries. These include major incidents, such as heart failure, where CPR was initiated (see the First aid – CPR section for more details), as well as incidents such as strained ankles, achilleas tendon ruptures, fainting episodes, epileptic seizures, crushing accidents (dropping weights on feet or hands), cut wounds, members who stumble, fall and injure themselves (strained ankles, shoulders, wrists, bruises, bone fracture), etc.

INCLUSION, JOBS AND EMPOWERMENT

SATS' work to make people healthier and happier applies to both employees and members. *Inclusion, jobs and empowerment* is a sustainability theme that engages SATS profoundly. It is important for the company to ensure an open, welcoming and including workplace.

We offer a workplace where employees can grow and learn, both on the job and in the classroom. This enables us to hire employees who are just starting their career or do not have a fancy university degree. At SATS, we value each employee for their ambition, attitude and results. We give employees the opportunity to build a great career, regardless of their age, educational background and network.

The result is an energetic and vibrant workplace with engaged colleagues who share SATS' vision of making people healthier and happier. Our employees are our stars; they are the ones who inspire, motivate and help people be healthier and happier. SATS' work within the sustainability theme *Inclusion, jobs and empowerment* is organized in four topics. The work within these four topics covers all SATS' employees, in all countries and regions.

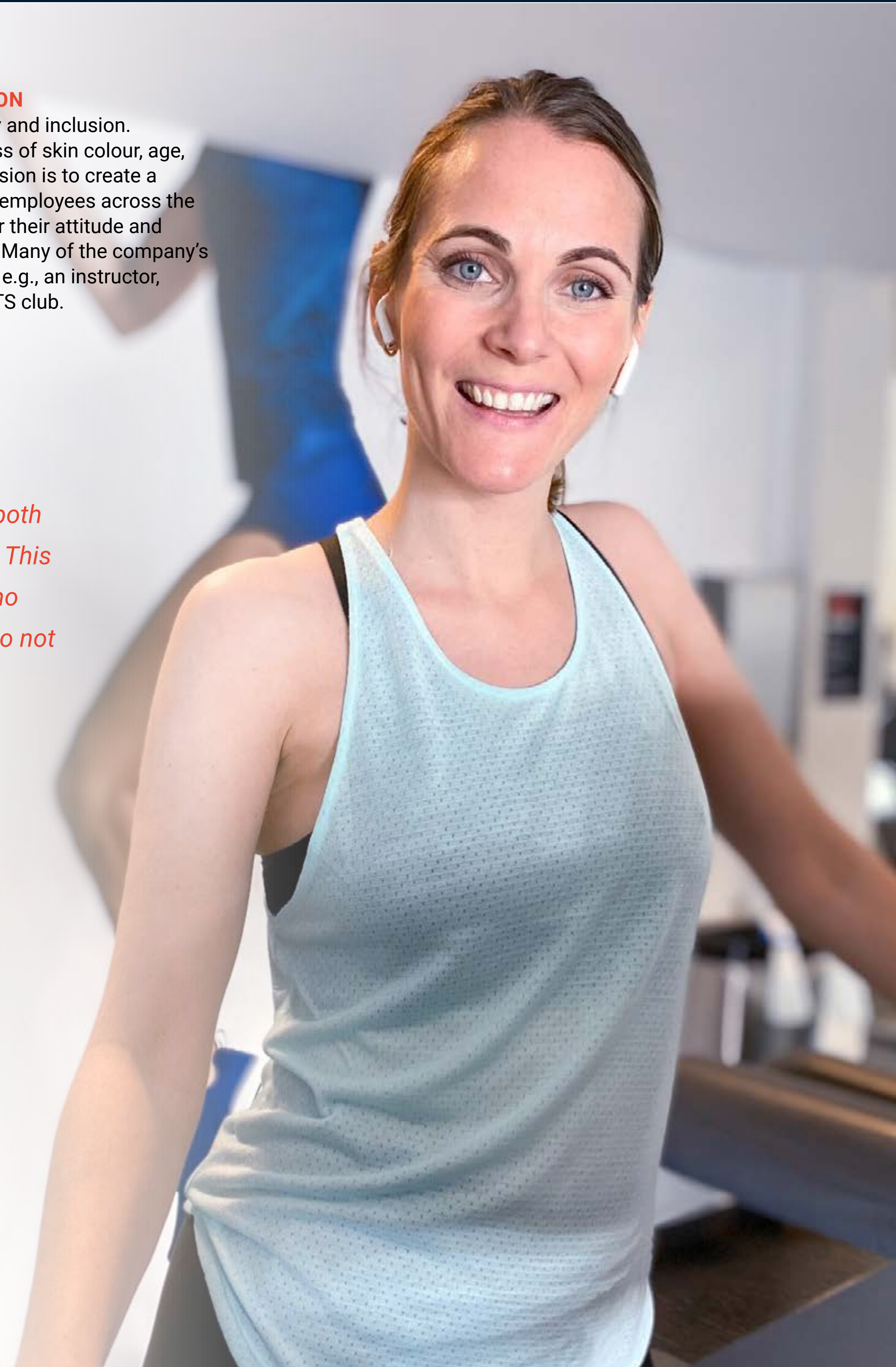
- Diversity, equality and inclusion
- Skills and education
- Human rights and respectful workplaces
- Employee safety

Many young people start their career with SATS. They either learn and develop within SATS or they stay and learn within SATS for a while and then move on to other opportunities. Of all our employees, 45 percent are below the age of 30. To support colleagues in their development and help them be successful in their existing and new roles, SATS offers at-work training as well as a variety of internal education programs that are catered to each role and tenure.

DIVERSITY, EQUALITY AND INCLUSION

SATS welcomes and promotes diversity and inclusion. Everyone is welcome at SATS, regardless of skin colour, age, gender or sexuality. The company's passion is to create a motivating and joyful experience for all employees across the Nordics. SATS employees are valued for their attitude and results, regardless of their background. Many of the company's managers have started their careers as e.g., an instructor, personal trainer, or receptionist at a SATS club.

"We offer a workplace where employees can grow and learn, both on the job and in the classroom. This enables us to hire employees who are just starting their career or do not have a fancy university degree."



Key employee statistics

(GRI indicators: 102-7, 102-8, 405-1, 405-2)

	Norway		Sweden		Finland		Denmark		Total	
Employment	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Number of employees[1]	3,644	3,938	3,121	2,933	902	909	924	873	8,591	8,653
Number of full time equivalents	1,068	842	901	819	281	264	212	206	2,461	2,131
of which are on permanet contracts	93%	91%	69%	70%	99%	99%	100%	100%	84%	85%
of which are on temporary contracts	7%	9%	31%	30%	1%	1%	0%	0%	16%	15%
of which are on fixed paid contracts	11%	11%	15%	15%	13%	12%	7%	7%	13%	12%
of which are on hourly paid contract	89%	89%	85%	85%	87%	88%	93%	93%	87%	88%
Number of GX instructors	1,902	1,807	1,183	1,076	410	419	392	383	3,887	3,685
Number of Personal Trainers	464	497	479	514	113	129	84	94	1140	1,234
Number of employees at the service office	175	195	93	96	34	32	18	23	320	347
Sick leave	3.1%	7.5%	10.8%	3.1%	13.3%	9.2%	2.9%	3.4%	6.1%	7.1%
Employee turnover[2]	26%		17%		30%		22%		24%	
Diversity										
Percentage of women, total	72%	72%	67%	68%	84%	84%	57%	60%	70%	71%
Percentage of women among leaders[3]	69%	68%	68%	65%	84%	86%	49%	58%	69%	69%
Percentage of women, Extended Group Management									50%	60%
Percentage of women, Board of Directors									40%	40%
Percentage of employees below age 30	46%	46%	42%	41%	48%	49%	51%	48%	45%	45%
Percentage of employees between age 30–50	44%	44%	46%	48%	47%	47%	33%	36%	44%	45%
Percentage of employees above age 50	11%	9%	12%	11%	5%	4%	16%	16%	11%	10%
Equal salary										
Ratio of average salary for woman to men, fixed paid contracts	94%	88%	99%	96%	87%	88%	91%	102%	91%	92%
Ratio of average salary for woman to men, hourly paid contracts	102%	102%	110%	106%	102%	105%	110%	106%	105%	104%

1) *Count based on number of roles.*
2) *Excluding Fresh Fitness.*
3) *Defined as persons having personnel responsibility.*

Account on equality and discrimination

As a company based in Norway, we are obliged by law to work actively, targeted and systematically to promote equality and prevent discrimination in the workplace. The Norwegian Equality and Anti-Discrimination Act §26, states that all public undertakings, regardless of size, and private companies with more than 50 persons shall investigate whether there is a risk of discrimination or other barriers to equality including reviewing pay conditions by reference to gender and the use of involuntary part-time work every two years.

The figures in the table to the right and commented in this section include all employees working within SATS Group. The subcategories are based on equal work and work of equal value. The subcategories have been presented to AMU (Arbeidsmiljøutvalg) in SATS for input. At SATS, it is usual to have several different positions that have different work of value and salaries. Thus, the figures presented in the table count the number of positions and not the actual number of employees.

GENDER, ETHNICITY AND FUNCTIONAL ABILITY

As a market leader in the Nordic fitness industry, and with a majority of young employees where many of whom have their first job, SATS must work actively to be an inclusive, culturally and ethnically diverse company. Diversity and inclusion are important parts of who we are, our members and our employees. This is also builds into our basic training for all our employees. In our engagement survey, 77% of our employees answered that they feel that SATS is a company that accommodates diversity of opinion and where you are respected. 94% answered that they do not experience any form of bullying in their workplace. We must work even harder to become an industry beacon to promote inclusiveness and equality.

There is currently a preponderance of women in the company, both in total and among leaders, corresponding to more women applying for employment in the company. We always hire the most qualified applicant for the position, regardless of gender, ethnicity, and functional ability, in accordance with our employment policy.

PART-TIME WORK

SATS operates with long opening hours every day, including weekends. Hence, the company attracts students and others

Ratio of average salary for women to men

	Norway[1]		Group	
	Women	Men	Women	Men
Management level 1	**118%**		**121%**	
Share	50%	50%	45%	55%
Management level 2	**100%**		**95%**	
Share	44%	56%	48%	52%
Support	**104%**		**96%**	
Share	73%	28%	62%	38%
Management Operation	**97%**		**94%**	
Share	76%	24%	69%	31%
Employee Operation	**98%**		**97%**	
Share	69%	31%	66%	34%
GX, PT og Treatments employees	**104%**		**101%**	
Share	69%	31%	73%	27%
Total	**101%**		**103%**	
Share	69%	31%	70%	30%

1) Disclosed for Norway separately in order to comply with the The Norwegian Equality and Anti-Discrimination Act §26.

Part time and parental leave

	Norway		Group	
	Women	Men	Women	Men
Part time	98%	96%	94%	94%
Total weeks parental leave	629	240	1,511	331
Parental leave as share of employees	2%	1%	2%	1%

who do not have the opportunity to work full-time. It is possible to work at multiple clubs, and we have not received any indications that there are involuntary part-time employees in our organization. SATS publishes all new job postings on our intranet toensure that all employees already working in SATS and who want to work more can apply for the positions. We prioritize existing part-time employees when recruiting.

EQUAL PAY

In Norway, Sweden and Denmark, the majority of our operational roles are regulated in collective agreements. In Finland, our salary model is based on industry benchmarks. For roles that are comparable, we use salary matrixes to ensure equal pay for equal work. The main criterion is seniority. For club managers, salaries are mainly based on the size of the club in terms of the number of employees and members. We still see that the average salary for men is somewhat higher than the average salary for women. This pay gap is a result of a higher share of men in leadership roles at the largest clubs and with longer seniority.

For administrative employees, we see that there is a somewhat bigger salary gap between men and women in the men's favor. This can partly be explained by the fact that we have built up an internal IT development team where we previously outsourced this service. The senior positions in this team are primarily held by men. The challenge of an overweight of men in senior positions also exists in other departments (excluding the management team). Nevertheless, we see that we need to take action to assure that the gap is reasonable and not in the favor of the best negotiator. All SATS employees should receive a fair salary based on their role, experience, and level of education.

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We see that there is a somewhat larger salary gap between men and women in Management Level 1, with women having a higher salary level than men. This can be explained by seniority. The other subcategories have a smaller gap between the genders.

SKILLS AND EDUCATION

(GRI indicators: 404-2)

To support colleagues in their development in existing and new roles, SATS offers a variety of internal education programs, like Future SATS Leader Program, Strong SATS Leader Program, personal trainer courses, group training courses and courses for our physiotherapists. In addition to these product-oriented educations, we also offer courses on eating disorders, doping and fire safety (described in the Member safety section of the report) as well as CPR, threat and violence and HSE (described in the Employee safety section of the report).

Future SATS Leader Program

The club manager plays a key role in SATS. This role is demanding and interesting and is responsible for a team, a club and its members. Therefore, it is a desirable career opportunity for which many of our employees strive. To encourage and build our future leaders, SATS has created an internal trainee program called Future SATS Leader Program, to which employees can apply. The program runs over nine months with a combination of physical meetings, home assignments and project work. The subjects covered include leadership, chain operations, marketing, sales, finance, HSE legislation and specific SATS knowledge. The program is built internally, and most of the teachers and speakers are SATS employees from different areas. The objective is for participants to grow, learn and develop to be ready for the club manager role. The program is highly appreciated, and many participants have gone on to work as a club manager or are ready to do so when a position opens. During 2022, a total of 72 participants from Norway, Sweden and Finland participated in the program.

SATS Strong Leader Program

To further strengthen our experienced leaders in their roles, SATS teamed up with Front Leadership, an external training provider, to offer SATS Strong Leader Program. The program consists of a kick-off and eight two-hour modules. After each module, the participants receive a leadership challenge that gives them a chance to put theory into practice. During the program, the participants are assigned to discussion groups where they discuss and reflect together. The participants' managers also play an important role as sparring partners throughout the program. Topics covered include time management, feedback, communication and how to lead your team through change. The overall feedback so far has been very good, and we are happy to say that the participants so far find the SATS Strong Leader program to be relevant and inspiring. Participants say that the program has helped them develop their leadership skills and helped them increase their team members' engagement. During 2022, 231 employees from Norway, Sweden, Denmark and Finland participated in the program.

Courses for personal trainers

SATS' personal trainers are required to have a degree from a PT education. In addition, new personal trainers complete the SATS PT onboarding program when they join SATS, which combines classroom work with self-study. This program introduces our new personal trainers to SATS as a company but also further strengthens their skills as personal trainers. The purpose of the program is to help them get started and find clients as soon as possible but also to give them tools, such as how to organize their workday, to build a sustainable career as a personal trainer at SATS.

For many personal trainers, it is very important to keep growing and learning. Both to stay up to date on new trends, training forms and methods, but also to stay motivated and enjoy work, every day. Therefore, many personal trainers spend a lot of time and money, some even travelling the world, to participate in workshops with coaches and teachers they are interested in. At SATS, we recognize and encourage this strong commitment to develop and grow in their role. To make this personal development accessible for all personal trainers in SATS, the company has developed an internal education offering for which our personal trainers can sign up. This offering evolves continuously as trends develop and interests among our personal trainers change. However, some basic themes persist and are sought after, year after year. Here are some of the courses that are popular:

Programming: This teaches PTs how to develop plans for their clients and work with programming in short and long cycles to reach short-term and long-term goals. The course addresses topics such as: what is a good program, how to best structure a program, and how to work with progressions in a program, in different dimensions.

Progression in exercises: In PT educations, PTs learn how to perform different exercises, such as deadlift or squat. But not every client is able to perform exercises this way due to restrictions in e.g., range of motion, strength or coordination. In this course, PTs learn to identify the right progressions for each client depending on current restrictions, toward the goal of helping the client perform the exercises correctly.

Prehab/rehab: In this course, our PTs learn how to train clients who are recovering from different types of injuries or are prone to injuries. PTs also learn when to refer the client to a physiotherapist or a medical doctor.

Training during menopause: Menopause, in general, used to be a hush-hush topic in society, but this is changing. Training during menopause has become a very popular course and PTs are eager to learn about this topic, which is rather new for many of them.

Coaching: This course teaches PTs how to motivate clients to change their behavior and prioritize healthy choices. This course has been consistently popular and relevant for many years.

Expand your range: This course covers functional fitness and has been part of our educational offering for a long time. Its popularity has peaked, but our PTs are still interested in learning more about functional fitness.

Training post pregnancy: As its name indicates, this course teaches PTs to work with clients after pregnancy: priorities, pitfalls and how to avoid them, progressions, etc. There is also a course about training during pregnancy. These courses are consistently popular.

Endurance training: In this course, PTs learn programming for endurance training, including methods, work-to-rest ratios, and time domains. The course also teaches PTs to program in a smart way and with intention, and not just "hard".

Olympic lifting: This course gives PTs tools to work with Olympic lifting with their clients. It also teaches them the benefits of Olympic lifting, including how it can help develop coordination, mobility, stability, strength, and explosiveness.

Courses for group training instructors

SATS' internal education program also offers a wide variety of opportunities for group training instructors who wish to broaden their skills and teach other group training classes.

Onboarding

For new employees, SATS offers an self-onboarding journey. There are tailored onboarding journeys for the roles Customer Care, Personal Trainer and Group Training Instructor. With these onboarding journeys, SATS aims to secure a great start for all employees in their new roles. Knowing what is expected from a new role and feeling confident about this helps build motivation and engagement. SATS will continue to improve its onboarding program to ensure a great start for all new employees.

HUMAN RIGHTS AND RESPECTFUL WORKPLACES

Human rights

(GRI indicator: 102-12)

With SATS' vision of making people healthier and happier strongly rooted in the organization, respecting human rights is a foregone conclusion. SATS follows the United Nations Guiding Principles on Business and Human Rights, the International Labour Organization's (ILO) core conventions, the OECD Guidelines for Multinational Enterprises and the ten principles of the United Nations Global Compact. The company is committed to respecting all internationally recognized human rights and supporting all international labor and human rights articles set out in the UN's Universal Declaration of Human Rights and the UN Convention on the Rights of the Child, including the freedom of associations and collective bargaining principle. The company takes a zero-tolerance approach to infringement on the human rights of others and will appropriately address any violations.

In addition, the company opposes all forms of human trafficking, forced labor, and illicit forms of child labor in its operations and value chain. SATS recognizes its responsibility to identify, prevent, mitigate and remedy potential and actual negative impacts on human rights throughout the company's supply chain. The company wants employees, members and

Employee notice regarding operational changes
(GRI indicator: 402-1)

Denmark: Employees should be given individual notice of all significant operational changes. Notice period is from one month up to six months, depending on the seniority of the employee.

Sweden: All significant operational changes should be communicated in line with what is agreed in the collective bargaining agreement with the union. Notice period is at least one month.

Finland: In the event of negotiations, employees must be given notice five days before the start of the negotiations. The duration of the negotiations is 14 days if less than 10 employees are affected and 6 weeks if 10 or more are affected. Notice period is one month for most employees, but longer for key roles, e.g., the management team.

Norway: All changes that affect the employee must be discussed with AMU (the Working Environment Committee). The timeline of the notice period is part of this discussion. Each employee's notice period is stipulated in his or her employment contract.

Performance reviews per country in 2022

Norway: Offered to all employees.

Sweden: Offered to employees who work more than eight hours a week.

Finland: Offered to club managers, assistant club managers, receptionists, childminders and personal trainers.

Denmark: Offered to all employees. Paid time for those who work more than 20 hours a week, unpaid time for those who work less than 20 hours a week.

non-members to trust that SATS is devoted to supporting human rights and fighting any injustices that may occur.

Employee dialogue
(GRI indicator: 102-41, 402-1, 403-4, 404-3)
Whenever there is a possibility that a workplace might change in a way that impacts the business or the employees, SATS seeks a dialog with workforce representatives. For example, in connection with a reorganization or if a club closes for a few months to allow for a major renovation. In such circumstances, our HR teams in each country ensure compliance with local legislation on how operational changes should be handled and communicated to union parties and employees. The details in this legislation, regarding employee dialogue in case of operational changes, varies in the countries where SATS operates (please see fact box for details). In general, employee health and safety is well-covered in the legislation in all of the Nordic countries in which SATS operates.

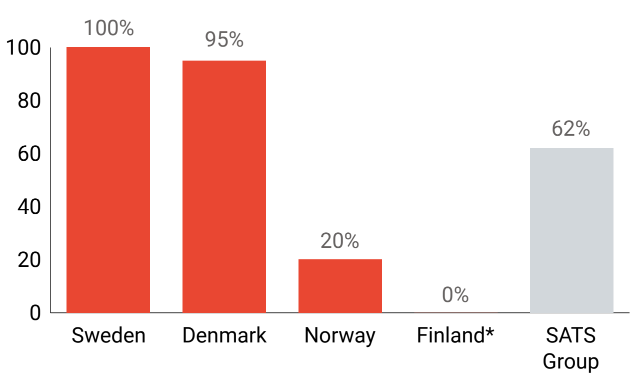
PERFORMANCE REVIEWS
The dialogue between a manager and an employee is important. We encourage our managers to prioritize this dialogue since feedback is most helpful when given in the moment, rather than once a year in performance reviews. We also encourage all SATS colleagues to give each other feedback. If feedback is only given and received in a formal meeting with a manager, many situations will be forgotten and never discussed. It is also important to learn how to both give and receive feedback in a constructive and helpful way. Therefore, frequent practice is key. In addition to this important daily dialogue and feedback, SATS managers also offer employees annual performance reviews. Our routines regarding performance reviews are slightly different in each country, but the timing is similar, with performance reviews mostly being offered in the spring.

SATS ENGAGEMENT SURVEY
SATS Engagement Survey is a powerful tool that helps us register the pulse of our organization by measuring the engagement and well-being in SATS. The valuable insights that we collect enable us to improve the employee experience at SATS so our unique culture, built by our amazing employees, can attract new and retain our existing colleagues. All employees receive the SATS Engagement Survey quarterly, except for group training instructors who receive it twice a year. Based on feedback from group training instructors, we created a specific survey for this role. It was used for the first time in 2022.

Working with the results from the employee survey is an important part of the SATS employee dialogue. After the March survey, all managers and their teams agree on an action plan based on the insights from the survey results. This plan includes one or two key topics to focus improvement work on. In addition to this joint work, each employee also has access to a personal dashboard where individual results can be analyzed and suggestions on self-leadership for personal growth are received.

