SATS ANNUAL REPORT 2023

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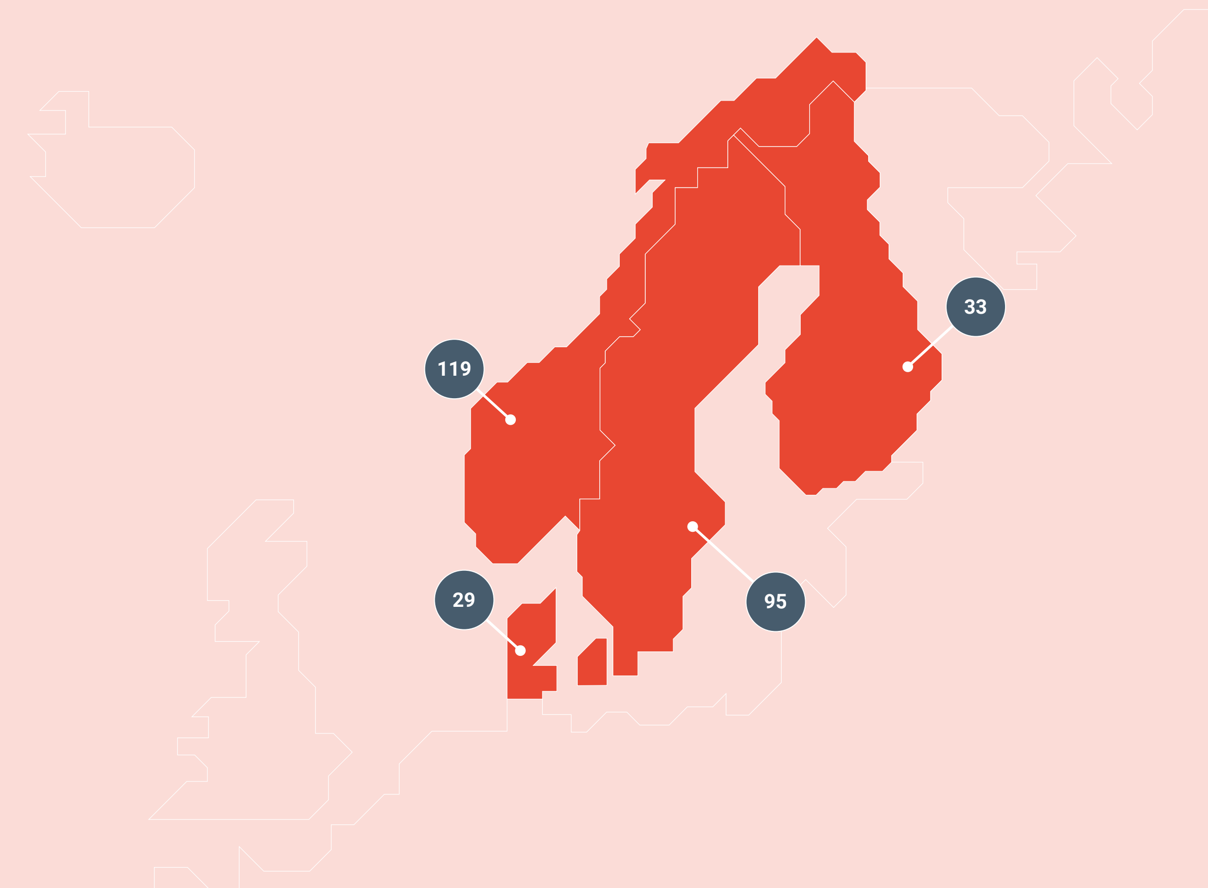
SATS IN SHORT

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 276 clubs, close to 9,500 employees and 731,000 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 119 clubs and 326,000 members

#1 POSITION IN FINLAND[1]
with 33 clubs and 71,000 members

#2 POSITION IN DENMARK[1]
with 29 clubs and 85,000 members

#1 POSITION IN SWEDEN[1]
with 95 clubs and 249,000 members

1) *Based on figures provided by EuropeActive.*

ANNUAL REPORT

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 with 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 behavior 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.

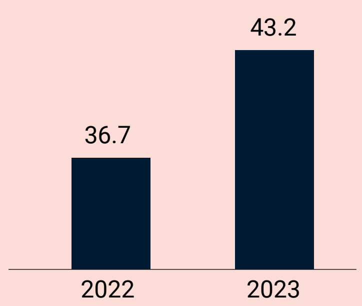
I am **PROFESSIONAL**
– we set the standards for our industry and have the most dedicated and competent employees. We all act and contribute to help SATS achieve its goals and be perceived as the preferred partner. We are always good SATS ambassadors.

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 2023