Discrimination
SATS works actively against discrimination through education for managers, information for all employees and encouragement for all company leaders to set a good example. During 2022, the company had zero reports of incidents of discrimination. However, we are aware that discrimination exists in our society in many shapes and forms and that it is not always recognized as such or reported. We understand that despite the work we do, SATS, with 275 clubs and almost 38 million visits every year, is unlikely we are completely shielded from discrimination. The company will continue to work to build awareness about discrimination within the organization and always with a zero-tolerance approach.

Percentage of employees covered by collective bargaining agreements



** The health and fitness industry does not have collective agreements in Finland.*

Employee survey results

The Engagement index shows SATS' aggregate result from the employee survey (except eNPS). The score is between 1 and 5, with 5 being the highest. SATS Group scored 4.1 in both the December 2021 survey and the December 2022 survey. This is a very good result. To further improve it, the company will continue to focus on the various drivers: the lowest ranked to improve the engagement score and the highest ranked to maintain the high engagement value.

eNPS consists of one question: How likely are you to recommend SATS as a workplace to a friend or acquaintance? The scale is from 0 to 10, with 10 meaning "Highly likely" and 0 meaning "Not at all likely." The answers are then divided into Promoters (9–10), Passives (7–8) and Detractors (0–6). eNPS is calculated as the share of Promotors less the share of Detractors, and the result is a number between -100 and 100, where any score above 30 is considered to be a good result. SATS Group's eNPS was 17 in December 2021 and 16 in December 2022. We will continue our work to build an even better employee experience.

The participation rate is the number of participants in percent of the total number of employees. The total participation rate was 45 percent in the December 2022 survey, which was unchanged from the December 2021 survey. This is not sufficient, and SATS Group's goal is a minimum participation rate of 70 percent. The company will continue to talk about and promote the SATS Engagement Survey so it becomes better established within the organization and achieves a reasonable participation rate.

EMPLOYEE SAFETY

(GRI indicators: 403-1 – 403-10)

Employee safety, as well as physical and mental health, is fundamental in SATS' work toward its vision of making people healthier and happier.

Employee wellbeing

Occupational health and safety is of high importance for SATS. With almost 9,000 employees, the company bears considerable social responsibility as an employer. In addition, the fact that SATS has many young employees gives the company an additional responsibility. In addition, employee satisfaction is a key driver of member satisfaction.

SATS manages employee well-being with the basic belief that this work needs to have a dual focus: reduce the risk for illness, through occupational health and safety measures, and at the same time inspire to improved health through physical activity. Employee-related topics are handled by managers, who are in turn supported by the HR department.

Occupational health and safety

We are committed to providing a working environment that is safe for our employees, and we put a lot of time and effort into making sure that safety is in accordance with our standards. Our operational health and safety system consists, among other things, of a number of proactive safety measures that are included in our daily routines. These routines apply to all SATS employees and other contractors, consultants or suppliers who spend time in SATS facilities.

The topics related to occupational health and safety in our operations are mostly the same in all four countries. This means we are able to use Nordic guidelines to ensure that we cover what is important and act proactively as needed. Because occupational health and safety needs to be implemented and ensured at every workplace, much of this responsibility and planning is delegated to our country operations.

The HSE legislation in Norway, Sweden, Denmark and Finland (the countries in which SATS operates) is strong, clear and comprehensive and covers all SATS employees, as well as the company's local suppliers, consultants and contractors. This is positive because it provides robust guidelines for a healthy work environment in SATS. The HSE legislation is similar across countries and the same in that it assigns the HSE responsibility for a team to each manager. This means that responsibility starts with our CEO and trickles all the way down in the organization to every manager at the clubs. However, while the HSE legislation is very similar, it is not identical in all four countries. Therefore, local competence is necessary to ensure that we abide by all local requirements, practices and details.

HSE risk management

Given the strong legal responsibility assigned to each manager, it is important for all SATS managers to understand their HSE obligations and work in accordance with them. Therefore, educating and informing our managers is the core of our HSE management. HSE coursers are offered to our managers on a regular basis. To ensure that we cover all of the topics that need to be covered every year, we follow an annual wheel.

In addition to training our managers in HSE, our internal school, SATS Academy, offers both online and classroom HSE courses for all employees, including CPR (live and online), Bandage for injuries, I CARE (eating disorder), Pure for sure (anti-doping), Fire and Safety, Threats & Violence, Discrimination and Victimization, Fire evacuation at SATS Childcare, Fire evacuation, Active shooter situation (ongoing deadly violence). We know that time invested in regular training for our employees is time well spent. The goal is for everyone—employees and members—to have the competence to act in a professional manner and also receive professional and correct help when needed.

All our managers have prepared HSE risk assessment plans for their respective workplaces. In these plans, they have identified HSE risks in the workplace and a plan to reduce identified risks to an acceptable level. The following are some of the risks identified in these plans:

Cleaning detergents. Our club employees use cleaning detergents for cleaning. The contents of these, and how they must be handled to ensure safety, are clearly posted in every workplace (in line with legislation). In addition to this, we ensure that we use environmentally friendly cleaning detergents as much as possible. We also provide disposable plastic gloves that are to be used by our employees while they clean the facilities at the clubs.

Working late in exposed neighborhoods. Some of our clubs are located downtown or in neighborhoods where employees might feel insecure if they are alone. We ensure that our managers have a close dialogue with all employees to ensure they feel safe when working late, both at the club and on their way home.

Threatening members. Occasionally members display threatening behavior toward employees or other members. Our managers are trained to handle threatening situations, but every incident is unique. If a life-threatening situation should occur, employees are asked to contact 911 (or the equivalent in each country). The manager and the employees work together to resolve the situation, turning to colleagues and/or occupational health care for help if needed. Where approved by authorities, SATS has also installed surveillance cameras to increase the safety at clubs that employees have identified in their dialogues as having a higher risk.

Crises. Risks and trends in our communities are reflected in our business and our employees. For example, terror threats, shootings and other severe violence could potentially occur at a SATS club just as much as they could occur elsewhere in our communities. SATS has prepared a crisis group structure that presents clear routines, guidelines, checklists and roles and responsibilities in the event a crisis was to occur. Our managers are trained during SATS' leadership programs to use these tools and guidelines.

Maintenance tasks. All operative tasks at our clubs are clearly described in manuals and/or videos and assessed from a risk perspective. Tasks associated with a higher risk are given special treatment, e.g., through instructions that only managers should perform the task or that the manager and an employee should perform the task together. SATS also has a team of maintenance specialists who help club staff with tasks they are unable to handle or feel uncomfortable handling themselves. Tasks requiring competence beyond this team of specialists are handled by suppliers who specialize in the task and have access to the equipment needed for safety.

COVID-19. During the pandemic, SATS made considerable efforts to minimize infection risk in our clubs. For example, we set a maximum of allowed members in our clubs to avoid crowds, added extra cleaning, reminded members and staff that they were only allowed to come to our clubs when fully

healthy, provided masks for our employees, moved equipment further apart or closed equipment, used signage to remind members to keep their distance, etc. We continuously adapted and improved our safety measures as the infection status in society evolved and legislation changed. Our measures always lived up to government restrictions and infection authorities' recommendations and were described on our local websites (sats.no, sats.se, sats.com, elixia.fi).

All identified HSE risks are discussed in close dialogue with the manager, who bears the legal HSE responsibility to identify risks and remove/reduce them. Our country HR functions, regional managers and the maintenance team support our managers in these situations. By applying special competence within each area of HSE, we ensure the implementation of a satisfactory solution, thereby reducing the identified risk to an acceptable level.

Should an incident occur despite measures taken, SATS has systems and routines in place, in line with national legislation i each country, for reporting and managing the incident. This way, we make sure we record and handle all health and safety incidents. Should special competence be required beyond what SATS' support functions can provide, SATS also seeks external advice from HSE experts, e.g., through the employers' organization or other external advisors.

If, despite these measures, an employee does not feel safe at work, he or she can use SATS' whistleblowing system, as described in the Whistleblowing section, to anonymously report HSE hazards or work related problems.

HSE statistics

EMPLOYEE INJURIES, WORK-RELATED ILLNESS AND SICK LEAVE

During 2022, we had a total of 108 cases of employee injury and work-related illness reported in all four countries, up from 94 in 2021. This increase should be viewed against the backdrop of periods of forced club closures in 2021 due to the pandemic. We believe that the risk for employee injuries was similar in 2022 and 2021, and the types of injuries were similar to those in previous years as well. Sudden crush injuries, from dropping weights on a foot or hand, are common. Other injuries include strain injuries, often while leading a group training class, and back pain. There were also cut wounds from employees hitting their heads on equipment, and some fainting episodes. There were also a few cases of employees backing into and then falling over a bench or other training equipment, in a couple of cases resulting in a bone fracture. Some of the cases reported refer to incidents that occurred outside of the SATS premises, e.g., slipping on ice or being attacked by a dog. There were no fatal injuries.

The most common types of work-related illness were stress, anxiety, and back problems. There were also cases of physical injuries that led to sick leave, such as bone fractures, strained ankles, knees, crush and shoulder injuries. In addition to the reported cases that resulted in sick leave, we also believe there were unrecorded cases of, e.g., back and shoulder problems, a common phenomenon associated with desk jobs.

To support employees with mental or physical health issues, SATS cooperates with occupational health care providers in each country, where employees are given support as needed. In cases of sick leave due to injury, we arrange and cover the visit to one of SATS physiotherapists. For health care beyond occupational health, all of the countries where SATS operates provide excellent and sufficient public health care for their citizens.

In addition to recovery programs and support from occupational health care, SATS also works to ensure employees on sick leave receive support and care from their managers in order to help the employee regain the strength and will to return to work as soon as possible. Employees on sick leave are also invited to all planned events and social gatherings. Hopefully, this makes the employee feel valued and appreciated and aids in the recovery.

DEVIATION REPORTING

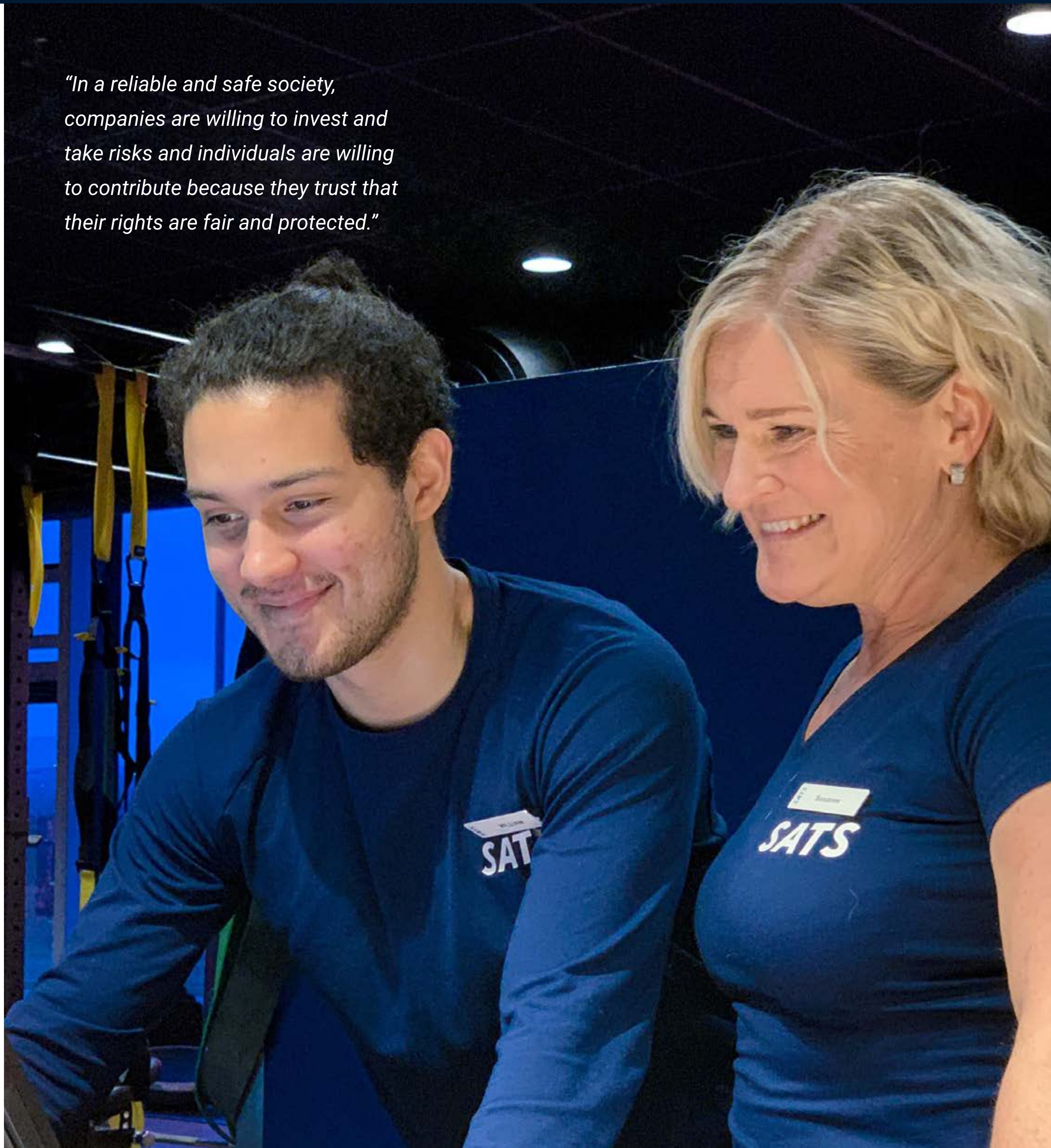
SATS has a deviation reporting system in all four countries. Through this tool (one IT system in Norway, Finland and Denmark and another system in Sweden in cooperation with AFA Försäkring), club staff report all extraordinary incidents occurring at our clubs. This ensures knowledge of all incidents and provides an overview of the types of incidents occurring at our clubs. Examples of reported incidents (in addition to the employee and member injuries discussed above) include water leakage/damage, ventilation and/or temperature issues in the facilities, thefts (often from lockers), members displaying threatening behavior, and suspected cases of doping and/or other drugs.

GOVERNANCE

RELIABLE AND SAFE SOCIETIES

SATS' governance-related sustainability theme is *Reliable and safe societies*. SATS operates in Norway, Sweden, Finland and Denmark. These countries have strong institutions, stable democracies and limited corruption, all of which contribute to reliable and safe societies for our members and employees. This environment is fundamental for growth, both for corporations and individuals. In a reliable and safe society, companies are willing to invest and take risks and individuals are willing to contribute because they trust that their rights are fair and protected. Efforts and resources are effectively allocated to achieve transparent and common goals. SATS is humbly grateful that it operates in the reliable and safe societies of the Nordic countries and for the significant values this contributes to the company and all its stakeholders. Furthermore, SATS is committed to contributing to making our world more reliable and safer. Within the sustainability theme *Reliable and safe societies*, SATS has identified two topics: Customer rights and data protection and Business ethics and integrity.

Customer rights and data protection
Business ethics and integrity



CUSTOMER RIGHTS AND DATA PROTECTION

(GRI indicator: 418-1)

SATS has an impact on customer rights and data protection because of the high amount of member data the company possesses, and the company recognizes its responsibility to handle this member data correctly. The company's IT department undertakes the responsibility for customer privacy in collaboration with the Legal and Compliance functions. SATS' Privacy Policy, which has been adopted by the Board of Directors and is available on our website, outlines the company's stance on customer privacy.

Privacy and data protection laws protect the integrity and confidentiality of a person's private information. We are committed to protecting the privacy rights of our employees, members and everyone with whom we do business. We will only use personal data for appropriate purposes, and we will process personal data in accordance with the binding rules applicable to this task.

The General Data Protection Regulation (GDPR), which came into force on May 25, 2018, imposes strict requirements on SATS as a group and grants everyone rights in connection with the collection, use and storage of personal data. In accordance with this, our members have the right to (i) be forgotten, which entails the right to have their personal data removed from our database (as well as the databases of all third parties that have received the personal data from us); (ii) modify their collected personal data; (iii) restrict the use of their collected personal data; and (iv) "data portability," which entails the right to request that personal data be provided to the individual in a machine-readable, usable format. SATS has established a set of routines to ensure compliance with GDPR, including routines for handling personal data, customer service and operations.

In February 2023, SATS was fined by the Norwegian Data Protection Authority (NDPA) for infringement of certain articles of the GDPR that occurred between October 2, 2018, and December 8, 2021. The administrative fine amounted to NOK 10 million. The infringement related to four complaints from members where SATS failed to (i) timely act upon access requests, (ii) take prompt action and erase personal data without undue delay, (iii) duly inform data subject about its data retention policy for banned members and (iv) rely on a valid lawful basis to process the training history of members. Although we take full responsibility for the infringements and acknowledge that the incidents could have been handled better by SATS, we are of the view that the consequences are disproportional when considering that these incidents relate to modest infringements and that no sensitive information was leaked to third parties or otherwise resulted in any real harm for the persons involved. Two of the incidents related to the storage of non-sensitive information, such as name, date of birth and picture, for two members whose memberships were terminated due to them materially violating our safety regulations. The storage of information about these two members was done for the benefit of our other members' and employees' safety, to ensure that the relevant members did not return to SATS during the banned period. SATS is continuously working on its GDPR compliance, to ensure that its members' and employees' personal data are collected, processed, and stored securely and in compliance with the GDPR and other applicable laws and regulations. SATS has not yet concluded whether to take any legal actions against the NDPA related to this matter or not.

We have not had any known breaches of customer privacy in 2022.

BUSINESS ETHICS AND INTEGRITY

Anti-corruption

(GRI indicator: 205-3)

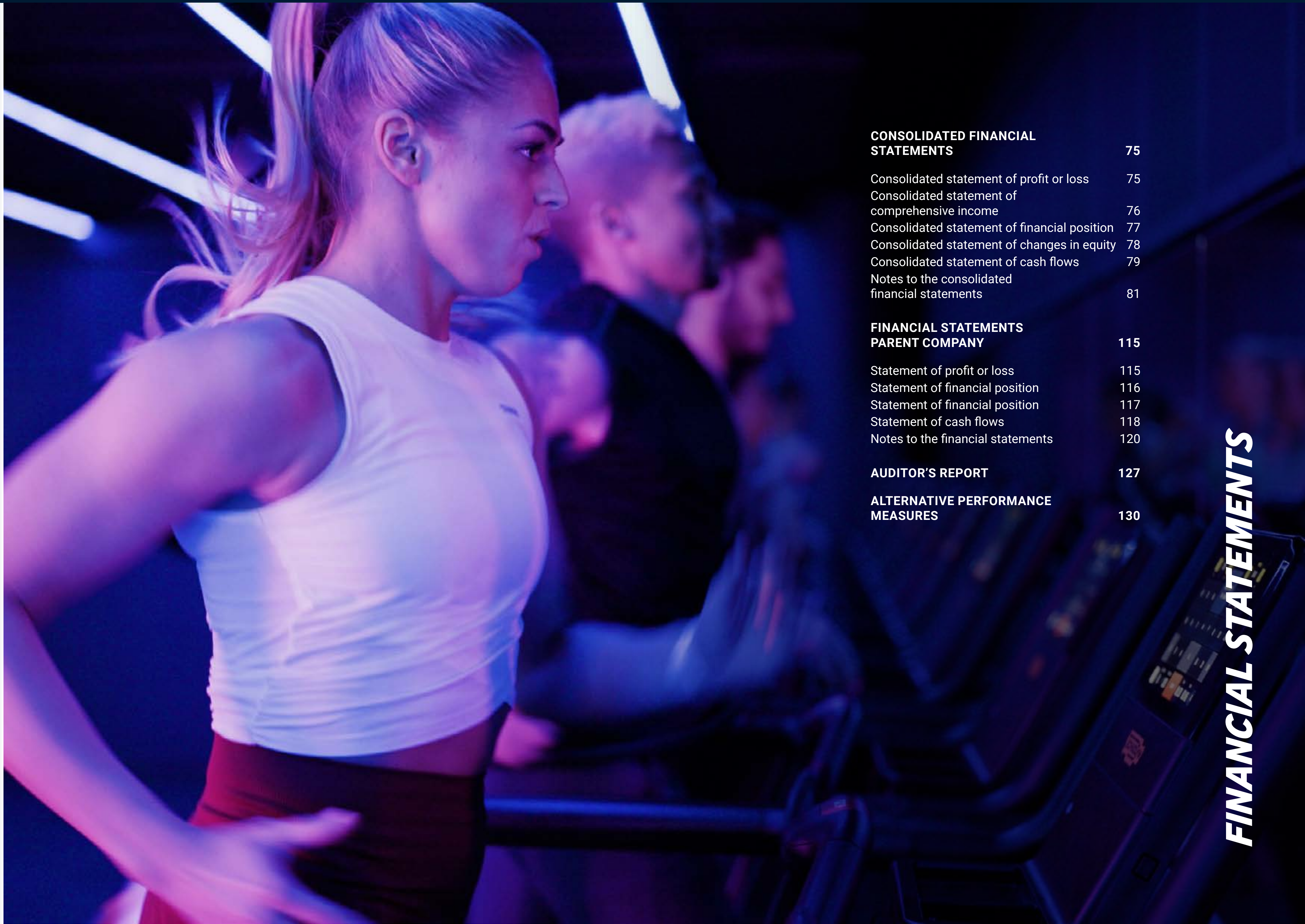
Anti-corruption is an important subject for SATS, even though the Nordic countries are among the highest rated on Transparency International's Corruption Index. Corruption undermines legitimate business activities, distorts competition, ruins reputations and exposes companies and individuals to severe risk. SATS has zero tolerance for corruption in any form, including bribery, facilitation payments and trading in influence, and we will comply with all applicable anticorruption laws and regulations and take active steps to ensure that corruption does not occur in relation to our business activities. Transparency is vital in the combat of corruption. At SATS, we are committed to conducting our business activities in an open and transparent manner, promoting transparency in our industry, and consequently supporting efforts to combat corruption worldwide. Business ethics also include avoiding conflicts of interest, money laundering, unfair competition and breaching rules related to gifts and hospitality. SATS Code of Conduct is a guide for management and employees on how to act and behave according to SATS' norms, rules, and responsibilities. The Code of Conduct covers all of the issues mentioned above and is available on website for all stakeholders to review. SATS' priority is to make sure that all employees feel confident in how to behave responsibly, and we therefore offer an online course on the Code of Conduct (available for all employees). We also make sure all new employees are informed about and receive training in the SATS Code of Conduct as part of their onboarding process. No instances of corruption or other breaches of ethical conduct related to SATS were reported in 2022.

Whistleblowing

At SATS, we encourage our employees to report to their immediate manager behavior and/or events that are not in line with our values, Code of Conduct and policies. Anonymous reporting is possible through our whistleblowing service, which is available both for all personnel in all of our countries and externally on our websites (sats.no/dk/se and elixia.fi). All reports received through the whistleblowing service are taken seriously and thoroughly followed up.

In 2022, our whistleblowing service received a total of 146 reports, of which 73 were not related to ethical misconduct but rather to e.g., equipment and service at SATS training club. Of the remaining 73 reports, the majority were related to HR, for example reports of poor leadership, a colleague who was not feeling well and failures to follow SATS values. There were also a few reports about doping suspicions.

Access to whistleblowing reports is restricted to our whistleblowing team, and every member of the team is bound by a confidentiality agreement for all whistleblowing cases. The whistleblowing team decides whether to accept or decline the report. All accepted reports of alleged misconduct are subject to investigation in accordance with the whistleblowing guidelines. During this investigation, the team may include other people and request information and expertise, although all activities also fall under the confidentiality agreement.



FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	**2022**	2021
(Amounts in NOK million for the period ended December 31)			
Revenue	*6, 7, 10*	**4,082**	**3,247**
Operating expenses			
Cost of goods		-147	-106
Personnel expenses	*8*	-1,587	-1,399
Other operating expenses	*9, 10, 14*	-1,208	-925
Depreciation and amortization	*13, 14, 15*	-1,120	-1,042
Total operating expenses		**-4,062**	**-3,472**
Operating profit/loss		**20**	**-224**
Interest income		12	0
Financial income	*11*	80	54
Interest expense	*23*	-300	-284
Financial expense	*11*	-73	-68
Net financial items		**-281**	**-298**
Result before tax		**-261**	**-522**
Income tax income	*12*	15	70
Result for the year		**-246**	**-452**
Loss for the year is attributable to:			
Equity holders of the parent company		-246	-452
Total allocation		**-246**	**-452**
Earnings per share in NOK			
Basic earnings per share attributable to the ordinary equity	*22*	-1.25	-2.65
Diluted earnings per share attributable to the ordinary equity	*22*	-1.25	-2.65

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in NOK million for the period ended December 31)	**2022**	2021
Loss for the year	**-246**	**-452**
Other comprehensive income		
Foreign exchange rate changes - may be reclassified to profit or loss	28	36
Other comprehensive income, net of tax	**28**	**36**
Total comprehensive income	**-219**	**-416**
Total comprehensive income is attributable to:		
Equity holders of the parent company	-219	-416
Total comprehensive income	**-219**	**-416**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in NOK million at December 31)	Notes	2022	2021
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	13	2,478	2,425
Customer relations	13	25	29
Trademark	13	1	2
Internally developed software	13	84	113
Total non-current intangible assets		**2,588**	**2,569**
Property, plant and equipment			
Right-of-use assets	14	4,161	4,077
Leasehold improvements	15	431	431
Fitness equipment	15	233	200
Other equipment, fixtures and fittings	15	59	61
Total non-current property, plant and equipment		**4,884**	**4,769**
Financial assets			
Derivative financial instruments	25, 26	47	0
Other non-current receivables	16, 28	50	34
Total non-current financial assets		**96**	**34**
Deferred tax asset	12	239	213
Total non-current assets		**7,806**	**7,584**
CURRENT ASSETS			
Inventories	18	57	57
Other current receivables	19	54	59
Accounts receivables	19	126	117
Prepaid expenses and accrued income	19	287	237
Cash and cash equivalents	20, 24	345	281
Total current assets		**868**	**751**
Total assets		**8,675**	**8,336**

(Amounts in NOK million at December 31)	Notes	2022	2021
EQUITY			
Share capital	21	431	366
Share premium		3,045	2,521
Treasury shares		-14	-17
Other reserves		65	34
Retained earnings		-2,668	-2,421
Total equity		**860**	**483**
LIABILITIES			
Non-current liabilities			
Deferred tax liability	12	71	72
Borrowings	23, 24	1,970	2,090
Derivative financial instruments	25, 26	0	1
Other non-current liabilities		0	4
Lease liability	14, 23, 24	3,666	3,632
Total non-current liabilities		**5,707**	**5,798**
Current liabilities			
Borrowings	23, 24	19	12
Lease liability	14, 23, 24	869	820
Contract liability	27	584	487
Trade and other payables		116	138
Current tax liabilities	12	6	4
Public fees and charges payable		91	225
Other current liabilities	27	423	369
Total current liabilities		**2,108**	**2,055**
Total liabilities		**7,815**	**7,853**
Total equity and liabilities		**8,675**	**8,336**

Oslo, April 28, 2023

Signed electronically

Hugo Lund Maurstad	**Rebekka Herlofsen**	**Martin Folke Tiveus**	**Siren Sundby**	**Søren Rene Kristiansen**	**Sondre Gravir**
Chair of the Board	*Board Member*	*Board Member*	*Board Member*	*Board Member*	*CEO*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts in NOK million)	*Notes*	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**
Equity January 1, 2021		**365**	**2,513**	**-19**	**-6**	**1**	**-1,969**	**885**	**885**
Loss for the year							-452	-452	-452
OCI for the year					36			36	36
Total comprehensive income for the year		**0**	**0**	**0**	**36**	**0**	**-452**	**-416**	**-416**
Investment program						3		3	3
Capital increase		1	8					9	9
Proceeds from sale of own shares				2				2	2
Equity December 31, 2021		**366**	**2,521**	**-17**	**30**	**4**	**-2,421**	**483**	**483**
Equity January 1, 2022		**366**	**2,521**	**-17**	**30**	**4**	**-2,421**	**483**	**483**
Loss for the year							-246	-246	-246
OCI for the year					28			28	28
Total comprehensive income for the year		**0**	**0**	**0**	**28**	**0**	**-246**	**-219**	**-219**
Investment program						2		2	2
Share issues and capital increase expenses	*22*	65	525					590	590
Proceeds from sale of own shares				3				3	3
Equity December 31, 2022		**431**	**3,045**	**-14**	**58**	**6**	**-2,668**	**860**	**860**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2022	2021
(Amounts in NOK million for the period ended December 31)			
Cash flow from operating activities			
Loss before tax		-261	-522
Adjustment for:			
Taxes paid in the period	12	-23	-32
Loss from sale of gym equipment	15	9	3
Depreciation, amortization and impairment	13, 14, 15	1,120	1,042
Net financial items	11	281	298
Change in inventory	18	0	-9
Change in accounts receivables	19	-8	3
Change in trade payables		-21	18
Change in other receivables and accruals	27	-15	119
Net cash flow from operations		**1,082**	**920**
Cash flow from investing			
Purchase of property, plant and equipment and intangible assets	13, 15	-256	-232
Loan to related parties	28	-10	0
Proceeds from property, plant and equipment		1	1
Acquisition of subsidiary, net of cash acquired	29	-49	-9
Net cash flow from investing		**-313**	**-240**
Cash flow from financing			
Repayments of borrowings	23	-309	-2
Proceeds from borrowings	23	200	200
Installments on lease liabilities	14	-852	-800
Paid interest on borrowings	23	-120	-109
Interest on lease liabilities	14	-189	-187
Proceeds from issues of shares	22	601	9
Proceeds from sale of own shares	21, 22	3	2
Transaction costs from issues of new shares		-13	0
Other financial items	11	-1	10
Net cash flow from financing		**-681**	**-877**
Net increase/decrease in cash and cash equivalents		**88**	**-197**
Effect of foreign exchange rate changes on cash and cash equivalents		-24	22
Cash and cash equivalents at the beginning of the period		281	456
Cash and cash equivalents at the end of the period	20	**345**	**281**

NOTES		PAGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 General information

SATS ASA (parent) and subsidiaries represent the leading training enterprise in the Nordic region with 275 fitness clubs. The business is run through wholly owned subsidiaries in Norway, Sweden, Finland and Denmark. The Group is present in approximately 20 larger cities in these four countries. The Group operates through the brands SATS, ELIXIA, Fresh Fitness, SATS Yoga and SATS Online.

SATS (the "Group") consists of SATS ASA (the "company") and its subsidiaries. As an ASA entity, the Group's parent company is subject to the Norwegian Public Limited Company Act. The accompanying consolidated 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, 2022 are available at our website.

The Group ownership is as follows: 27.6% by TG Nordic Invest, 24.1% by AF III Holdco AS, 6.5% by Canica AS, 4.4% by Ferd AS and 37.4% by other shareholders.

The parent, SATS ASA, is registered and domiciled in Norway and has its head office at Nydalsveien 28, Oslo. The parent was established on March 11, 2011.

The consolidated financial statements were approved by the Board of Directors on April 28, 2023.

NOTE 2 Basis of preparation

Financial reporting framework and basis of preparation
SATS ASA's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations by the IFRS Interpretations Committee (IFRIC) as endorsed by the European Union (EU). There are no material differences between IFRS as issued by the IASB and as endorsed by the EU for the consolidated financial statements of the Group.

Historical cost convention
The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and liabilities (including derivative instruments) – measured at fair value
- Right-of-use assets – initially measured based on the corresponding lease liability
- Lease liabilities – initially measured at net present value of future lease payments

The functional currency of the parent company is Norwegian Kroner (NOK), and this is also the presentation currency of both the parent company and the Group. All amounts are rounded to the nearest NOK million, unless stated otherwise.

Significant accounting estimates
The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. Management believes the underlying assumptions are appropriate. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 Critical estimates.

NOTE 3 Principles of consolidation and significant accounting policies

Subsidiaries
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 has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which 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.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in NOK which is SATS ASA's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss within financial expenses. All other foreign exchange gains and losses are presented within operating profit. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

Group companies
The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognized in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Business combinations
The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:
- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the
- consideration transferred;
- amount of any non-controlling interest in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity
  over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

Revenue recognition
Please find a description of the nature of external revenues in SATS in Note 7 Revenue, contract assets and advance payments from customers.

SATS recognizes as revenue the agreed transaction price in the contract with the customer at the time when the Group transfers the control of a distinct product or service to a customer. Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenue is recognized net of VAT, discounts and foreign exchange effects if the transaction is in a foreign currency. Intra-group sales are eliminated on consolidation.
The nature of SATS revenue recognition is categorized as follows:
- Revenue related to sales of fitness center membership is recognized over the subscription period, analogous with the previous financial statement treatment
- Revenue related to membership joining fees is recognized at contract inception
- Revenue from the sale of products in stores is recognized when the entity sells a product to the customer
- Revenue from personal trainer sessions is recognized when the session has been delivered to the customer

Right-of-use assets
The Group recognizes a right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, adjusted for initial direct costs and lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method over the shorter of the lease term or the useful life of the underlying asset. In addition, the right-of-use asset is reduced by any impairment charges and adjusted for certain remeasurements of the lease liability.

Lease liabilities
The Group recognizes a lease liability at the lease commencement date. The lease liability is measured at the present value of future lease payments at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. SATS utilizes the incremental borrowing rate as the discount rate for virtually all lease agreements. The Group has elected to separate lease and non-lease components included in lease payments for property leases. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (if any) amounts expected to be payable under a residual value guarantee;
- (if any) lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a matching adjustment is made to the carrying amount of the right-of-use asset.

Impairment of assets
Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Cash and cash equivalents
For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Other financial assets
All financial assets, excluding derivatives, meet the SPPI (solely payments of principal and interest) criteria and are managed in a business model of Hold to Collect. These financial assets are in the measurement category amortized cost. The Group measures its accounts receivables and cash and cash equivalents at amortized cost. Subsequent to initial recognition, these assets are measured at amortized cost using the effective interest method. Income from these financial assets is calculated on an effective yield basis and is recognized in the income statement. Financial assets are classified as current assets, except for those where management has the intention to hold the investment for over twelve months or financial assets with maturities later than twelve months after the balance sheet date. These assets are classified as non-current assets.

Impairment of financial assets
The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

While cash and cash equivalents also are subject to the impairment requirements, the expected credit losses are immaterial. For accounts receivables and contract assets, the Group applies the simplified approach to measuring expected credit losses, which uses a lifetime expected impairment provision for all accounts receivables and contract assets.

Statement of cash flows
The cash flow statement is prepared using the indirect method. Interest paid on trade payables and interest received on accounts receivables are presented as operating cash flows. Interest paid on borrowings is classified as financial cash flows. Cash flows are only classified as investing activities if they result in the recognition of an asset in the balance sheet.

Cash payments for the principal portion of the lease liabilities are presented as cash flows from financing activities, whereas cash payments for short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented as cash flows from operating activities.

Cost of goods
Cost of goods is the cost of acquiring the products that a company sells during the period and includes impairment of inventory, scrapping and obsolescence write-down.

Provisions
Provisions for legal claims, service warranties and make-good obligations are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

NOTE 4 Critical estimates

Critical estimates
Estimates and judgments are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

Critical accounting estimates and assumptions
Management makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, will seldom equal the related actual results. The estimates, assumptions and management judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Impairment of intangible assets
The acquisition method was used to account for the historic business combinations results in the goodwill amount. Internally developed software has been recognized at historic cost, has a finite useful life and is subsequently carried at cost less accumulated amortization and impairment losses.

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Recognized goodwill and internally developed software are material to the 2022 financial statements as a whole, and users of the Group's financial statements should note the inherent uncertainty pertaining to the valuation of intangible assets.

The sensitivity analysis and valuation methodology for assessing goodwill are further described in Note 13 Intangible assets.

Goodwill
Goodwill is recognized at NOK 2,478 million as at the balance sheet date. The Group tests whether goodwill has suffered any impairment on an annual basis. For the 2022 and 2021 reporting periods, the recoverable amount of the cash generating units (CGUs) was determined based on value-in-use calculations, which require the use of several assumptions. The calculations use cash flow projections based on financial budgets and prognoses approved by management covering a five-year period for Norway, Sweden, Finland and Denmark. Cash flows beyond these periods are extrapolated using the estimated growth rates stated in Note 13 Intangible assets. These growth rates are consistent with forecasts included in economic outlook reports specific to the area in which each CGU operates.

Internally developed software
Internally developed software is recognized at NOK 84 million per the balance sheet date. The Group estimates the useful life of internally developed software to be at least three years based on the expected useful economic life of the assets. However, the actual useful life may be shorter or longer than three years, depending on software innovations, technical obsolescence of existing solutions and competitor actions.

Depreciation of property, plant and equipment
The Group's assessment of the useful life of property, plant and equipment is determined by the expected useful economic life of the assets, and is based on management's judgement and previous experience. Due to the significant historic investments in leasehold improvements and other fitness equipment, any deviation between actual and estimated useful lives could have a material effect on the consolidated financial statement.

Physical climate risk such as changes to weather patterns and severity of rain, wind, flooding, and other events impact our assessment. SATS has not identified material assets expected to have a significantly shorter life due to climate-related risks. Please see Task Force on Climate-Related Financial Disclosures (TCFD) report in this report for more detailed information about climate risk in SATS.

Recognition of income tax
The Group is subject to income tax in four jurisdictions, and significant estimates are required when determining the provision for income taxes and related tax balances. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions.

Deferred tax assets recognized as at December 31, 2022 have been estimated based on future profitability assumptions over a five-year horizon, and the deferred tax assets are recognized only to the extent that it is probable that the tax assets will be realized.

NOTE 5 Judgements in applying the Group's accounting policies

Critical judgements in applying the Group's accounting policies
Accounting estimates made by the Group's management are based on information available to management at the time each estimate is made. Accordingly, actual outcomes may differ materially from current expectations under different assumptions and conditions. The significant judgements that management has made in applying its accounting policies, and the estimates and assumptions for which there is a significant risk of a material adjustment to the Financial Statements within the next financial year, are set out below.

Critical judgements in determining the lease term
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not to exercise). The assessment of reasonable certainty is only revised if a significant event or a significant change in the circumstances occurs, which affects this assessment, and is within the control of the lessee.

Extension options are at the latest reassessed the quarter before the date of the termination option, which in practical terms means that the lease option is added to the lease liability when a quarter of the agreement remains if the agreement is not to be terminated. The Danish lease agreements do not have extension options; instead, the agreements are continuously prolonged until terminated. Six or twelve months (according to the agreement) are continuously added to the lease liability if the agreement is not to be terminated.

Critical judgements in recognizing revenue, joining fees
When a customer signs up for a fitness center membership, a joining fee will be charged to the overall subscription amount. For this fee, the new members receive an automatic payment arrangement and a free personal training introduction session. Management has defined the personal training introduction session as the key performance obligation related to the introduction offering, and consequently the joining fee is recognized as revenue at the subscription contract inception date.

Critical judgements in recognizing revenue, financing components
The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

NOTE 6 Segment information

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

The Group's chief operating decision maker is the Nordic Management Group, consisting of the CEO, Group functions (CFO, Director of Consumer, Insights & Technology, Director of Marketing, Communication and Member Care, Director of Product and Retail and Chief People & Operations Officer), and the country managers. 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 derivatives).

The Nordic Management Group primarily uses EBITDA[1], EBITDA before impact of IFRS 16[1], Adjusted EBITDA before impact of IFRS 16[1] and Adjusted 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.

Revenue recognition
The revenue recognition criteria in the segment information note are based on the Group's accounting principles and are in accordance with IFRS 15. Please see Note 7 Revenue, contract assets and advanced payments from customers for further information.

[1)] *For further information about definitions, please see the Alternative performance measures.*

Operating segment information

SATS Group	Norway	Sweden	Finland	Denmark	Group functions and other	**Total**
(Amounts in NOK million)						
FINANCIAL YEAR 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 as follows:

SATS Group	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/income	-11	9	0	1	15	15
Profit/loss for the year	**25**	**-42**	**-43**	**-143**	**-45**	**-246**

SATS Group	Norway	Sweden	Finland	Denmark	Group functions and other	**Total**
FINANCIAL YEAR 2021						
Revenue						
Membership revenue	933	961	211	195	0	2,301
Other revenues	432	295	81	138	0	946
Total revenues	**1,366**	**1,256**	**292**	**333**	**0**	**3,247**

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

SATS Group	Norway	Sweden	Finland	Denmark	Group functions and other	**Total**
EBITDA before impact of IFRS 16[1]	**-68**	**-2**	**-67**	**-75**	**42**	**-170**
Impact of IFRS 16	421	335	102	129	0	987
EBITDA[1]	**353**	**333**	**35**	**53**	**42**	**818**
Depreciation and amortization	-395	-343	-103	-145	-55	-1,042
Operating loss	**-42**	**-9**	**-68**	**-92**	**-13**	**-224**
Net financial items[2]	-103	-45	-21	-32	-97	-298
Income tax income	30	13	2	2	23	70
Loss for the year	**-115**	**-41**	**-87**	**-122**	**-87**	**-452**

[1] *For further information about definitions, please see the 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.*

Financial statement per segment
Segments' assets and liabilities are measured in the same way as in the financial statements. The assets are allocated based on the operations of the segment and the physical location of the asset. The Group's borrowings and derivative financial instruments are not considered to be segment liabilities but are managed by the treasury function.

SATS Group	Norway	Sweden	Finland	Denmark	Group functions and other	**Total**
(Amounts in NOK million)						
FINANCIAL YEAR 2022						
Total non-current intangible assets	1,675	212	601	15	84	2,588
Non-current tangible assets[1]	2,049	1,665	580	590	0	4,884
Total non-current financial assets	0	1	0	39	56	96
Deferred tax asset	100	59	22	1	57	239
Current assets	456	202	142	64	5	868
Total assets	**4,280**	**2,140**	**1,345**	**707**	**203**	**8,675**
Total liabilities	**2,337**	**2,039**	**749**	**1,246**	**1,443**	**7,815**
Investments	73	87	15	28	53	256
FINANCIAL YEAR 2021						
Total non-current intangible assets	1,641	223	571	18	115	2,569
Non-current tangible assets[1]	2,133	1,531	561	543	0	4,769
Total non-current financial assets	0	1	0	32	0	34
Deferred tax asset	98	60	21	1	33	213
Current assets	364	362	74	-391	343	751
Total assets	**4,236**	**2,178**	**1,227**	**204**	**491**	**8,336**
Total liabilities	**2,321**	**2,032**	**703**	**575**	**2,222**	**7,853**
Investments	56	51	19	7	99	232

[1] *Non-current tangible assets consist mainly of right-of-use assets, capitalized improvements on the leased fitness center facilities and fitness equipment and exclude financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts.*

NOTE 7 Revenue, contract assets and advance payments from customers

Disaggregation of revenue
In accordance with IFRS 15, management analyzes the revenue contracts with customers and disaggregates the revenue into the following product categories, which depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors:

- Membership fees, consisting of subscription and joining fees
- Other revenue, mainly consisting of personal training (PT) and product sales

Revenue from customers is disaggregated in the table below by geographical location, type of product, the timing of the reception of revenue, and segment.

Revenue recognition - Membership fees
Membership subscription fees
The main product from SATS is fitness center memberships, where customers get access to one or more of the Group's fitness center facilities. Most SATS memberships entail access at all opening hours, giving the customer access to utilize the facilities at their own discretion, and should be defined as a service arrangement. The subscription members simultaneously receive and consume the fitness center services provided by SATS, and SATS therefore satisfies its performance obligation to its customers over time. Consequently, membership subscription revenue is also recognized over time.

The customers enter into a contract with SATS when signing up for a subscription, through the website registration page, at a fitness center, or through customer service center or sales representatives. The customer chooses the preferred subscription arrangement, where the terms, adjusted for any given rebates, are the same for all customers. The normal binding subscription period is twelve months where neither SATS nor the customer can terminate the subscription.

Revenue related to sales of fitness center membership is recognized over the subscription period.

Discounts with binding agreements
For some sales campaigns, customers can receive free months if they agree to a corresponding addition to the binding subscription period. The transaction price will be calculated based on the monthly subscription fee multiplied by the commitment period, i.e., twelve months of monthly fee payments over a thirteen-month subscription period.

Joining fees
When a customer signs up for a fitness center membership, a joining fee will be charged to the overall subscription amount. For this fee, the new members receive a membership registration, an automatic payment arrangement, and one free PT introduction session. The introduction session has commercial value to the customer, and normally the customer utilizes the PT introduction session the first month after the contract inception date.

Management has made the assessment that the PT introduction session is the key performance obligation related to the joining arrangement, and the joining fee is consequently recognized as revenue at the subscription contract inception date. All other revenue related to membership subscriptions is recognized over the membership period.

Revenue recognition - Other
PT sessions
PT sessions, where customers receive advice, inspiration and guidance from a certified fitness instructor, are offered as an additional service to SATS membership subscribers. PT sessions can be purchased individually or as prepaid access cards containing a given number of sessions. The price of a PT session is determined by the experience level of the instructor, the number of participants at each session and the number of prepaid sessions included in the access cards. Since the customer simultaneously receives and consumes the benefits provided by the PTs as the sessions unfold, the performance obligation is satisfied when the session is delivered. Revenue related to PT sessions is thus recognized at the point in time when the session is carried out.

Product sales
Various fitness and training products, like sportswear, fitness gear, bars and energy drinks, are sold at the SATS fitness center retail areas.

Sales are recognized when control of the products has been transferred, which is the point in time when the products are delivered to the customer. Payment of the transaction price is due immediately when the customer purchases the product and takes delivery in-store. The Group has a limited return policy for the customers, which does not materially affect the revenue recognition from the sale of goods.

Disaggregation of revenue from contracts with customers	Membership revenue	Other revenue	**2022**
(Amounts in NOK million)			
Norway	1,543	397	1,940
Sweden	1,088	289	1,377
Finland	280	81	361
Denmark	335	67	403
Group functions and other	0	1	1
Revenue from contracts with customers	**3,246**	**836**	**4,082**
Point-of-time revenue recognition			
Other revenue			836
Membership revenue[1]			54
Total point-of-time revenue recognition			**890**
Period-of-time revenue recognition			
Membership revenue			3,192
Total period-of-time revenue recognition			**3,192**

[1] *Consists of joining fee and invoicing fee.*

(Amounts in NOK million)	Membership revenue	Other revenue	**2021**
Norway	933	432	1,366
Sweden	961	295	1,256
Finland	211	81	292
Denmark	195	138	333
Revenue from contracts with customers	**2,301**	**946**	**3,247**

Point-of-time revenue recognition	
Other revenue	946
Membership revenue[1]	42
Total point-of-time revenue recognition	**988**
Period-of-time revenue recognition	
Membership revenue	2,259
Total period-of-time revenue recognition	**2,259**

1) Consists of joining fee and invoicing fee.

Contract assets and contract liabilities
Contract assets and contract liabilities (advance payments from customers) are disclosed in the Statement of financial position.

Practical expedient
Management expects that a minimum of 90% of the transaction price allocated to the unsatisfied contracts as at December 31 will be recognized as revenue during the next financial year. The remaining 10% is expected to be recognized in the financial year thereafter. The amount disclosed above does not include variable consideration.

Contract assets
Contract assets are recognized whenever a performance obligation is satisfied before consideration is received and relates mainly to PT subscription arrangements where the customer can pay the consideration over an extended credit period. Access to 25 PT sessions is normally paid over six months, whereas access to 50 PT sessions is normally paid over twelve months. Contract assets are assessed for impairment in accordance with IFRS 9. As at December 31, 2022, contract assets have been reviewed for impairment, with no material impaired charge recognized.

Contract liabilities (Advance payments from customers)
Advance payments from customers are recognized if SATS receives consideration or if it has the unconditional right to receive consideration in advance of performance. A large portion of the Group's customers pay the monthly membership subscription fee in advance, and these prepayments are recognized as non-financial debt and will be settled in the Group's services. Non-redeemed gift cards relate to prepayments from customers related to the use of PT training sessions. Non-redeemed gift cards are recognized as revenue at the card's expiry date, normally after one year.

The following table shows the revenue recognized in 2022 that relates to advance payments from customers.

Contract liabilities *(Amounts in NOK million at December 31)*	**2022**
Contract liabilities as at the balance sheet date	
Membership subscriptions	348
Gift cards	3
PT sessions	253

Revenue recognized from contract liabilities *(Amounts in NOK million)*	**2022**
Revenue recognized in this period that was included in the contract liability balance at the beginning of the period	
Membership subscriptions	313
Gift cards	6
PT sessions	204

Compensation packages related to COVID-19
Compensation packages related to COVID-19 and club closure across the club network are recorded as other revenue. In 2022, only Finland was affected by imposed club closures, which lasted until early February 2022, and subsequently received NOK 15 million. In 2021, the Norwegian government paid compensation of NOK 139 million, and the governmental packages from the Danish and Finnish governments were NOK 95 million and NOK 11 million, respectively.

NOTE 8 Personnel expenses

Employee benefits
Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service, are recognized in respect of employees' services up to the end of the reporting period. The liabilities are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Other long-term employee benefit obligations
The liabilities for long-term leave and annual leave are not expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. These liabilities are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Personnel expenses	**2022**	2021
(Amounts in NOK million)		
Salary expenses including bonuses, holiday pay and other costs	-1,358	-1,195
Social security contributions	-160	-145
Pension costs	-69	-59
Total personnel expenses	**-1,587**	**-1,399**

Full-time equivalents	**2022**	2021
Norway	1,068	842
Sweden	901	819
Finland	281	264
Denmark	212	206
Total	**2,462**	**2,132**

Both personnel expenses and full-time equivalents increased in 2022 compared to 2021, which is mainly due to an increase in the number of clubs.

Pensions
Short-term obligations
Norway
Norwegian companies are required to have occupational pension schemes according to the law on compulsory occupational pension. The Norwegian companies' pension schemes meet the requirements of this act. The pension plans cover all employees and are reported as defined contribution under IFRS.

Sweden
Swedish companies are not required to provide occupational pension plans by Swedish law. However, employers covered by a Swedish collective bargaining agreement (CBA) are required to provide an occupational pension plan in accordance with the CBA. The Swedish legal entities' pension plans satisfy the requirements stipulated in the Swedish CBA. The pension plans cover all employees and are reported as defined contribution under IFRS.

Finland
Finnish companies are required to have occupational pension arrangements according to the laws and rules that apply to Finland. The Finnish companies' pension plans meet the requirements according to Finnish laws and regulations. The pension plans cover all employees and are reported as defined contribution under IFRS.

Denmark
Danish companies are not required to provide occupational pension plans by Danish law. Employees are thus not entitled to occupational pension schemes unless (a) the employment is covered by a collective agreement containing stipulations regarding pension or (b) it is explicitly agreed in the employment contract. The Danish companies' pension plans meet the requirements according to these regulations. The pension plans are reported as defined contribution under IFRS.

As at December 31, 2022, the Group had obligations of NOK 15 million (NOK 15 million as at December 31, 2021). As at December 31, 2022 and December 31, 2021, the scheme covered 6 488 (3 847) employees.

The Group recognized an expense of NOK 69 million in 2022 (NOK 59 million in 2021) related to defined contribution plans.

Remuneration to Management and Board of Directors
Compensation to Management is detailed below. For further information see "Salaries and other remuneration to Senior Exceutives" published at our website.

(Amounts in NOK million)		Salary[1]	Other benefits	Pension benefits	Performance based bonus - earned[2]	Performance based bonus - paid[3]	**Total**	Share based renumeration[4]	**Total including SBR**	Proportion fixed
Sondre Gravir	2022	5.4	0.2	0.8	1.8	7.9	**16.1**	0.8	**16.9**	38%
	2021	5.5	0.2	0.8	-	-	**6.5**	-	**6.5**	100%
Cecilie Elde	2022	3.2	0.2	0.5	0.8	2.3	**6.8**	0.1	**6.8**	55%
	2021	3.0	0.1	0.4	-	-	**3.5**	-	**3.5**	100%
Wenche Evertsen	2022	1.6	0.1	0.2	0.4	1.6	**3.9**	0.1	**4.0**	49 %
	2021	1.5	0.1	0.2	-	-	**1.9**	0.2	**2.1**	91%
Linda-Li Cederroth[5]	2022	2.1	0.1	0.6	-	1.9	**4.7**	-	**4.7**	60%
	2021	2.1	0.1	0.6	-	-	**2.8**	-	**2.8**	100%
Jussi Raita[6]	2022	1.2	0.1	0.5	0.3	1.2	**3.3**	-	**3.3**	55%
	2021	1.3	0.1	0.2	-	-	**1.6**	0.1	**1.7**	96%
Kim Trier Meyer[7]	2022	0.9	0.2	0.1	0.2	-	**1.4**	-	**1.4**	83%
	2021	-	-	-	-	-	**-**	-	**-**	0%

1) *Excluding social security taxes paid for Executive Management.*
2) *Accrued performance based bonus (excluding holiday allowance) earned to be paid the year after.*
3) *An extraordinary performance-based bonus earned and paid in 2022.*
4) *The shares are locked up for three years before they are transferred to the participants employed at the end of the three-year period. The value is the cash amount of the long-term incentive (matching shares) granted in the year using the end of year market value of SATS ASA shares.*
5) *Salary in SEK translation rate to NOK for 2022: 0,9505.*
6) *Salary in EUR translation rate to NOK for 2022: 10,102.*
7) *Salary in DKK translation rate to NOK for 2022: 1,358.*

Employee share purchase program (ESPP)
A share-based investment programme was approved at the Company's annual general meeting held on 26 May 2020. All the employees of the Group, including senior executives, and the members of the Company's board of directors, except for the chairman of the board Hugo Maurstad, were offered to purchase shares in the Company for certain maximum amounts with a 15/20/25% discount on the share price. Senior executives have a lock-up of three years on shares purchased under the programme.

There are three employee share purchase programs, the first offer was given in June 2020 (ESPP 2020), a second offer in November 2021 (ESPP 2021), and a third in September 2022 (ESPP 2022). For ESPP 2022, a total of 11 employees applied for a total of 553 313 new shares in the company. The offer price (before discount) for the new shares was NOK 7.57, which equals the volume-weighted average share price for the company's shares on the Oslo Stock Exchange during the ten trading days prior to the expiry of the offer. The subscribers received a discount of 25% of the offer price on investments and were able to invest at a minimum amount of NOK 5 thousand and a maximum of NOK 5 million.

Shares held by Senior Executives as of December 31, 2022[1]

	Share investment program subject to lock-up	Other shares	**Total shareholding at year end**
Sondre Gravir	563,417	173,659	737,076
Cecilie Elde	219,387	6,500	225,887
Wenche Evertsen	188,975	3,000	191,975
Linda-Li Cederroth	-	28,682	28,682
Jussi Raita	36,205	-	36,205

[1] Not includeing shares held through SATS Management Invest AS

Compensation to the members of the Board is detailed below. For further information see "Salaries and other remuneration to Senior Exceutives" published at our website.

(Amounts in NOK thousands)	Board	Audit Committee	Renumeration Comittee	Nomination Committee	Total
Hugo Lund Maurstad	500	-	60	-	560
Rebekka Glasser Herlofsen	300	75	-	-	375
Søren Rene Kristiansen	300	50	-	10	360
Siren Sundby	300	50	45	-	395
Martin Folke Tivéus	300	-	-	-	300

Shares held by Board Members as of December 31, 2022:

		Share investment program subject to lock-up	Other shares	**Total shareholding at year end**
Hugo Lund Maurstad	2022	-	5,000,000	5,000,000
Rebekka Glasser Herlofsen	2022	16,077	-	16,077
Siren Sundby	2022	6,698	-	6,698

NOTE 9 Other operating expenses

Other operating expenses	**2022**	2021
(Amounts in NOK million)		
Property expenses[1]	-682	-480
Marketing expenses	-167	-166
IT expenses	-135	-129
Other operating expenses	-223	-150
Total other operating expenses	**-1,208**	**-925**

[1] Property expenses consist of electricity, water, janitorial expenses, maintenance and short-term lease expenses for which the underlying asset is of low value and hence IFRS 16 is not applied.

Please see Note 19 Accounts receivables and other current receivables.

Auditor's remuneration	**2022**	2021
(Amounts in NOK thousand)		
Expensed auditor fees:		
Statutory audit (including technical assistance - annual accounts)	-3,934	-4,560
Other attestation and assurance services	-167	-808
Tax advice (including technical assistance corporate tax papers)	-90	0
Total auditor's remuneration	**-4,190**	**-5,368**

NOTE 10 Realized net gain/loss

Net gain/loss	**2022**	2021
(Amounts in NOK million)		
Net gain/loss on disposal of property, plant and equipment	-9	-3
Net foreign exchange gains/losses	-2	-2
Total net gain/loss	**-12**	**-6**

NOTE 11 Financial income and financial expenses

Financial income	**2022**	2021
(Amounts in NOK million)		
Net gain derivatives unrealized	77	52
Other financial income	3	2
Total financial income	**80**	**54**

Financial expenses	**2022**	2021
(Amounts in NOK million)		
Foreign exchange losses unrealized	-12	-33
Net loss derivatives unrealized	-30	-17
Other financial expenses	-32	-18
Total financial expenses	**-73**	**-68**

NOTE 12 Tax

Income tax
The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Tax income	**2022**	2021
(Amounts in NOK million)		
Tax payable	-6	-4
Adjustment deferred tax prior year	2	2
Change in deferred tax	19	72
Total tax income	**15**	**70**

Below is a specification of the tax effects of temporary differences and losses carried forward:

Deferred tax	**2022**	2021
(Amounts in NOK million at December 31)		
Intangible assets	28	26
Gain and loss account	8	10
Financial instruments	10	0
Untaxed reserves	21	31
Revenues	2	3
Other items	2	2
Total deferred tax relating to temporary differences	**71**	**72**
Carrying amount deferred tax liabilities	**71**	**72**

Deferred tax assets	**2022**	2021
(Amounts in NOK million at December 31)		
Fixed assets	47	45
Leasing	75	74
Receivables	22	17
Losses carried forward	78	69
Interest	17	8
Total deferred tax assets relating to temporary differences and losses carried forward	**239**	**213**
Carrying amount deferred tax assets	**239**	**213**

Explanation of the change in the deferred tax assets and liabilities:	**2022**	2021
(Amounts in NOK million)		
Net carrying amount deferred tax at January 1	141	76
Charge to profit or loss	19	72
Charge direct to equity	2	-1
Acquisition of subsidiary	6	0
Exchange differences	0	-6
Net carrying amount deferred tax at December 31	**168**	**142**

Losses carried forward as at December 31	**2022**	2021
(Amounts in NOK million)		
Tax jurisdiction		
Norway (unlimited expiration)	276	229
Finland	226	203
Denmark (unlimited expiration)	818	621
Sweden (unlimited expiration)	86	89
Total losses carried forward	**1,406**	**1,141**

Losses carried forward as at December 31, 2022 - Finland

Unused tax losses incurred	Expiration year	Unused tax losses
(Amounts in NOK million)		
2013	2023	17
2014	2024	27
2016	2026	13
2017	2027	21
2018	2028	0
2020	2030	34
2021	2031	83
2022	2032	32
Total losses carried forward as at December 31, 2022		**226**

Significant estimates and assumptions
The unused tax losses in SATS Finland are not recognized in the Group's balance sheet as at the balance sheet date due to the uncertainty caused by COVID-19. The Finnish entity showed good prospects with underlying growth in all clusters in 2019 before the pandemic and is expected to utilize unused tax losses when the revenues are back to pre-COVID-19 levels. The tax losses must be utilized according to the table above.

The recognized deferred tax asset of NOK 22 million in Finland as at the balance sheet date of December 31, 2022 is related to depreciation differences on fixed assets.

At the balance sheet date of December 31, 2022, no deferred tax assets were recognized in Denmark due to uncertainty whether future taxable profits will be available to offset the unused tax losses within a reasonable time frame.

SATS Sports Club Sweden AB and SATS Holding AB have losses carried forward of NOK 86 million that are recognized in the balance sheet as at December 31, 2022. As a consequence of acquisitions of subsidiaries within the Swedish segment followed by mergers with SATS Sports Club Sweden AB, the losses are frozen and cannot be utilized until 2025/2026. Additional acquisitions followed by mergers will result in a prolonged frozen period.

The Group has in total a net deferred tax asset of NOK 231 million not recognized in the balance sheet as at December 31, 2022, consisting of losses carried forward and deferred tax assets on leasehold improvement, equipment, re-establishment obligation, provision for bad debts and deferred tax on goodwill and customer relations. This explains the relatively low tax rate in 2021 and 2022.

Reconciliation of tax expense	**2022**	2021
(Amounts in NOK million)		
Profit/loss before tax		
Norway	23	-202
Sweden	-98	-108
Finland	-43	-89
Denmark	-144	-124
Corporate tax rates		
Norway, 22%	-5	44
Sweden, 20.6%	20	22
Finland, 20%	9	18
Denmark, 22%	32	27
Reconciling items:		
Non-deductible expenses	-3	-2
Unused tax losses not recognized as deferred tax assets	-39	-41
Corrections of prior year tax assessments	2	2
Others	-1	0
Calculated tax income	**15**	**70**
Weighted average tax rate	5.7%	13.4%

NOTE 13 Intangible assets

Goodwill
Goodwill on acquisitions of subsidiaries is included in intangible assets. 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 carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

The Group tests goodwill annually at year-end for impairment. The method used to estimate the recoverable amount is value in use, based on discounted cash flow analysis (DCF). Based on the value-in-use calculation, the estimated recoverable amount exceeds the carrying amount with significant headroom for most CGUs.

Software
Costs associated with maintaining software programs are recognized as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use. Capitalized costs for internally developed software are amortized over the estimated period of usage, three years. Amortization is presented in the line Depreciation and amortization.

Goodwill	Norway	Sweden	Finland	Denmark	**Total goodwill**
(Amounts in NOK million)					
At January 1, 2021					
Cost	1,838	220	608	0	2,667
Accumulated impairment	-199	0	-10	0	-209
Net book value	**1,640**	**220**	**598**	**0**	**2,458**
Year ended December 31, 2021					
Opening net book value	1,640	220	598	0	2,458
Effect of changes in foreign exchange cost	0	-15	-28	0	-42
Additions	0	10	0	0	10
Closing Net book value	**1,640**	**215**	**571**	**0**	**2,425**
At December 31, 2021					
Cost	1,838	215	581	0	2,634
Accumulated impairment	-199	0	-10	0	-209
Net book value	**1,640**	**215**	**571**	**0**	**2,425**
Year ended December 31, 2022					
Opening net book value	1,640	215	571	0	2,425
Effect of changes in foreign exchange cost	0	-6	30	0	24
Additions	29	0	0	0	29
Closing Net book value	**1,669**	**209**	**601**	**0**	**2,478**
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**
Useful life	Indefinite	Indefinite	Indefinite	Indefinite	
Amortization method	Not amortized	Not amortized	Not amortized	Not amortized	

Other intangible assets	Customer relations	Trademark	Internally developed software[1]	Other	**Total other intangible assets**
(Amounts in NOK million)					
At January 1, 2021					
Cost	58	267	352	4	680
Accumulated amortization and impairment	-18	-265	-273	-4	-561
Net book value	**40**	**2**	**78**	**0**	**120**
Year ended December 31, 2021					
Opening net book value	40	2	78	0	120
Effect of changes in foreign exchange cost	-2	0	-26	0	-28
Effect of changes in foreign exchange accumulated depreciation	0	0	19	0	20
Acquisitions	1	0	0	0	1
Additions	2	1	99	0	102
Disposals	0	0	-3	0	-3
Amortization charge	-13	0	-55	0	-68
Closing Net book value	**29**	**2**	**113**	**0**	**143**
At December 31, 2021					
Cost	59	268	420	4	751
Accumulated amortization and impairment	-31	-266	-308	-4	-608
Net book value	**29**	**2**	**113**	**0**	**143**
Year ended December 31, 2022					
Opening net book value	29	2	113	0	143
Effect of changes in foreign exchange cost	1	0	-13	0	-11
Effect of changes in foreign exchange accumulated depreciation	-1	0	9	0	9
Acquisitions	6	0	0	0	6
Additions	2	0	53	0	55
Disposals	0	-1	-7	0	-7
Amortization charge	-13	0	-72	0	-85
Closing Net book value	**25**	**1**	**84**	**0**	**109**
At December 31, 2022					
Cost	68	267	447	4	785
Accumulated amortization and impairment	-44	-266	-363	-4	-676
Net book value	**25**	**1**	**84**	**0**	**109**
Useful life	3–7 years	10 years	3 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.*

Impairment test: Key assumptions used for value-in-use calculation
The fitness clubs in Norway, Sweden, Finland and Denmark (the segments) are considered to be the four cash-generating units (CGU) against which goodwill and trademark are tested. The members can move freely between the fitness clubs within each country. Allowing the members to exercise where they live, work etc. is an important part of the Group's customer offering. The Nordic Management Group also monitors the Group's performance at segment level. Norway, Sweden, Finland and Denmark are therefore deemed the smallest groups of assets that independently generate cash flow and whose cash flow is largely independent of the cash flows generated by other assets. The recoverable amount from the CGU is calculated by taking the historical cash flows for CGUs, taking into account expectations for moderate growth in the Norwegian, Swedish, Finnish and Danish markets.

In connection with the impairment testing of goodwill, a sensitivity analysis has been carried out. The sensitivity analysis has tested changes in WACC and growth rates. There is a relatively large headroom for relevant CGUs except Finland. The estimates used to determine future cash flows and WACC when calculating value in use are subject to uncertainty. The assumptions are described below:

Outlook and budget assumtions
Estimated future cash flow is based on budgets and business plans approved by the Board, based on management's best estimate, reflecting the Group's business planning process, and includes an assessment of the long-term market trends and the respective CGU's projected market share for each year within the planning horizon. The calculation takes into account expected future changes in market prices, purchase prices and salary increases. Impairment tests assume continuing operation of the CGUs and are calculated based on a value-in-use method. The calculations use cash flow projections covering a five-year period.

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. The addressable market in the Nordics is the most advanced in Europe in terms of penetration, and given highly fragmented markets in terms of market value, clubs and members, the consolidation potential is significant.

In the near future, SATS will be affected by general inflationary pressure and volatile electricity prices. However, in the long term, the Company is comfortable with its ability to increase prices in line with inflation. SATS sees several avenues for growth going forward. In the short term, the club growth will be reduced from the high growth pace seen during the pandemic, but there is significant potential in recovering the member base at existing clubs back to pre-pandemic levels. This member recovery has been the key focus for the SATS during the second half of 2022 and will continue to be so also in 2023. 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.

When impairment testing tangible/intangible fixed assets, management has used a five-year discounted cash flow to assess the value in use. Estimated future EBITDA (operating profit before depreciation, amortization, and impairment) is based on budgets for 2023 and business plans (2023-2024) approved by the Board, excluding new clubs in pipeline not yet opened. The business plans are based on management's best estimate, reflecting the group's business planning and budgeting process, and include an assessment of the long-term market trends and the respective CGU's projected market share for each year within the planning horizon. The calculation considers expected future changes in market prices, purchase prices, energy cost and salary increases.

Growth rates
Growth rates for revenues after the business plan period (2023-2024) vary somewhat per country and reflect considerations related to the following affecting volume:
• recovery rate in the member base compared to pre-COVID 2019
• share of maturing clubs with ample room to grow
• overall free capacity in club portfolio

The volume growth achieved in H2 2022 results in a significant improvement in run-rate revenues with a 12-month impact on the result. SATS has a pricing strategy of adjusting prices for new and existing members annually based on the respective country's Consumer Price Index (CPI), which contributes to further revenue growth. In 2022, prices were increased twice, and then again in January 2023 to catch up with the accelerating inflation in 2022, further improving the run rate.

For 2023, inflation is expected to continue at higher levels than we have seen historically, and the business plan reflects local CPI levels (as observed per October 2022), both for revenues and cost. For 2024-2027, the impairment model assumes that inflation returns to historical levels and growth in prices and cost have been set at the same level (2.5-3%), except for energy prices. The latter increased significantly in 2022 and is expected to remain high in 2023 but return to somewhat lower levels in 2024 and onwards. Risk and uncertainty related to the expected level of inflation are balanced out as prices are expected to increase in line with cost. Given the scalability of the business, this assumption should be considered conservative. Cash flows beyond the five year period are based on an expected growth rate of 2% for an indefinite period.

WACC
Future cash flows are discounted to present value using a discount rate based on a calculation of a weighted average cost of capital (WACC). The after-tax discount rates are assumed to reflect specific risks relating to the relevant segments in which they operate. The rates have been adjusted for different interest levels relevant for the segments, but no other country specific risk adjustment has been done as the Nordic region is assumed to be subject to a similar macroeconomic risk profile. This is based on a risk-free rate, plus a risk premium. The market risk premium is assumed to be 6.0% in Norway, Sweden and Denmark and 6.6% in Finland. The risk-free interest rate is based on the 10-year government bond interest, 3.4% in Norway, 2.1% in Sweden, 2.8% in Finland, and 2.5% in Denmark. However, a premium is applied to arrive at a normalized risk-free rate of 2% for all countries as a best estimate for the normalized long-term interest rate. Management has not included any premium for project risk, currency risk or country risk for the Group's operations.The beta is based on observations of similar listed companies. The allocation between debt and equity corresponds to SATS' normalized capital structure as of December 2022.

Sensitivity
At December 31, 2022, the Group's value in use for each CGU was higher than the carrying amount of tested goodwill. For Norway and Sweden, the value in use is significantly higher than the carrying amount. Sensitivity analyses show that no reasonable change in any of the key assumptions would cause the recoverable amount to be lower than the carrying amount. For Finland specifically, an increase in WACC of approximately 0.5% point, all else being equal, would make the estimated recoverable amount equal to the carrying amount. A reduction in terminal value growth of approximately 0.5% point would, all else being equal, make the estimated recoverable amount equal to the carrying amount.

WACC	**2022**	2021
Norway	8.2%	6.1%
Sweden	8.2%	6.1%
Finland	8.7%	6.5%
Denmark	8.2%	6.1%

NOTE 14 Leases

The Group's leasing activities
The Group leases fitness center premises, office buildings, equipment and vehicles. Rental contracts are typically made for fixed periods of six months to fifteen years but may have extension options as described below. The Group's lease contracts may contain both lease and non-lease components, and SATS allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. However, for leases of certain premises, the Group grants the lessors guarantee contracts on behalf of its subsidiaries. These financial guarantee contracts amounted to NOK 263 million as at December 31, 2022 (NOK 270 million as at December 31, 2021). The guarantees are provided by SATS Holding AB. In addition, there is one club as at December 31, 2022 where the lease contract does not specify the guarantee amount.

Several of the lease agreements for the fitness centers include leasehold improvement provided by the lessor as a lease incentive. The assets obtained by the Group are recognized as furniture and fittings at fair value and depreciated over the shorter of their useful life or the lease term.

Rent is annually adjusted for virtually all premises' lease contracts in accordance with the relevant CPI index.

Key accounting principles
Leases are recognized as a lease liability with a corresponding right-of-use asset at the date at which the leased asset is available for use by the Group. Lease contracts with a lease term of less than twelve months and lease contracts for which the underlying asset has a low value are not capitalized since the payments are recognized in the income statement on a straight-line basis over the lease contract period.

SATS presents the right-of-use assets and lease liabilities as separate line-items on the statement of financial position. Lease liabilities are split into current, due within one year, and non-current, due after more than one year. In the statement of profit or loss, the depreciation and impairment expenses related to the right-of-use asset are presented as part of the total depreciation and impairment expenses. The interest expenses related to the lease liabilities are presented as part of the interest expense.

Lease liabilities
Lease liabilities are recognized at the present value of future lease payments, according to the lease agreement, at the commencement date.

The Group has elected to separate lease and non-lease components included in lease payments for property leases. Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- (if any) amounts expected to be payable under a residual value guarantee; and
- (if any) lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a matching adjustment is made to the carrying amount of the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Upon modification of a lease, the remeasurement of the lease liability is performed using the applicable discount rate at the date of the remeasurement.

Extension and termination options
Most Norwegian and Finnish lease contracts contain renewal options. In Sweden, the fitness center leasing contracts are automatically renewed if not explicitly agreed otherwise. Danish legislation will under normal circumstances grant the lessor a unilateral right to extend the lease term.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). For leases of center premises, the following factors are normally the most relevant:

- If there are significant penalty payments to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations, center profitability and the costs and business disruption required to replace the leased asset.

Most extension options in premises leases have not been included in the lease liability because the Group could replace the assets without significant cost or business disruption. .

Incremental borrowing rate
The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case, the lessee's incremental borrowing rate is used, which is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group's long-term borrowing interest rate is the applicable IBOR plus a margin dependent on the leverage ratio of the Group. If SATS Group were to acquire the right-of-use assets on similar terms and in a similar economic environment, management expects that the borrowing terms would be comparable to the terms from the current financing agreement with the Group's lenders, adjusted for certain items specific to the lease, such as term, country, currency, security, etc.

Commitments in relation to leases are payable as follows:	**2022**	2021
(Amounts in NOK million at December 31)		
Less than 1 year	1,044	984
1–2 years	924	905
2–3 years	802	798
3–4 years	667	672
4–5 years	568	539
More than 5 years	1,186	1,138
Minimum lease payments	**5,190**	**5,037**
Future finance charges	-655	-585
Recognized as a liability	**4,535**	**4,452**

The present value of lease liabilities are as follows:	**2022**	2021
(Amounts in NOK million at December 31)		
Less than 1 year	869	820
1–2 years	810	792
2–3 years	724	724
3–4 years	619	628
4–5 years	545	519
More than 5 years	969	969
Present value of lease payments	**4,535**	**4,452**

Cash flows from lease agreements	**2022**	**2021**
Property lease agreements	1,055	995
Short-term lease agreements and leases of assets of low value	22	23
Total cash flows from lease agreements	**1,077**	**1,017**

Lease liability	
(Amounts in NOK million)	
At December 31, 2021	**4,452**
Year ended December 31, 2022	
Effect of changes in foreign exchange	13
Additions new lease	393
Effects from exercise of extension options	297
Modification of contractual lease terms	2
Amortizations	-1,053
Interest expense on lease liabilites	189
Disposals sold clubs	-8
CPI index adjustments	250
Closing Net book value December 31, 2022	**4,535**

Lease liability	
(Amounts in NOK million)	
At December 31, 2020	**4,962**
Year ended December 31, 2021	
Effect of changes in foreign exchange	-148
Additions new lease	313
Effects from exercise of extension options	59
Modification of contractual lease terms	5
Amortizations	-994
Interest expense on lease liabilites	187
Disposals sold clubs	-14
CPI index adjustments	83
Closing Net book value December 31, 2021	**4,452**

Options to extend but not yet started, amounts to NOK 421 million as at the balance sheet date (NOK 394 as at December 31, 2021) and are included in the total lease liability of NOK 4,535 million (NOK 4,452 million as at December 31, 2021).

Lease terms
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options, or periods after termination options, are only included in the lease term if the lease is reasonably certain to be extended or not terminated.

For leases of center premises, the following factors are normally the most relevant:
- If there are significant penalties to terminate or not extend, the Group is typically reasonably certain to extend.
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend.
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased premises.

Most extension options have not been included in the lease liability because the Group could replace the assets without significant cost or business disruption.

Lease terms - sensitivity analysis	**2022**	2021
(Amounts in NOK million at December 31)		
Options to extend, not yet committed to	1,139	838
Leases not yet commenced, to which the lessee is committed	299	314

Options to extend, not yet committed to, is the present value of extension options that the Group has not chosen to include in Lease liabilites as at the balance sheet date. Leases not yet commenced, to which the lessee is commited, is the present value of lease liabilities for clubs not yet opened as at the balance sheet date. NOK 299 million includes three clubs in Norway, seven clubs in Sweden and one club in Finland.

Right-of-use assets
Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, adjusted for lease payments made at or before the commencement date, any lease incentives received, initial direct costs, and restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

In 2022, there were no indications of impairment, hence no impairment test has been undertaken for right-of-use assets, and no impairment charge to right-of-use assets was recognized as at the reporting date.

RoU assets	Premise rental	Other leases	**Total RoU assets**
(Amounts in NOK million)			
At January 1, 2021			
Cost	9,659	79	9,737
Accumulated depreciation	-5,113	-57	-5,170
Net book value	**4,546**	**22**	**4,568**
Year ended December 31, 2021			
At January 1, 2021	4,546	22	4,568
Additions/disposals	445	7	452
Effect of changes in foreign exchange cost	-200	-3	-203
Depreciation charge	-792	-13	-805
Effect of changes in foreign exchange accumulated depreciation	64	2	66
Closing Net book value	**4,063**	**15**	**4,077**
At December 31, 2021			
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 1 January 2021	4,063	15	4,077
Additions/disposals	932	4	936
Effect of changes in foreign exchange cost	24	2	26
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**
Useful life	1–15 years	1–5 years	
Depreciation method	Straight-line	Straight-line	

Amounts recognized in profit and loss	**2022**	2021
(Amounts in NOK million)		
Depreciation expense on right-of-use assets	860	805
Interest expense on lease liabilities	189	187
Expense relating to short-term leases and leases of low value	16	12

NOTE 15 Property, plant and equipment

Property, plant and equipment
All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable value. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Property, plant and equipment	Leasehold improvements[1]	Fitness equipment	Other equipment, fixtures and fittings	**Total fixed assets**
(Amounts in NOK million)				
At January 1, 2021				
Cost	1,421	845	459	2,724
Accumulated depreciation and impairment	-935	-637	-395	-1,966
Net book value	**486**	**208**	**64**	**758**
Year ended December 31, 2021				
Opening net book value	486	208	64	758
Effect of changes in foreign exchange cost	-54	-27	-10	-91
Effect of changes in foreign exchange accumulated depreciation	36	19	8	64
Reclassification additions	7	-8	1	0
Acquisition cost	2	0	1	2
Additions	50	52	28	130
Disposals cost	-5	-11	-1	-17
Disposals accumulated depreciation	4	10	1	16
Reclassification depreciations	-8	7	-1	-2
Depreciation charge	-89	-51	-29	-169
Closing Net book value	**431**	**200**	**61**	**691**
At December 31, 2021				
Cost	1,421	851	477	2,749
Accumulated depreciation and impairment	-991	-651	-416	-2,058
Net book value	**431**	**200**	**61**	**691**

1) Leasehold improvements relate to refurbishments of leased premises. These lease contracts have a contract period of ten years or beyond. The depreciation period is estimated to correspond with the expected economic useful life of the improvement. Expected useful life is adjusted if the contract period is altered before initial expiration date.

Property, plant and equipment	Leasehold improvements[1]	Fitness equipment	Other equipment, fixtures and fittings	**Total fixed assets**
(Amounts in NOK million)				
Year ended December 31, 2022				
Opening net book value	431	200	61	691
Effect of changes in foreign exchange cost	10	3	2	15
Effect of changes in foreign exchange accumulated depreciation	-10	-2	-1	-14
Reclassification additions	1	0	-1	0
Acquisition cost	4	15	5	24
Acquisition accumulated depreciation	-3	-9	-3	-15
Additions	89	82	29	199
Disposals cost	-94	-14	-9	-117
Disposals accumulated depreciation	94	14	6	114
Reclassification depreciations	0	-1	0	0
Depreciation charge	-91	-55	-30	-175
Closing Net book value	**431**	**233**	**59**	**723**
At December 31, 2022				
Cost	1,431	935	503	2,868
Accumulated depreciation and impairment	-1,001	-702	-443	-2,146
Net book value	**431**	**233**	**59**	**723**
Useful life	10 years[1]	5 - 9 years	3 - 7 years	
Depreciation method	Straight-line	Straight-line	Straight-line	

1) Leasehold improvements relate to refurbishments of leased premises. These lease contracts have a contract period of ten years or beyond. The depreciation period is estimated to correspond with the expected economic useful life of the improvement. Expected useful life is adjusted if the contract period is altered before initial expiration date.

NOTE 16 Other non-current receivables

Other non-current receivables
Other non-current receivables are measured at amortized cost using the effective interest method. Please see Note 25 Financial risk factors for a description of the Group's credit risk assessment.

	2022	2021
(Amounts in NOK million at December 31)		
Deposits	40	34
Loan to related parties	10	0
Total other non-current receivables	**50**	**34**

NOTE 17 Interest in other entities in the Group

The consolidated financial statements include the following companies:

Subsidiaries	Organization number	Business office	Country	Voting percentage	Ownership percentage
SATS Holding AB	556628-6562	Stockholm	Sweden	100%	100%
SATS Sports Club Sweden AB	556563-2527	Stockholm	Sweden	100%	100%
SATS Finland Oy	0459885-5	Helsinki	Finland	100%	100%
Fresh Fitness AS	995-415-569	Oslo	Norway	100%	100%
SATS Norway AS	892-625-522	Oslo	Norway	100%	100%
SATS Vest AS	948-942-003	Oslo	Norway	100%	100%
SATS Danmark A/S	20-37-05-99	Copenhagen	Denmark	100%	100%

Fresh Fitness AS acquired 100% of the shares in Bare Trening Sør AS on July 1, 2022, and the subsidiary was merged into Fresh Fitness AS the same year.

Please see Note 13 Intangible assets for further information on impairment testing.

NOTE 18 Inventories

Inventories
Inventories consist mainly of clothing, sports equipment, energy bars and soft drinks. Inventories are measured at the lower of cost and net realizable value using the first-in first-out (FIFO) method. The Group's inventories only consist of finished goods for sale to customers. The cost of inventories consist of direct costs related to the acquisition of the goods. Net realizable value is the estimated sales price less relevant variable costs to sell. Costs of purchased inventory are determined after deducting rebates and discounts.

	2022	2021
(Amounts in NOK million at December 31)		
Inventories at cost	62,340	57,854
Impairment	-5,750	-869
Impairment reversal	0	-33
Total inventories	**56,590**	**56,953**

NOTE 19 Accounts receivable and other current receivables

Accounts receivable
Accounts receivables are measured at amortized cost using the effective interest method, less provision for impairment. Please see Note 25 Financial risk factors for a description of the Group's credit risk assessment.

Impairment of accounts receivable and contract assets (financial asset at amortized cost)
Accounts receivables, contract assets and other current receivables are measured at amortized cost. Impairment losses are measured at lifetime expected credit losses in accordance with IFRS 9.

SATS' impairment model regarding accounts receivable, contract assets and other current assets is a simplified approach based on lifetime expected credit losses (ECL). Impairment is based on an estimate of the probability of default for the financial assets reflecting an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes: the time value of money and reasonable available information related to past events, current conditions and forecasts of future economic conditions.

SATS uses an impairment model with the following characteristics:

- The receivables are aggregated into portfolios based on the credit risk of the customers and type of receivable. One portfolio is the receivables where invoicing occurs automatically. This portfolio has a comparatively low risk of default, and therefore an impairment loss is recognized based on the expectation of a few of the accounts not being paid. Another portfolio is the receivables for customers in the first year of membership that have a non-cancellable agreement. The credit risk for these receivables is higher than the automatic payment portfolio, and an impairment loss is recognized on these receivables.
- For the receivables with a high/higher probability of default, a provision matrix is developed based on known sales and the historic default rates for these sales. The provision matrix is based on the probability of expected losses, so even receivables not yet in default have an impairment loss recognized.
- On top of the provision matrix, an individual assessment is performed on specific customer receivables, typically if a customer has declared bankruptcy. Receivables are also assessed for credit risk on a country-by-country basis.

Loss allowance and ageing of accounts receivables	**2022**	2021
(Amounts in NOK million)		
Accounts receivables	379	339
Loss allowance	-253	-221
Total	**126**	**117**

Age of trade receivables	**2022**
Not due	68
30–60 days	44
60–90 days	10
90–120 days	7
120–365 days	41
>365 days	209
Total accounts receivables, gross	**379**
Total accounts receivables, net	**126**
Loss allowance at December 31, 2021	-221
Reversals during the year	1
Provisions during the year	-33
Loss allowance at December 31, 2022	**-253**

Other current receivables	**2022**	2021
(Amounts in NOK million at December 31)		
Credit cards	5	8
VAT receivables	9	13
Prepaid taxes	22	15
Other current receivables	19	22
Total other current receivables	**54**	**59**

Prepaid expenses and accrued income	**2022**	2021
(Amounts in NOK million at December 31)		
Prepaid rent	29	44
Prepaid property expenses	27	26
Prepaid marketing expenses	27	37
Prepaid websale expenses	48	13
Contract asset	110	71
Other prepaid expenses	45	47
Total prepaid expenses and accrued income	**287**	**237**

NOTE 20 Cash and cash equivalents

Cash and cash equivalents
For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits and restricted deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

	2022	2021
(Amounts in NOK million at December 31)		
Cash and cash equivalents	345	281
Of which are restricted cash:		
Restricted bank deposits for employee tax withholdings	22	22

Please see Note 25 Financial risk factors for further information about the Group's credit risk management.

NOTE 21 Share capital

As at December 31, 2022, share capital amounted to NOK 431 million consisting of 203 046 142 ordinary shares at a face value of NOK 2.1250 per share.

Overview of the shareholders as at December 31, 2022

Shareholder	Number of ordinary shares	Ownership percentage	Voting percentage
TG Nordic Invest	56,093,132	27.6%	27.6%
AF III HOLDCO AS	48,988,455	24.1%	24.1%
Canica AS	13,172,428	6.5%	6.5%
Ferd AS	8,836,287	4.4%	4.4%
Maaseide Promotion AS	7,990,976	3.9%	3.9%
Sats Management Invest AS	7,591,213	3.7%	3.7%
Salt Value AS	5,036,479	2.5%	2.5%
Funkybiz AS	5,000,000	2.5%	2.5%
Verdipapirfondet KLP Aksjenorge	3,801,073	1.9%	1.9%
J.P. Morgan SE	2,896,081	1.4%	1.4%
Ingvarda AS	2,156,749	1.1%	1.1%
Avanza Bank AB	1,897,752	0.9%	0.9%
State Street Bank and Trust Comp	1,361,967	0.7%	0.7%
HFN Group AS	1,107,806	0.5%	0.5%
Nordnet Bank AB	983,319	0.5%	0.5%
Wenaasgruppen AS	972,444	0.5%	0.5%
Fondita Global Megatrends Investment	964,714	0.5%	0.5%
Espedal & co AS	950,279	0.5%	0.5%
Verdipapirfondet KLP Aksjenorge Indeks	809,431	0.4%	0.4%
Spectatio Finans	779,184	0.4%	0.4%
Other	31,656,373	15.6%	15.6%
Total	**203,046,142**	**100.0%**	**100.0%**

All shares have been fully paid and have the same rights.

Shares in SATS Management Invest held by the Board of Directors and Executive Management:

	Ownership percentage
Executive management including CEO	27.57%

The ownership is in SATS Management Invest AS.

NOTE 22 Earnings per share

General
Basic earnings per share are calculated by dividing:
- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares,
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:
- the post-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Dilutive shares are disregarded in the calculation of diluted EPS when a loss is reported.

On October 1, 2020, SATS announced a share repurchase program under which the company repurchased 1,100,000 own shares in 2020. As at the balance sheet date of December 31, 2022, the company holds 356 817 treasury shares. In 2022, a total of 264 321 shares were aquired by Sondre Gravir and 288 992 by other key employees. The price paid per share was NOK 5.67, which included a discount of 25%. The pre-discounted price is the volume-weighted average share price during the ten trading days prior to the expiry of the Application Period. The transfer of shares under the program reduced Treasury shares within equity by NOK 3 million. The number of outstanding shares have therefore been adjusted as a weighted average for 2022 and 2021.

On the basis of the resolution by the General Meeting of SATS ASA on May 11, 2021, all employees of SATS ASA and its subsidiaries, except executive management, were invited to apply for shares under a share investment program for the purpose of seeking to align the interests of the employees with those of the shareholders of the company. The share capital increase pertaining to the issuance of shares was registered with the Norwegian Register of Business Enterprises (Nw. Foretaksregisteret) on December 13, 2021.

SATS announced a successful equity raise on February 16, 2022, through an allocation of 30 800 000 new shares at a subscription price of NOK 19.5 per share, with gross proceeds of NOK 600 600 000. The net proceeds from the equity raise will predominately be used to ensure sufficient strategic flexibility for the company to act on potential organic and inorganic growth opportunities in the short to medium term and ensure a more robust liquidity position in order to exploit opportunities in the longer run.

The company's new share capital is NOK 431,473,051.75, comprising in total 203 046 142 shares, each with a nominal value of NOK 2.125. The denominator for 2022 is calculated as a weighted average.

The Share Investment Program implies that the company on the balance sheet date of December 31, 2022 will deliver 507 600 matching shares to employees in 2023, 93 360 shares in 2024 and 161 530 shares in 2025. The denominator for diluted earnings per share has therefore been adjusted as a weighted average for 2022. Allocation of matching shares is further contingent upon the company's performance over time.

Basic earnings per share	**2022**	2021
(Amounts in NOK)		
From continuing operations attributable to the ordinary equity	-1.25	-2.65
Total basic earnings per share attributable to the ordinary equity	**-1.25**	**-2.65**
Total number of outstanding shares, including share options	196,915,471	170,851,309

Diluted earnings per share	**2022**	2021
(Amounts in NOK per share)		
From continuing operations attributable to the ordinary equity	-1.25	-2.65
Total diluted earnings per share attributable to the ordinary equity	**-1.25**	**-2.65**
Total number of outstanding shares, including share options	196,915,471	170,851,309

Reconciliation of earnings used in calculating earnings per share	**2022**	2021
(Amounts in NOK million)		
Basic earnings per share		
Loss attributable to equity holders of the Group	-246	-452
Loss attributable to the ordinary equity used in calculating basic earnings per share	**-246**	**-452**
Diluted earnings per share		
Loss used in calculating diluted earnings er share	-246	-452
Loss attributable to the ordinary equity used in calculating diluted earnings per share	**-246**	**-452**

NOTE 23 Borrowings

Borrowings
Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or financial expense.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Overview of interest bearing liabilities	**2022**	2021
(Amounts in NOK million at December 31)		
Current		
Bank borrowings	19	12
Leases	869	820
Total current interest-bearing liabilities	**888**	**833**
Non-current		
Bank borrowings	1,970	2,090
Leases	3,666	3,632
Total non-current interest-bearing liabilities	**5,636**	**5,722**
Total interest-bearing liabilities	**6,524**	**6,555**

The fair value of the interest-bearing liabilities is considered to be equal to the book value according to the amortized cost as shown above. The Group has bank facilities in NOK, SEK and EUR. As at the balance sheet date of December 31, 2022, the bank facility in SEK amounts to 651 million and the bank facility in EUR amounts to 6 million, which corresponds to NOK 615 million and NOK 67 million, respectively. All the bank facilities have floating interest rates.

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. As at the balance sheet date of December 31, 2022, the remaining undrawn amount amounted up to approximately NOK 404 million.

Interests on borrowings under the new 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 mature in full 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 a draw down of NOK 2 096 million as at the balance sheet date of December 31, 2022, the annual interest payment is expected to be in the range of NOK 66 to 113 million.

Payment profile for the Group's borrowings
The following table shows the undiscounted payment profile of the Group's borrowings, based on the remaining loan period at the balance sheet date:

Borrowing facilities	**Total**
(Amounts in NOK million)	
Less than 1 year	113
1–2 years	91
2–3 years	2,042
3–5 years	0
More than 5 years	0
Payment profile for borrowings	**2,245**

Financial borrowing facility 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 Adjusted EBTIDA. SATS cannot distribute any dividend to shareholders during the amendment period and shall be compliant 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 2021 and 2022.

NOTE 24 Reconciliation of net debt

Liabilities arising from financing activities	Cash and cash equivalents	Borrowings	Leases	**Total**
(Amounts in NOK million)				
Net debt January 1, 2021	**-456**	**1,949**	**4,962**	**6,455**
Cash flows				
Net cash flow from operations	-920	0	0	-920
Net cash flow from investing	240	0	0	240
Net cash flow from financing	877	0	0	877
Repayments of borrowings	0	-2	0	-2
Proceeds from borrowings	0	200	0	200
Installments on lease liabilities	0	0	-800	-800
Interest on lease liabilities	0	0	-187	-187
Non-cash changes				
Net additions – leases	0	0	637	637
Depreciation bank costs	0	3	0	3
Foreign exchange rate changes	-22	-48	-160	-230
Net debt December 31, 2021	**-281**	**2,103**	**4,452**	**6,274**
Cash flows				
Net cash flow from operations	-1,082	0	0	-1,082
Net cash flow from investing	313	0	0	313
Net cash flow from financing	681	0	0	681
Repayments of borrowings	0	-309	0	-309
Proceeds from borrowings	0	200	0	200
Installments on lease liabilities	0	0	-852	-852
Interest on lease liabilities	0	0	-189	-189
Non-cash changes				
Net additions – leases	0	0	1,107	1,107
Depreciation bank costs	0	3	0	3
Foreign exchange rate changes	24	-16	17	26
Other changes	**0**	**8**	0	8
Net debt December 31, 2022	**-345**	**1,989**	**4,535**	**6,178**

NOTE 25 Financial risk factors

Overview
Through its activities, the Group will be exposed to different types of 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. Additional quantitative information is included in this note. The Group does not apply hedge accounting.

Risk management
The Group's overall risk management plan is to ensure the ongoing liquidity in the Group, defined as being able to meet its obligations at any time. This also includes being able to meet the financial covenants related to the Group's borrowings.

Risk management of the Group is maintained by a central finance function in accordance with the guidelines approved by the Board. The Group's finance function identifies, measures, mitigates and reports on financial risks in close cooperation with the various operating units.

Risk management policies and procedures are reviewed regularly to take into account changes in the market and the Group's activities.

Market risk
Market risk can be defined as the risk that the Group's income and expenses, future cash flows or fair value of financial instruments will vary as a result of changes in market prices. The market price includes three types of risks: exchange risks, interest risks and price risks.

Market risk is monitored and managed continuously by the Group through a combination of natural hedging techniques and financial derivatives.

Foreign exchange risk
The Group operates internationally and is exposed to changes in foreign exchange rates. For risk management purposes, the Group has identified three types of exchange exposures:

- Net investment;
- Profit after tax in foreign currency; and
- Borrowings in foreign currency.

As an international group, SATS is exposed to the risk associated with converting the currency related to legal entities with a functional currency different from the Group's presentation currency. Such translation exposure does not yield an immediate result on the cash flow. It can still affect the Group's financial covenants and is therefore closely monitored. Exposure of foreign subsidiaries' equity is partly naturally hedged through borrowings in corresponding currency.

The Group's business model is such that the subsidiaries' sales and operating expenses are incurred in local currency, reducing the exposure to foreign exchange rate fluctuations in the profit or loss. The net of those cash flows is meant to be able to cover the borrowings in local currency, reducing the exposure related to borrowings in local currency due to changes in the foreign exchange rates. Please see Note 23 Borrowings for a payment profile of the Group's borrowings.

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
Exposure to currency	**2022**	2021	**2022**	2021
(Amounts in NOK million at December 31)				
SEK	**733**	969	**651**	651
EUR	**14**	13	**6**	6
DKK	**-1**	-2	**0**	0

The following significant exchange rates have been applied.

	Year-end spot rate	
	2022	2021
SEK	0,945	0,975
EUR	10,514	9,888
DKK	1,414	1,343

The Group applies monthly average exchange rates.

Sensitivity analysis

As shown below, 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 other currencies than where the legal entity is located. EUR, SEK and DKK strengthened by 10% against NOK in the sensitivity analysis below.

Exchange rate - sensitivity analysis	**2022**	2021
(Amounts in NOK million)		
SEK/NOK exchange rate - increase 10%[1]	50	23
EUR/NOK exchange rate - increase 10%[1]	3	-8
DKK/NOK exchange rate - increase 10%[1]	-14	-20
Impact on Profit/loss after tax	**38**	**-5**

[1)] *Holding all other variables constant.*

Profit/loss after tax is less sensitive to changes in EUR/NOK and DKK/NOK in 2022 than in 2021 and more sensitive to changes in SEK/NOK. Net income in the Swedish segment was negative in 2022 and 2021, however, a more negative net income in 2022 than in 2021 results in a negative effect when reconsolidating. Intercompany loans in SEK neturalize the effect and result in a net positive exchange rate effect in the statement of profit and loss. A less negative net income in Finland in 2022 than in 2021 results in a negativ effect when re-consolidating, an effect partly neutralized by internal loans in EUR. Loss after tax is less sensitive to changes in DKK/NOK in 2022 when reconsolidating the Danish segment with a 10% weaker NOK since loss after tax was substantially more negative in 2022 than 2021.

The Group's exposure to other changes in foreign exchange movements is not material.

Interest rate risk

The Group's interest rate risk is mainly related to loans where an element of the interest rate is not fixed. See Note 23 Borrowings for an overview of such loans. An increase in floating rates would lead to an increase in interest costs and reduce net income and cash flow. Swap contracts are used to manage interest rate risk. Effects from derivatives used for hedging of interest rate risk are not included in the following analysis.

	Impact on profit after tax[2)]	
Interest rate - sensitivity analysis	**2022**	2021
(Amounts in NOK million)		
Interest rates - increase 100 basis points[1]	-16	-16
Interest rates - decrease 100 basis points[1]	16	16

[1)] *Holding all other variables constant.*
[2)] *Estimated impact given a tax rate of 22.0%.*

Profit/loss after tax is as sensitive to changes in the interest rate in 2022 as in 2021 because of the same level of borrowings in 2022 and 2021.

Overview of non-overdue interest rate swaps per December 31, 2022

Interest rate swaps	Notional in currency million	Maturity	Fixed rate	**Unrealized gain December 31**
(Amounts in NOK million)				
IRS NOK	694	28.10.2026	1.751	36
IRS EUR	200	28.10.2024	0.430	11
Fair value of the Group's interest rate swaps as at December 31, 2022 in NOK million				**47**

Overview of non-overdue interest rate swaps per December 31, 2021

Interest rate swaps	Notional in currency million	Maturity	Fixed rate	**Unrealized loss December 31**
(Amounts in NOK million)				
IRS NOK	694	28.10.2026	1.751	-1
IRS EUR	200	28.10.2024	0.430	0
Fair value of the Group's interest rate swaps as at December 31, 2021 in NOK million				**-1**

Changes in fair value are presented within financial income and financial expense in the income statement. Please see Note 11 Financial income and financial expenses.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. SATS ASA's credit risk refers to the risk of the Group's accounts receivables and investment in liquid assets. As the daily business is to a large part based on customer prepayments and direct debit arrangements, the Group's credit risk is considered low.

The Group has a credit management policy to only cooperate with financial institutions with high credit rating.

At the end of the reporting period, the Group's maximum credit risk exposure was NOK 189 million. The Group does usually not demand collateral for receivables. The bad debt provision for accounts receivables was NOK 252 million as at the balance sheet date.

Liquidity risk
The Group's liquidity risk is characterized by a potential risk of not being able to meet obligations to vendors and loan creditors. The ability to service the debt, and ultimately continue as a going concern, depends on the Group's cash flow from operating activities. The Group regularly monitors the cash flow situation by setting up cash flow forecasts based on the forecasts of the liquidity reserves, including cash equivalents and borrowing facilities. The forecasts are set by the individual subsidiaries and are regularly monitored by the Group. Please see Note 23 Borrowings for information on funding sources and a payment profile.

To be able to maintain a sufficient flexibility in the source of funding, the Group has total available borrowing facilities of NOK 2 500 million as at December 31, 2022 (NOK 2 500 million as at December 31, 2021) of which 404 million has not been drawn down as at the balance sheet date. In addition, the Group has cash and cash equivalents of NOK 345 million as at December 31, 2022 (NOK 281 million as at December 31, 2021).

Net presentation of financial assets and liabilities as at December 31, 2022

Maturity profile	1–3 months	3–12 months	1–5 years	More than 5 years	**Total**
(Amounts in NOK million)					
Accounts receivables	121	48	209	0	379
Other current receivables	54	0	0	0	54
Cash and cash equivalents	345	0	0	0	345
Financial assets	**521**	**48**	**209**	**0**	**778**
Borrowings	0	0	1,976	0	1,976
Lease liabilities	271	773	2,960	1,186	5,190
Trade payables	116	0	0	0	116
Other current liabilities	423	0	0	0	423
Payment of interest	28	85	157	0	270
Financial liabilities	**839**	**857**	**5,093**	**1,186**	**7,975**
Net financial liabilities	**-318**	**-809**	**-4,884**	**-1,186**	**-7,197**

Financial liabilities are measured at nominal amounts if this is a reasonably approximate fair value.

Net presentation of financial assets and liabilities as at December 31, 2021

Maturity profile	1–3 months	3–12 months	1–5 years	More than 5 years	**Total**
(Amounts in NOK million)					
Accounts receivables	107	50	181	0	339
Other current receivables	59	0	0	0	59
Cash and cash equivalents	281	0	0	0	281
Financial assets	**448**	**50**	**181**	**0**	**679**
Borrowings	0	2	2,099	0	2,101
Lease liabilities	253	731	2,915	1,138	5,037
Trade payables	138	0	0	0	138
Other current liabilities	369	0	0	0	369
Payment of interest	18	51	115	0	184
Financial liabilities	**779**	**783**	**5,129**	**1,138**	**7,828**
Net financial liabilities	**-331**	**-733**	**-4,948**	**-1,138**	**-7,149**

Financial liabilities are measured at nominal amounts if this is a reasonably approximate fair value.

Capital management
The Group's main goal is to maximize shareholder value while ensuring the Group's ability to continue operations, as well as to make sure that covenant criteria are met (please see Note 23 Borrowings for financial covenant requirements). The Group has an overall target to maintain a capital structure that binds capital in the most optimal way given the current market situation. The Group makes changes to its capital structure as necessary based on an ongoing assessment of the business's financial situation and future prospects in the short and medium term.

NOTE 26 Financial instruments

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

Derivatives are classified as FVPL and initially recognized at fair value on the date a derivative contract is entered into and 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.

Changes in the fair value of any derivative instrument are recognized immediately in profit or loss and are included in financial income or financial expense if they are economic hedges for financing related risks. Derivatives that are economic hedges for operational cash flows are included in operating gain and loss. The fair values of the outstanding derivatives as at the balance sheet date are disclosed below.

The Group has the following derivative financial instruments:	**2022**	2021
(Amounts in NOK million at December 31)		
Non-current assets		
Interest rate swap contracts	47	0
Total non-current derivative financial instrument assets	**47**	**0**
Non-current liabilities		
Interest rate swap contracts	0	1
Total non-current derivative financial instrument liabilities	**0**	**1**

Fair value estimates
The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading of available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required for fair value of an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities.

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 calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts determined using forward exchange rates at the balance sheet date; and
- the fair value of the remaining financial instruments 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.

Other financial instruments
Financial assets (excluding derivative financial instruments)
All financial assets, excluding derivatives, meet the SPPI criteria and are managed in a business model of Hold to Collect. Therefore all financial assets, excluding derivatives, are allocated to the category amortized cost.

The Group measures its accounts receivables and other receivables and cash and cash equivalents at amortized cost. Subsequent to initial recognition, these assets are measured at amortized cost using the effective interest method. Income from these financial assets is calculated on an effective yield basis and recognized in the income statement.

Investments in unquoted equity securities are designated as fair value through other comprehensive income if they are held as long-term strategic investments that are not expected to be sold in the short to medium term. All fair value movements in respect of those assets are recognized in other comprehensive income and are not recycled to profit or loss. The financial assets are classified as current assets, except for those with maturities later than twelve months after the balance sheet date. These assets are classified as non-current assets.

Financial liabilities (excluding derivative financial instruments)
The Group's financial liabilities consist of trade and other payables, other financial liabilities (including contingent considerations and lease liabilities) and borrowings. The Group initially recognizes its financial liabilities at fair value net of transaction costs and they are subsequently measured at amortized cost using the effective interest method. Transaction costs are amortized using the effective interest method over the maturity of the loan. Contingent consideration is subsequently measured at its fair value.

Financial instruments as at December 31, 2022

Assets	Assets measured at amortized cost	Fair value through profit and loss	**Total**
(Amounts in NOK million)			
Other non-current receivables	50	0	50
Accounts receivable	126	0	126
Other current receivables	54	0	54
Derivatives	0	47	47
Cash and cash equivalents	345	0	345
Total financial assets	**574**	**47**	**621**

Liabilities	Liabilities measured at amortized cost	Fair value through profit and loss	**Total**
(Amounts in NOK million)			
Borrowings	1,989	0	1,989
Leases	4,535	0	4,535
Trade and other payables	116	0	116
Other current liabilities	423	0	423
Total financial liabilities	**7,063**	**0**	**7,063**

Financial instruments as at December 31, 2021

Assets	Assets measured at amortized cost	Fair value through profit and loss	**Total**
(Amounts in NOK million)			
Other non-current receivables	34	0	34
Accounts receivable	117	0	117
Other current receivables	59	0	59
Cash and cash equivalents	281	0	281
Total financial assets	**491**	**0**	**491**

Liabilities	Liabilities measured at amortized cost	Fair value through profit and loss	**Total**
(Amounts in NOK million)			
Borrowings	2,103	0	2,103
Leases	4,452	0	4,452
Derivatives	0	1	1
Trade and other payables	138	0	138
Other current liabilities	369	0	369
Total financial liabilities	**7,061**	**1**	**7,062**

NOTE 27 Other current liabilities

Contract liabilities
A large portion of the Group's customers pay the monthly membership subscription fee in advance. These prepayments are recognized as non-financial debt and will be settled in the Group's services.

	2022	2021
(Amounts in NOK million at December 31)		
Contract liabilities	584	487
Total deferred revenue	**584**	**487**

Trade payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

Other current liabilities by nature	**2022**	2021
(Amounts in NOK million at December 31)		
Accrued employee benefit expenses	83	88
Accrued vacation pay	89	74
Non-redeemed gift cards	0	3
Accrued rent	5	8
Accrued rent discounts	44	44
Customer liabilities	41	49
Other current liabilities	161	103
Total other current liabilities	**423**	**369**

NOTE 28 Related parties

The following table presents an overview of transactions with related parties. Remuneration to executive staff and the Board of Directors and share capital information are presented in Note 8 Personnel expenses and Note 21 Share capital, respectively, and are not included in the following overview:

Profit or loss items

Related party	Relationship	Type of services	**2022**	2021
(Amounts in NOK thousand)				
Altor	Shareholder of HFN Group AS	Other operating expenses	0	-15
Total related party profit or loss items			**0**	**-15**

The amounts in the table above are presented within Other operating expenses.

Balance sheet items

Related party	Relationship	Type of services	**2022**	2021
(Amounts in NOK million)				
Key employees	Employees	Loan	10	0
Total related party profit or loss items			**10**	**0**

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.

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. Please see Note 8 Personnel expenses for further information.

NOTE 29 Business combinations

Acquisition of fitness clubs from Gym Gruppen AS and Bare Trening Sør AS
On February 1, 2022, SATS acquired three fitness clubs from Gym Gruppen AS, and on July 1, 2022, Fresh Fitness acquired a portfolio of seven fitness clubs in Sørlandet in Norway by acquiring 100% of the shares in Bare Trening Sør AS. The seven clubs are relatively small compared to the average SATS club and fit perfectly into the Fresh Fitness footprint. The acquisition contributed revenues of NOK 23 million in 2022 and an EBITDA of NOK 6 million. The operating results and assets and liabilities of the acquired companies were consolidated from February 1, 2022 and July 1, 2022 respectively.

Details of the purchase consideration	
(Amounts in NOK million)	
Purchase consideration:	
Cash paid	57
Total purchase consideration	**57**

The assets and liabilities recognized as a result of the acquisition are as follows:

	Fair value at acquisition
(Amounts in NOK million)	
Cash and cash equivalents	4
Right-of-use asset	68
Property, plant and equipment	9
Customer base	8
Deferred tax assets	8
Lease liabilities	68
Deferred tax on customer base	1
Fair value of net identifiable assets acquired	**28**
Recognized goodwill	
Total purchase consideration	57
Less: fair value of net identifiable assets acquired	28
Recognized goodwill	**29**

The amounts of revenue recognized from the acquiree since the acquisition date are disclosed in the segment reporting for Norway in Note 6 Segment information. The goodwill is attributable to the workforce and the expected profitability of the acquired business.

If the acquisitions had been completed on the first day of the financial year, the Group's revenue for the year would have been NOK 4 097 million and the EBITDA would have been NOK 1,142 million.

NOTE 30 New IFRS standards

New standards and amendments – applicable January 1, 2022
The following standards and interpretations apply for the first time to financial reporting periods commencing on or after January 1, 2022. SATS has not identified any significant impact to the Group's consolidated financial statements as a result of the mentioned amendments:

Business Combinations - Amendments to IFRS 3
The amendments include an update in IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. A requirement was also added that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of Conceptual Framework) to identify the liabilities it has assumed in a business combination; and an explicit statement is added to IFRS 3 that an acquirer does not recognize contingent assets acquired in a business combination.

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16
The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is "testing whether the asset is functioning properly" when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37
The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognizing a separate provision for an onerous contract, the entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract.

No changes have been made to any of the current accounting standards.

Standards not yet effective
The below amendments to IFRS applicable to SATS have been issued but were not yet effective on the balance sheet date. Except for IAS 1, management, at the date of the Board approval of these financial statements, has not identified any significant potential impacts to the Group's consolidated financial statements as a result of these amendments. None of the following standards have been subject to early adaptation.

Classification of Liabilities as Current or Non-current – Amendments to IAS 1
The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the "settlement" of a liability.

The amendments could affect the classification of liabilities from non-current to current if any non-compliance with loan covenants is expected for further reporting periods.

The standard will be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Income Taxes - Amendments to IAS 12
The International Accounting Standards Boards issued Deferred Tax related to Assets and Liabilites arising from a Single Transaction in May 2021 that aims to clarify how companies account for deferred tax on leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

Presentation of Financial Statements and Making Materiality Judgements - Amendments to IAS 1 and IFRS Practice Statements 2
The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the "our-step materiality process" described in IFRS Practice Statement 2.

Accounting Policies, Changes in Accounting Estimates and Errors - Amendments to IAS 8
The changes to IAS focus entirely on accounting estimates and clarify the following:
- The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".
- Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- The Board clarifies that a change in an accounting estimate that results from new information or new development is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognized as income or expense in the current period. The effect, if any, on future periods is recognized as income or expense in those future periods.

NOTE 31 Events after the balance sheet date

SATS announced a new share investment program for senior executives and certain other key employees of the Company on March 27, 2023, with the results announced on March 29, 2023. 23 employees applied for in total 2,908,158 shares. The shares will be delivered as a combination of (i) 1,638,605 new shares to be issued by the Company and (ii) 1,269,554 existing shares to be acquired by the Company in the market pursuant to a buy-back program. Delivery of the Shares is conditional upon certain resolutions related to the Share Investment Program being passed by the general meeting in the 2023 Annual General Meeting.

On March 30, 2023, a share buy-back program of maximum 2,000,000 was announced. The purpose of the share buy-back program is to obtain treasury shares for a combination of settlement of the Company's new share investment program, for delivery of matching shares under a previous share investment program and to partly cover the matching shares under the new share buy-back program.

On 26 April, SATS reported the Q1 2023-results. Please see the Company's website for the full report and presentation.

The Board of Directors is not aware of any other events after the balance sheet date, or any new information regarding existing matters, that could have a material effect on the 2022 consolidated financial statements.

FINANCIAL STATEMENTS PARENT COMPANY

STATEMENT OF PROFIT OR LOSS

	Notes	2022	2021
(Amounts in NOK million for the period ended December 31)			
Other operating expenses	3	-18	-14
Total operating expenses		**-18**	**-14**
Operating loss		**-18**	**-14**
Interest income from Group companies	4, 5, 6	83	65
Other interest income	4	12	0
Other financial income	4	193	193
Net gain derivatives unrealized	4, 13	47	35
Interest expense to Group companies	4, 6	-7	-3
Other interest expense	4, 9	-111	-97
Other financial expenses	4	-212	-236
Net financial items	4	**5**	**-42**
Loss before tax		**-13**	**-56**
Income tax income	10	5	12
Loss for the year		**-8**	**-44**
Allocation of loss for the year			
Retained earnings/accumulated losses	8	-8	-44
Total allocation		**-8**	**-44**

STATEMENT OF FINANCIAL POSITION

	Notes	**2022**	2021
(Amounts in NOK million at December 31)			
NON-CURRENT ASSETS			
Intangible assets			
Deferred tax asset	*10*	35	20
Total non-current intangible assets		**35**	**20**
Financial assets			
Investments in subsidiaries	*5*	2,606	2,606
Loans to Group companies	*6*	1,707	1,087
Derivative financial instruments	*13*	47	0
Other non-current receivables	*6*	10	0
Total non-current financial assets		**4,369**	**3,693**
Total non-current assets		**4,404**	**3,713**
CURRENT ASSETS			
Other receivables		3	0
Cash and cash equivalents	*7*	888	459
Total current assets		**891**	**459**
Total assets		**5,295**	**4,172**

STATEMENT OF FINANCIAL POSITION

(Amounts in NOK million at December 31)	*Notes*	**2022**	2021
EQUITY			
Share capital	8	431	366
Share premium	8	3,045	2,521
Treasury shares	8	-14	-17
Retained earnings/accumulated losses	8	-815	-807
Total equity		**2,649**	**2,063**
LIABILITIES			
Non-current liabilities			
Deferred tax liability	10	11	2
Derivative financial instruments	13	0	1
Borrowings	9	1,970	2,083
Total non-current liabilities		**1,981**	**2,085**
Current liabilities			
Borrowings	9	19	10
Borrowings from Group companies	6	640	10
Trade and other payables		1	1
Other current liabilities		5	3
Total current liabilities		**665**	**24**
Total liabilities		**2,646**	**2,109**
Total equity and liabilities		**5,295**	**4,172**

Oslo, April 28, 2023

Signed electronically

Hugo Lund Maurstad
Chair of the Board

Rebekka Herlofsen
Board Member

Martin Folke Tiveus
Board Member

Siren Sundby
Board Member

Søren Rene Kristiansen
Board Member

Sondre Gravir
CEO

STATEMENT OF CASH FLOWS

	Notes	**2022**	2021
(Amounts in NOK million for the period ended December 31)			
Cash flow from operating activities			
Loss before tax		-13	-56
Adjustment for:			
Taxes paid in the period	10	2	0
Net gain from fair value on derivatives		-47	-35
Proceeds from interest income		-12	0
Proceeds from other financial income		0	26
Payments of interest income		111	97
Payments of other financial expense		19	17
Change in intercompany receivables and payables		555	-89
Change in trade payables and other accruals		3	-22
Net cash flow from operations		**618**	**-63**
Cash flow from investing			
Loan to related parties		-10	0
Loan to Group companies		-629	0
Proceeds from Group contribution		0	19
Interest on Group loans		35	29
Net cash flow from investing		**-603**	**48**
Cash flow from financing			
Repayments of borrowings	9	-300	0
Proceeds from borrowings	9	200	200
Interest on borrowings		-70	-82
Transaction costs from issues of new shares		-13	0
Proceeds from issues of shares		601	9
Proceeds from sale of own shares		3	2
Net cash flow from financing		**420**	**129**
Net increase in cash and cash equivalents	7	**435**	**114**
Effect of foreign exchange rate changes on cash and cash equivalents		-7	0
Cash and cash equivalents at the beginning of the period		459	345
Cash and cash equivalents at the end of period	7	**888**	**459**

NOTES		PAGE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 General information

General information
SATS ASA is registered and domiciled in Norway with its head office at Nydalsveien 28, Oslo, Norway. The Group's ownership structure is as follows: 27.6% by TG Nordic Invest, 24.1% by AF III Holdco AS, 6.5% by Canica AS, 4.4% by Ferd AS and 37.4% by other shareholders. The company was incorporated on March 11, 2011.

The Board of Directors approved the financial statements on April 28, 2023.

Financial reporting framework
The financial statements are prepared in accordance with the simplified application of International Financial Reporting Standards (Norwegian Forenklet IFRS) in accordance with § 3-9 of the Norwegian Accounting Act and the related directive. The directive refers to the general recognition and measurement requirements in IFRS as endorsed by the European Union, but with certain exemptions.

The relevant exemption applicable to SATS ASA relates to the recognition of group contributions (Norwegian konsernbidrag). Group contributions and dividends under simplified IFRS may be recognized in accordance with Norwegian generally accepted accounting principles for the distributing and receiving entity. This means that the distributing entity may recognize a liability when the contribution or dividend is proposed, but before it has been approved. The receiving entity may also recognize the dividend or contribution receivable before it has been approved.

Disclosure requirements are in accordance with the directive, which refers to disclosure requirements in accordance with Chapter 7 of the Norwegian Accounting Act and Norwegian generally accepted accounting principles, with certain differences.

The financial statements are prepared in accordance with the historical cost principle, with the exemption of derivatives which are measured at fair value.

Preparation of financial statements in accordance with simplified IFRS requires the use of estimates. The application of company's accounting principles further requires management to apply judgement.

Certain new or revised standards, amendments or interpretations of existing standards have been published. Management has assessed these changes and concluded that they are not relevant for the business of the company or for the 2022 financial statements. For new standards, please see Note 30 New IFRS standards in the consolidated financial statements.

The company's significant accounting policies are disclosed in Note 3 Principles of consolidation and significant accounting policies in the consolidated financial statements. These principles have been applied consistently in all periods presented in the financial statements, unless stated otherwise.

NOTE 2 Accounting principles

Foreign currency
Functional currency and presentation currency
The financial statements of the company are prepared in NOK, which is the currency of the primary economic environment in which the company operates.

Transactions, monetary and non-monetary items
In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rate of exchange prevailing at the dates of the transactions. Gains or losses on transactions in foreign currencies and exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

Subsidiaries
Subsidiaries are entities controlled by the company. The company controls an investee when the company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Investment in subsidiaries is measured at historic cost less any impairment. Acquisition-related costs are generally recognized in profit or loss as incurred.

Intercompany loans
The terms for intercompany loans to subsidiaries are formally regulated by contractual lending agreements. Intercompany loans are accounted for as financial assets within the scope of IFRS 9 in the parent company's financial statements.

Intercompany loans are classified as financial assets at amortized cost since they are held within a business model with the objective of collecting the contractual cash flows, and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

At initial recognition, loans are measured at their fair value, adjusted for directly attributable transaction costs. Loans are subsequently measured at amortized cost using the effective interest rate method and are subject to impairment under the general expected credit loss model.

Loans denominated in foreign currencies are translated at the functional currency spot rates at the reporting date. Currency differences arising on settlement or translation are recognized in profit or loss.

Derivatives
Derivatives are recognized at fair value when the company becomes party to the contract and are subsequently measured at fair value through profit or loss. Fair value gains or losses are presented as fair value changes of derivatives in the income statements.

The company does not apply hedge accounting.

Cash and cash equivalents
Cash and cash equivalents consist of cash, bank deposits, other short-term cash-convertible investments with a maturity not exceeding three months and drawn overdraft facilities. Drawn overdraft facilities are included in current borrowings in the statement of financial position.

Share capital and share premium
Ordinary shares are classified as equity. Costs that are directly related the issue of new shares or warrants are recognized after tax as a reduction of the consideration received directly in equity.

Borrowings
Borrowings are initially recognized at fair value when cash is received. Transaction costs are deducted from the carrying amount. Borrowings are classified as current unless the company has the unconditional right to defer repayment for twelve months or more after the reporting date.

Income tax
Income tax presented in the income statement comprises both income tax payable and movements in deferred taxes. Deferred taxes are calculated using the enacted tax rate applied to the temporary differences that exist between the carrying amount and the tax base of an asset or liability and unused tax losses, if any, at the reporting date. Deferred tax assets from unused tax losses are recognized to the extent that it is probable that the Group can utilize the tax losses against taxable profit in the future. Deferred tax assets and liabilities are presented net in the statement of financial position.

Tax deductions through contributed group contributions (Norwegian konsernbidrag) and taxes on received group contributions are recognized as a reduction of the cost of the investment in the subsidiary or recognized directly in equity and against income tax payable or deferred taxes in the contributing and receiving entity, as applicable.

Deferred tax assets and liabilities are not discounted but recognized at nominal value.

Statement of cash flows
The statement of cash flows is presented according to the indirect method. Cash and cash equivalents include cash, bank deposits and other short-term cash convertible investments.

NOTE 3 Other operating expenses

(Amounts in NOK million)	**2022**	2021
Consultant services	-15	-11
Other operating expenses	-3	-3
Total operating expenses	**-18**	**-14**

The company has no employees.

The Board of Directors received NOK 1,990 thousand in remuneration in 2022 (NOK 1,970 thousand in 2021). The remuneration to the Board members is included in Other operating expenses.

Auditor's remuneration *(Amounts in NOK thousand)*	**2022**	2021
Expensed auditor incl. VAT:		
Statutory audit (including technical assistance - annual accounts)	-1,488	-2,026
Other attestation and assurance services	-106	-56
Total auditor's remuneration	**-1,594**	**-2,082**

NOTE 4 Financial income and financial expenses

Financial income *(Amounts in NOK million)*	**2022**	2021
Interest income from Group companies	83	65
Interest income financial institutions	12	0
Foreign exchange gain	193	193
Net gain derivatives unrealized	47	35
Total financial income	**335**	**294**

Financial expenses *(Amounts in NOK million)*	**2022**	2021
Interest expense to Group companies	-7	-3
Interest expense financial institutions	-111	-97
Foreign exchange loss	-199	-220
Other financial expenses	-13	-17
Total financial expenses	**-330**	**-336**
Net financial items	**5**	**-42**

NOTE 5 Subsidiaries

The table below sets forth SATS ASA's ownership interest in subsidiaries. The subsidiary is a holding company and owns shares in other subsidiaries as described in its annual financial statement.

Ownership interests correspond to voting interest if not otherwise stated.

Subsidiaries	Business office	Ownership percentage	Equity	Loss after tax	**Carrying amount 2022**
(Amounts in NOK million)					
SATS Holding AB	Stockholm	100%	1,493	-35	2,606

Investment in a subsidiary is carried at cost.

NOTE 6 Related parties

General
The following table presents an overview of transactions with related parties. Remuneration to executive staff and the Board of Directors and share capital information are presented in Note 3 Principles of consolidation and significant accounting policies and are not included in the following overview:

Profit or loss items

Related party	Relationship	Type of services	**2022**	2021
(Amounts in NOK thousand)				
Altor	Shareholder of HFN Group AS	Other expenses	0	-15
Total related party profit/loss items			**0**	**-15**

The amounts in the table above are presented within Other operating expenses.

Balance sheet items

Related party/type	Relationship	Financial statement line item	**2022**	2021
(Amounts in NOK million at December 31)				
Financing through SATS ASA	Subsidiaries	Loans to Group companies	1,707,006	1,087,015
Cash pool	Subsidiaries	Borrowings from Group companies	-640,443	-9,915
SATS Sportsclub Sweden AB	Subsidiaries	Investment program	70	233
SATS Finland OY	Subsidiaries	Investment program	65	84
Key employees	Employees	Loan	9,719	0
Total related party balance sheet items			**1,076,416**	**1,077,418**

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.

Impairment of intercompany loans
Under the general impairment model, the parent company recognizes an allowance for expected credit losses for all intercompany loans.

Credit losses are measured based on the difference between all contractual cash flows that are due in accordance with the contract and all the cash flows expected to be received, discounted at the original effective interest rate.

At initial recognition intercompany loans are assessed to be performing (stage 1), i.e., the subsidiary has low risk of default and a strong capacity to meet contractual cash flows. The loss allowance recognized is based on expected credit losses that result from default events that are possible within the next twelve months (twelve-month expected credit loss).

The parent company monitors the credit risk associated with intercompany loans to consider if there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk (underperforming loan), the loss allowance recognized is based on expected credit losses resulting from all possible default events over the remaining life of the loan (lifetime expected credit loss). The definition of default used in the model is when the counterparty fails to make contractual payments within 60 days of when they fall due.

To assess whether there is a significant increase in credit risk, management compares the risk of default occurring on the asset at the reporting date with the risk of default as at the date of initial recognition. The parent company uses the following indicators in the assessment:

- An actual or expected significant change in the operating results of the subsidiaries since the loan was first recognized. This includes assessments of whether there are any actual or expected declining revenues or margins, increasing operating risks, working capital deficiencies, decreasing asset quality or increased balance sheet leverage that would result in a significant change in the subsidiaries ability to meet its debt obligations.
- An actual or expected significant adverse change in the regulatory, economic or technological environment of the subsidiaries.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the assessment. Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment. Loans are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan.

No loss allowance on intercompany loans was recognized as per December 31, 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. Please see Note 8 Personnel expenses in the consolidated financial statements, for further information.

NOTE 7 Cash and cash equivalents

(Amounts in NOK million at December 31)	**2022**	2021
Cash and cash equivalents	**888**	**459**

The maximum exposure to credit risk at the reporting date is the carrying value of cash and cash equivalent as disclosed above.

Please see Note 25 Financial risk factors for further information about the Group's credit risk management. The company owns the Group's cash pool and the bank accounts of the Group entities that are part of the cash pool arrangement.

NOTE 8 Share capital

As at December 31, 2022, share capital amounts to NOK 431 million consisting of 203,046,142 ordinary shares at a face value of NOK 2.1250 per share. Please see Note 22 Earnings per share in the consolidated financial statements for further disclosures.

Overview of the shareholders as at December 31, 2022

Shareholder	Number of ordinary shares	Ownership percentage	Voting percentage
TG Nordic Invest	56,093,132	27.6%	27.6%
AF III HOLDCO AS	48,988,455	24.1%	24.1%
Canica AS	13,172,428	6.5%	6.5%
Ferd AS	8,836,287	4.4%	4.4%
Maaseide Promotion AS	7,990,976	3.9%	3.9%
Sats Management Invest AS	7,591,213	3.7%	3.7%
Salt Value AS	5,036,479	2.5%	2.5%
Funkybiz AS	5,000,000	2.5%	2.5%
Verdipapirfondet KLP Aksjenorge	3,801,073	1.9%	1.9%
J.P. Morgan SE	2,896,081	1.4%	1.4%
Ingvarda AS	2,156,749	1.1%	1.1%
Avanza Bank AB	1,897,752	0.9%	0.9%
State Street Bank and Trust Comp	1,361,967	0.7%	0.7%
HFN Group AS	1,107,806	0.5%	0.5%
Nordnet Bank AB	983,319	0.5%	0.5%
Wenaasgruppen AS	972,444	0.5%	0.5%
Fondita Global Megatrends Investment	964,714	0.5%	0.5%
Espedal & co AS	950,279	0.5%	0.5%
Verdipapirfondet KLP Aksjenorge Indeks	809,431	0.4%	0.4%
Spectatio Finans	779,184	0.4%	0.4%
Other	31,656,373	15.6%	15.6%
Total	**203,046,142**	**100.0%**	**100.0%**

All shares have been fully paid and have the same rights.

Shares in SATS Management Invest held by the Board of Directors and Executive Management:

	Ownership
Executive management including CEO	27.57%

Equity	Share capital	Share premium	Other paid in capital	Treasury shares	Retained earnings (acc. losses)	**Total equity**
(Amounts in NOK thousand)						
Equity January 1, 2022	366,023	2,520,786	248	-16,968	-807,188	2,062,901
Share issues and capital increase expenses	65,450	524,708		12		590,170
Proceeds from sale of treasury shares				3,140		3,140
Investment program			105			105
Loss for the year					-7,563	-7,563
Equity December 31, 2022	**431,473**	**3,045,494**	**353**	**-13,816**	**-814,752**	**2,648,753**

NOTE 9 Borrowings

	2022		2021	
Overview of interest-bearing liabilities	Current	Non-current	Current	Non-current
(Amounts in NOK million at December 31)				
Bank borrowings	19	1,970	10	2,083
Total interest-bearing liabilities	**19**	**1,970**	**10**	**2,083**

Please see Note 23 Borrowings in the consolidated financial statement for further disclosures.

Covenants, payment profile and effective interest rates
As at December 31, 2022 and December 31, 2021, covenant requirements were met. Information about existing financial covenants is disclosed in Note 23 Borrowings in the consolidated financial statement.

The payment profile of the parent company is equal to the Group's payment profile disclosed in Note 23 Borrowings in the consolidated financial statement.

Effective interest rates are disclosed in Note 23 Borrowings in the consolidated financial statement.

NOTE 10 Tax

Tax income	**2022**	2021
(Amounts in NOK million)		
Adjustment deferred tax prior year	2	0
Change in deferred tax assets	3	12
Total tax income	**5**	**12**

Reconciliation of the nominal statutory tax rate to the effective tax rate:	**2022**	2021
Loss before tax	-13	-56
Expected taxes at nominal tax rate of 22%	3	12
Reconciling items:		
Corrections of prior year tax assessments	2	0
Income tax income	**5**	**12**
Effective tax rate	**41%**	**22%**

Movement in deferred tax assets and deferred tax liabilities	**2022**	2021
(Amounts in NOK million at December 31)		
Fair value financial instruments	-47	1
Amortized borrowing cost	-6	-9
Losses carried forward	162	91
Basis deferred tax liabilities	**109**	**83**
Carrying value deferred tax asset/tax liabilities	**24**	**18**

Significant estimates
Deferred tax assets from unused tax losses are recognized to the extent that it is probable that Group can utilize the tax losses against taxable profit in the future. Refer also to Note 12 Tax of the consolidated financial statements and the Board of Directors' Report for further information.

NOTE 11 New IFRS standards

For information on effects from coming IFRS standards and interpretations, please see Note 30 New IFRS standards in the consolidated financial statements.

NOTE 12 Events after the balance sheet date

SATS announced a new share investment program for senior executives and certain other key employees of the Company on March 27, 2023, with the results announced on March 29, 2023. 23 employees applied for in total 2,908,158 shares. The shares will be delivered as a combination of (i) 1,638,605 new shares to be issued by the Company and (ii) 1,269,554 existing shares to be acquired by the Company in the market pursuant to a buy-back program. Delivery of the Shares is conditional upon certain resolutions related to the Share Investment Program being passed by the general meeting in the 2023 Annual General Meeting.

On March 30, 2023, a share buy-back program of maximum 2,000,000 was announced. The purpose of the share buy-back program is to obtain treasury shares for a combination of settlement of the Company's new share investment program, for delivery of matching shares under a previous share investment program and to partly cover the matching shares under the new share buy-back program.

On 26 April, SATS reported the Q1 2023-results. Please see the Company's website for the full report and presentation.

The Board of Directors is not aware of any other events after the balance sheet date, or any new information regarding existing matters, that could have a material effect on the 2022 consolidated financial statements.

NOTE 13 Financial risk factors

Overview
Through its activities, the Group will be exposed to different types of financial risks: market risk, credit risk and liquidity risk.

The company's overall risk management plan is to ensure the ongoing liquidity in the Group, defined as to be able to meet its obligations at any time. The risk management strategy focuses on the uncertainty inherent in capital markets and intends to minimize potential negative effects on the financial results of the company by use of both natural hedges and derivatives to economically hedge certain risks. The overall focus also includes being able to meet the financial covenants related to the Group's borrowings.

Risk management of the company is maintained by a central finance function in accordance with the guidelines approved by the Board. The Group's finance function identifies, measures, mitigates and reports on financial risks in close cooperation with the various operating units exposed to different types of financial risks:

Liquidity risk
The company focuses on maintaining a prudent and sufficient liquidity position through an appropriate financing structure. Management considers the company's liquidity position to be strong.

Credit Risk
The exposure to credit risk is represented by the carrying amount of each class of financial assets, primarily intercompany loans to subsidiaries. SATS ASA manages the credit risk by continuously monitoring forecasted, cash balances and actual cash flows in all of its subsidiaries. Non-current intercompany receivables are related to funding of subsidiaries and have a maturity profile matching the external debt maturities, see Note 23 Borrowings in the consolidated financial statements for details.

Cash flows and market interest rates
Interest rates on bank deposits and loan assets have a maturity of less than twelve months. The company does not have significant interest-bearing financial assets, and the company's cash inflows and outflows are therefore independent of changes in market interest rates.

Interest rate risk arises on issuing long-term debt. The company has entered into interest rate swaps related to its borrowings in order to minimize interest rate risk.

Fair value measurement
Fair value of financial instruments that are traded in active markets (such as securities that are available for sale or held for trading) are based on the observable market price at the reporting date. For financial assets, the bid price is used. For financial liabilities, the ask price is used. Fair value of interest rate swaps is calculated as the present value of estimated future cash flows. Fair value of foreign exchange forward contracts is calculated based on observable market forward rates at the reporting date.

The company's risk management policies and procedures are reviewed regularly to take into account changes in the market and both the company's and the Group's activities. For a detailed description of management's financial risk management policies, please see Note 26 Financial instruments of the consolidated financial statements.

Derivatives
Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedging criteria, they are classified as "held for trading" for accounting purposes below. The Group has the following derivative financial instruments:

(Amounts in NOK million at December 31)	**2022**	2021
Non-current assets		
Interest rate swap contracts	47	0
Total non-current derivative financial instrument assets	**47**	**0**
Non-current liabilities		
Interest rate swap contracts	0	1
Total non-current derivative financial instrument liabilities	**0**	**1**

Derivatives are classified as held for trading and accounted for at fair value through profit or loss unless they are designated as hedges. They are presented as current assets or liabilities if they are expected to be settled within twelve months after the end of the reporting period.

Foreign exchange risk
For risk management purposes, management has identified three types of exchange exposures:

- Effect on covenants from profit after tax in foreign currency
- Internal loans in foreign currency
- Borrowings in foreign currency

As an international group, SATS is exposed to the risk associated with converting the currency related to legal entities with a functional currency different from the Group's presentation currency. Such translation exposure does not yield an immediate result on the cash flow. It can still affect the Group's financial covenants and is therefore closely monitored. Exposure of foreign subsidiaries' equity is partly naturally hedged through borrowings in corresponding currency.

The Group's business model is such that the subsidiaries' sales and operating expenses are incurred in local currency, reducing the exposure to foreign exchange rate fluctuations in the profit or loss. The net of those cash flows are meant to be able to cover the borrowings in local currency, reducing the exposure related to borrowings in local currency due to changes in the foreign exchange rates.

Please see Note 26 Financial instruments in the consolidated financial statements for further disclosures.

AUDITOR'S REPORT

Deloitte.

Deloitte AS
Dronning Eufemias gate 14
Postboks 221 Sentrum
NO-0103 Oslo
Norway

Tel: +47 23 27 90 00
www.deloitte.no

To the General Meeting of SATS ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SATS ASA, which comprise:

- The financial statements of the parent company SATS ASA (the Company), which comprise the balance sheet as at 31 December 2022, the income statement, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of SATS ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2022, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

The company was listed in 2019. We have been the company's elected auditor since before the company became listed. We have been the company's elected auditor continuously for 4 years since the company became listed, including the year of listing.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

Carrying amount of goodwill

Key audit matter	How the matter was addressed in the audit
Refer to note 13 in the group financial statements for descriptions of management's impairment testing process and key assumptions. Refer also to note 30 for a description of related estimates and assumptions. As disclosed in note 13 the Group has recognized goodwill of NOK 2.478 million per 31 December 2022. Management performed impairment testing of goodwill allocated to the Cash Generating Units ('CGU's) to determine recoverable amount in accordance with the requirements of IAS 36 'Impairment of Assets' ('IAS 36'). Management assessed the recoverable amount of goodwill by determining the value in use. No impairment was identified per 31 December 2022. Estimating value in use requires management to make significant judgements and estimations. Management judgements are based on the Group's strategic five-year plan, including estimation of future outcomes and assumptions of cash flows (for example customer acquisition and retention, changes in subscription rates, operating costs etc.), along with the discount rate to be applied to those cash flows. Management's impairment evaluation is a key audit matter due to the significance of the carrying amount of goodwill, and level of management judgement involved in determining assumptions used in the evaluation of impairment.	We challenged management's assumptions used in its impairment model for assessing the recoverability of the carrying amount of goodwill. We focused on the appropriateness of CGU identification, methodology applied to estimate recoverable amount, discount rates and forecasted cash flows. Specifically: • We obtained a detailed understanding of management's process for performing the CGU impairment assessment. As part of this we assessed the design and implementation of the key controls. • We tested the methodology applied to estimate recoverable amount as compared to the requirements of IAS 36; • We tested the mathematical accuracy of management's impairment models; • We obtained an understanding of and assessed the basis for the key assumptions for the Group's five-year strategic plan; • We evaluated and challenged management's cash flow forecasting included in the five-year plan and the growth rate beyond this period with reference to the recent and historical performance of the CGU's; • We evaluated management's sensitivity analysis; • We assessed the discount rates applied by benchmarking against independent data. We used Deloitte valuations specialists in our audit of the carrying value of goodwill. We considered the appropriateness of the related disclosures provided in note 13.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

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Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
Report on Compliance with Requirement on European Single Electronic Format (ESEF)
Opinion
As part of the audit of the financial statements of SATS ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name satsasa-2022-12-31-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities
Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 28 April 2023
Deloitte AS

Mats Nordal
State Authorized Public Accountant

(this document is signed electronically)

ALTERNATIVE PERFORMANCE MEASURES

The Group reports its financial results in accordance with accounting principles IFRS as issued by the IASB and as endorsed by the EU. However, management believes that certain 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 viewed as 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 compliance with financial covenants.

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 to be an important supplemental measure to understand the overall picture of profit generation in the Group's operating activities. Please see reconciliation to profit or loss before tax in the table to the right.

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 reconciliation to profit or loss before tax in the table to the right.

EBITDA before impact of IFRS 16 Margin
EBITDA before impact of IFRS 16 divided by total revenue.

Adjusted EBITDA before impact of IFRS 16
Adjusted EBITDA before impact of IFRS 16 is a measure of EBITDA adjusted for (i) lease expenses applying IAS 17 Leases, (ii) impairment charges, (iii) revenue and costs from closed clubs, and (iiii) certain extraordinary items affecting comparability. 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 reconciliation to profit or loss before tax in the table to the right.

Adjusted EBITDA before impact of IFRS 16 Margin
Adjusted EBITDA before impact of IFRS 16 divided by total revenue.

Adjusted Country EBITDA before impact of IFRS 16
Adjusted Country EBITDA before impact of IFRS 16 is a measure of Adjusted EBITDA before the impact of IFRS 16 per segment, which is the Group's segment measure, before allocation of Group overhead and cost allocations. 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 geographic segments without the impact of Group overhead and cost allocations. Please see reconciliation to profit or loss before tax in the table to the right.

Adjusted Country EBITDA before impact of IFRS 16 Margin
Adjusted Country EBITDA before impact of IFRS 16 divided by total revenue.

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

TOTAL	**2022**	2021
(Amounts in NOK million)		
EBITDA before impact of IFRS 16	**99**	**-170**
Comparability adjustments	46	0
Adjusted EBITDA before impact of IFRS 16	**145**	**-170**
Group overhead and cost allocation	338	301
Adjusted Country EBITDA before impact of IFRS 16	**484**	**132**

NORWAY	**2022**	2021
(Amounts in NOK million)		
EBITDA before impact of IFRS 16	**123**	**-68**
Comparability adjustments	24	0
Adjusted EBITDA before impact of IFRS 16	**147**	**-68**
Group overhead and cost allocation	-190	-165
Adjusted Country EBITDA before impact of IFRS 16	**337**	**97**

SWEDEN	**2022**	2021
(Amounts in NOK million)		
EBITDA before impact of IFRS 16	**14**	**-2**
Comparability adjustments	18	0
Adjusted EBITDA before impact of IFRS 16	**32**	**-2**
Group overhead and cost allocation	-160	-135
Adjusted Country EBITDA before impact of IFRS 16	**192**	**133**

FINLAND	**2022**	2021
(Amounts in NOK million)		
EBITDA before impact of IFRS 16	**-20**	**-67**
Comparability adjustments	1	0
Adjusted EBITDA before impact of IFRS 16	**-19**	**-67**
Group overhead and cost allocation	-20	-19
Adjusted Country EBITDA before impact of IFRS 16	**1**	**-48**

DENMARK	**2022**	2021
(Amounts in NOK million)		
EBITDA before impact of IFRS 16	**-74**	**-75**
Comparability adjustments	2	0
Adjusted EBITDA before impact of IFRS 16	**-71**	**-75**
Group overhead and cost allocation	-25	-24
Adjusted Country EBITDA before impact of IFRS 16	**-46**	**-51**

Net debt
Current and non-current borrowings for the period (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 it is useful indicator of the Group's indebtedness, financial flexibility and capital structure because it indicates the level of borrowings after taking account of 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 of compliance with financial covenants. Please see Note 23 Borrowings for reconciliation to Total interest-bearing liabilities.

Leverage ratio
Net debt divided by last twelve months Adjusted 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 maintenance capex and expansion capex, and the source of capex is the Statement of cash flows.

Maintenance capex
Maintenance capital expenditures is a measure of investments made in the operations and consists 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. 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 is a measure of business combinations (acquisitions) and investments in greenfield. The measure is defined as the sum of Acquisition of subsidiary from the Statement of cash flows including investments in greenfields.

Operating cash flow
Operating cash flow is a measure of how much cash that is generated by the operations and used to evaluate SATS's liquidity. The definition is Adjusted EBITDA excluding IFRS 16 less Maintenance capex.

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

APPENDIX

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES REPORT

Introduction

The Governance Group has been requested to conduct a review of climate-related risks and opportunities for SATS. The review is based on the general framework developed by the Task Force on Climate-related Financial Disclosures (TCFD), with recommendations for disclosing clear, comparative, and consistent information about the risks and opportunities presented by climate change. This report summarises key findings and recommendations.

The main input to the review has been interviews with key personnel from SATS, including CFO, Business Development and Development and Property Management, conducted in November 2020.

Based on a short introduction to the TCFD framework, each interviewee was asked to disclose climate-related risks and opportunities related to the 11 disclosure items put forward by the TCFD.

Based on the information provided, The Governance Group has prepared the climate risk review as presented here.

Key findings

SATS places high value on ESG and is continuously working to meet market and stakeholder expectations. SATS has initiated a process of assessing climate-related risks and opportunities to position the company and be prepared for stricter requirements on reporting for listed companies.

Climate-related risk for SATS is considered to be low.

Our assessment shows that SATS is well positioned to respond to climate changes and stricter climate-related regulations and requirements. The Board of Directors has climate risk on its agenda, and management is integrating climate risks in their risk management system and three-year strategy.

Recommendations

The Governance Group recommends the following priority actions:

1. Communicate and disclose SATS' systematic approach to climate risk management and ESG. This will help attract talent, investors and customers.

The most relevant climate risks identified in this assessment relate to renting buildings and facilities that are not energy efficient. In order to mitigate these risks, we recommend that SATS:

2. Include a due diligence regarding energy efficiency and building suitability/resilience when considering premises for new clubs or extension of existing contracts.
3. Set requirements for access to energy from low-emission technology (heat pumps, solar cells, solar collectors, etc.) and energy management systems.
4. Consider becoming climate neutral by lowering own emissions and offsetting (high quality CO2-certificates). Carbon neutrality is essentially a financial commitment to offset unavoidable emissions. Aim for climate neutrality now rather than later.

IDENTIFIED RISKS AND OPPORTUNITIES

Type	Description of risk
Physical risks	Disruption in operations: Operation time might be impacted in certain periods due to physical impacts such as water ingress, poor drainage, over-heating etc. Moreover, some customers may not be able to get to some of the clubs and internal logistics might be impacted due to regional weather and temperature changes. With over 250 clubs, however, downtime on some clubs and transportation routes will not significantly impact SATS. Moreover, most users have subscriptions which ensures stable income. Increased costs of input factors: Extreme weather events such as droughts might increase SATS' power costs. SATS, however, is working to reduce electricity consumption and will initiate several measures in the coming years, primarily related to the building stock. Inbound supply of equipment and retail goods: Extreme weather events might impact parts of the supply chain, in particular the production and transport of machines. SATS, however, has a network of centres that can supply to impacted areas. Chronic changes to the environment: Changes such as temperature changes or sea level rise might impact SATS, but not more than it will impact other companies. SATS leases buildings for clubs and are flexible in the choice of locations.
Regulatory risks	Regulations related to CO2-emissions: Regulations (e.g. CO2-taxes) will not significantly impact SATS as the company's emissions are relatively low. Requirements related to energy efficiency: All clubs are subject to continuous monitoring of power consumption, but not all buildings have systems for optimization of energy use. Though SATS' clubs are not very energy intensive when it comes to power use, requirements may urge SATS to further plan and control the energy use and become more conscious of energy classifications and climate issues in the choice of new premises for clubs and leasing agreements.
Market and technology risks	Changes in customer behaviour: SATS' customers are becoming increasingly environmentally conscious and may want to exercise more in nature and less in clubs. In practice, however, SATS have experienced that in many Nordic weather conditions, customers need an alternative to being outside. Investor preference for environmentally-certified buildings. Increased environmental interest among investors may ensure that building characteristics such as Bream-certifications becomes a requirement. For SATS, this will not become a significant problem, as the company only leases small parts of buildings. Stranded assets - machines. Rapid innovation related to the design and functionality of fitness equipment (such as treadmills or bicycles generating electricity) may impact SATS as most machines are used for up to 10 years. It is likely, however, that SATS' machines are scrapped before any such new trend will have gained a foothold, and in any case, SATS' CAPEX base ensures that the company can turn around quickly. On the whole, any risk related to such innovation will be mostly reputational.
Reputational risks	Goodwill and brand value: When it comes to reputational risks relating to climate and the environment, the company is not very impacted, but it is neither part of the solution. For SATS, it is mostly important today not to be viewed as a negative player, and therefore, symbolism in terms of picking the low hanging fruits (e.g. removing the blue shoe bags and using less plastics) is important. Recruit and retain employees: SATS' employees are young and concerned about the environment. However, as the company is not associated with environmental harms, environmental performance is more likely to become a reputational opportunity than risk if communicated wisely.
Opportunities	Profiling SATS as climate neutral company: Profiling the company as climate neutral will mostly mean a reputational upside if SATS chooses to invest in such measures (carbon reduction and offsetting). The company is not likely to be punished for not changing its behaviour. Benefitting from changing customer behaviour: SATS' customers (people in bigger cities in particular) are becoming more climate conscious, and this is a general opportunity for SATS. For example, people in cities care about using public transport, and by being present close to most of the largest public transport hubs in Oslo, SATS believes that this will ensure that more people will use the clubs. Moreover, urban development means fewer people have a car and can get out of town to exercise in nature, which again may ensure increased attendance at city-based clubs. Attracting employees: SATS' employees are young and concerned about the environment. For example, employees are very concerned that the products in their nutritional range is produced in an environmentally friendly way. Profiling SATS as an environmentally conscious company will be important in order to recruit and retain employees. Benefitting from changes in investor behaviour: There is an opportunity to gain access to lower cost capital by branding SATS as an environmentally friendly and a socially responsible agent, and it is SATS' ambition to use that opportunity. In environmental terms, SATS will not qualify as a "green company" (providing a "green" solution), but a "greener" profile can attract investors.

DETAILED DISCLOSURES

#	Disclosure	Summary of findings
GOVERNANCE		
1	**Describe the board's oversight of climate-related risks and opportunities.**	Climate risks are on the SATS' board agenda. SATS' main owner, Altor, set expectations related to climate risks for all portfolio companies in 2017 and several other investors are also engaging on the topic. Risks, including climate risks, are captured and regularly followed up though the company risk management system, and will end up on the board's table if having reached a certain threshold. The board will be informed about the results of this climate risk assessment.
2	**Describe management's role in assessing and managing climate-related risks and opportunities.**	SATS was listed on the Oslo stock exchange in 2019 and has since then put in considerable effort formalizing its risk management system. Climate risks have not previously been on the management's agenda, but recently both climate risks and opportunities have become topics of discussion. Based on the results from this Climate Risk Assessment, the management team will discuss the results, implications and consider future strategies including whether and when the company should become climate neutral. In parallel to this assessment, SATS is in the process of preparing climate accounts for the whole company, which will give SATS the opportunity to discuss strategy, ambitions, targets and KPIs related to CO2 emissions. In general, the core focus of the company is on promoting public health, for members and beyond. Other environmental and social issues are viewed from a hygiene-perspective.
STRATEGY		
3	**Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.**	See table "Identified risks and opportunities)" above.
4	**Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning**	See table "Identified risks and opportunities)" above. SATS is currently revising its next three-year strategy. As a responsible company, improving public health has and will continue to be the company's focus. Initiatives related to climate and the environment will be included in the new three-year-strategy and results from this TCFD-assessment will be an important input factor to the strategic discussions. Specific initiatives related to identified climate-related risks and opportunities (such as becoming a climate neutral company) will be considered from a cost/benefit perspective. Major changes related to the environment, however, are out of scope for SATS for the time being.
5	**Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.**	SATS' strategy has not been stress tested against different climate-related scenarios, but as the review of risks and opportunities shows, the company is impacted relatively little by climate-related risks. The question is rather whether the company will be able to take advantage of the related opportunities.

RISK MANAGEMENT		
6	**Describe the organisation's processes for identifying and assessing climate-related risks.**	Company risks are systematically identified and assessed as part of the risk management framework, where different risk areas (strategy, operations, finance and compliance) are assessed annually. Within the compliance-category, SATS looks at ESG-related risks, which includes screening for environmental issues more broadly. Climate-related risks are currently not specifically looked at.
7	**Describe the organisation's processes for managing climate-related risks.**	The process for managing an identified risk depends on the area where it is located (e.g. country). If the risk is considered grave, it is lifted to the management level. The coronavirus-pandemic is an example of an identified risk that has had a strong impact on the company, and has been in focus in the whole organization, all the way down to safety procedures in specific clubs.
8	**Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.**	Company risks, including any risks relating to ESG and the environment are part of the company risk management system and managed as described above. When it comes to risk follow-up, individual areas report regularly to the audit committee, and once a year to the board (or otherwise as needed).

METRICS AND TARGETS		
9	**Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.**	SATS applies some KPIs related to ESG, but not any specific KPIs related to climate risks and opportunities. The climate accounts SATS are currently developing for the company will provide SATS the opportunity to follow the development in company emissions. On this basis, SATS will discuss the relevance of developing metrics and targets directly linked to climate risks and opportunities, e.g. targets on CO2-reductions.
10	**Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.**	SATS is in the process of preparing climate accounts, which will be reported on annually going forward, starting 2021. The accounts will include scope 1, 2 and some elements of scope 3 emissions.
11	**Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.**	Currently, no specific targets related to climate risks are in place, as described above.

GRI INDEX

GENERAL DISCLOSURES

Disclosure #	Disclosure name	Reference and/or response
ORGANIZATIONAL PROFILE		
102-1	Name of the organization	SATS ASA
102-2	Activities, brands, products, and services	SATS in short
102-3	Location of headquarters	Oslo, Norway
102-4	Location of operations	Where we operate
102-5	Ownership and legal form	Shareholder information
102-6	Markets served	Where we operate
102-7	Scale of the organization	SATS in short, Diversity, equality and inclusion, Consolidated financial statements
102-8	Information on employees and other workers	Diversity, equality and inclusion
102-9	Supply chain	Responsible procurement
102-10	Significant changes to the organization and its supply chain	This is SATS, Responsible procurement
102-11	Precautionary Principle or approach	Sustainability governance
102-12	External initiatives	Sustainability governance, SATS and the UN sustainable development goals, Human rights
102-13	Membership of associations	Sustainability governance
STRATEGY		
102-14	Statement from senior decision-maker	Letter from the CEO
ETHICS AND INTEGRITY		
102-16	Values, principles, standards, and norms of behavior	Sustainability governance, Human rights
GOVERNANCE		
102-18	Governance structure	Sustainability governance
SHAREHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	Stakeholders
102-41	Collective bargaining agreements	Employee dialogue
102-42	Identifying and selecting stakeholders	Stakeholders
102-43	Approach to stakeholder engagement	Stakeholders
102-44	Key topics and concerns raised	Stakeholders
REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	About the sustainability report, Notes to the consolidated financial statements, Note 1
102-46	Defining report content and topic boundaries	About the sustainability report
102-47	List of material topics	Management approach
102-48	Restatements of information	About the sustainability report
102-49	Changes in reporting	About the sustainability report
102-50	Reporting period	2022
102-51	Date of previous report	Published in April 2022, reporting period 2021
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	sustainability@sats.com
102-54	Claims of reporting in accordance with the GRI standards	About the sustainability report
102-55	GRI content index	GRI Index
102-56	External assurance	External assurance not practiced for this sustainability report

SPECIFIC STANDARD DISCLOSURES

Disclosure #	Disclosure name	Reference and/or response
GRI 200 ECONOMIC STANDARDS		
103-1 to 103-3	Management approach for economic standards and disclosures	Management approach
201-1	Direct economic value generated and distributed	About SATS
201-2	Financial implications and other risks and opportunities due to climate change	Climate risk, TCFD report
201-4	Financial assistance received from government	Notes to the consolidated financial statement, Note 7
205-3	Confirmed incidents of corruption and actions taken	Anti-corruption
GRI 300 ENVIRONMENTAL STANDARDS		
103-1 to 103-3	Management approach for environmental standards and disclosures	Management approach
302-1	Energy consumption within the organization	Climate accounts
305-1	Direct (Scope 1) GHG emissions	Climate accounts
305-2	Energy indirect (Scope 2) GHG emissions	Climate accounts
305-3	Other indirect (Scope 3) GHG emissions	Climate accounts
307-1	Non-compliance with environmental laws and regulations	No incidents reported in 2022
GRI 400 SOCIAL STANDARDS		
103-1 to 103-3	Management approach for social standards and disclosures	Management approach
402-1	Minimum notice periods regarding operational changes	Employee dialogue
403-1	Occupational health and safety	Employee safety
403-2	Hazard identification, risk assessment, and incident investigation	Employee safety
403-3	Occupational health services	Employee safety
403-4	Worker participation, consultation, and communication on occupational health and safety	Employee dialogue, Employee safety
403-5	Worker training on occupational health and safety	Employee safety
403-6	Promotion of worker health	Employee safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee safety
403-8	Workers covered by an occupational health and safety management	Employee safety
403-9	Work-related injuries	Employee safety
403-10	Work-related ill health	Employee safety
404-2	Programs for upgrading employee skills and transition assistance programs	Skills and education
404-3	Percentage of employees receiving regular performance and career development reviews	Employee dialogue
405-1	Diversity of governance bodies and employees	Key employee statistics
405-2	Ratio of basic salary and remuneration of women to men	Key employee statistics
414-1	New suppliers that were screened using social criteria	Responsible procurement
416-1	Assessment of the health and safety impacts of product and service categories	Training product safety
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No incidents reported in 2022
419-1	Non-compliance with laws and regulations in the social and economic area	No incidents reported in 2022

DEFINITIONS

Term	Definition
Adjusted country EBITDA before impact of IFRS 16	Adjusted EBITDA before impact of IFRS 16 less allocation of Group overhead and cost allocations
Adjusted EBITDA before impact of IFRS 16	EBITDA adjusted for (i) closed clubs; (ii) certain comparability items; and (iii) the impact of implementation of the IFRS 16 lease standard
Average number of members per club	Outgoing member base divided by outgoing number of clubs
Average revenue per member (ARPM)	Calculated as monthly total revenue divided by the average member base
Capex: Expansion capital expenditures	The sum of investments related to acquisitions and greenfields, as well as capex related to the perfect club initiative and digital expansion
Capex: Maintenance capital expenditures	Club maintenance and IT capital expenditures
Cash conversion	Operating cash flow divided by adjusted EBITDA before impact of IFRS 16
EBITDA	Profit/(loss) before net financial items, income tax expense, depreciation and amortization
Group overhead	Consists of group services such as commercial functions, IT, finance and administration
Leverage ratio	Net debt divided by last twelve months adjusted EBITDA before impact of IFRS 16
Member base	Number of members, including frozen memberships, excluding free memberships
Operating cash flow	Adjusted 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

Investor Relations Contacts

Cecilie Elde
CFO
+47 92 41 41 95
cecilie.elde@sats.no

Stine Klund
Investor Relations
+47 98 69 92 59
stine.klund@sats.no

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SATS ASA
Nydalsveien 28
0484 Oslo
Norway

Telefon +47 23 30 70 00
www.satsgroup.com

2231021 • BOLT.as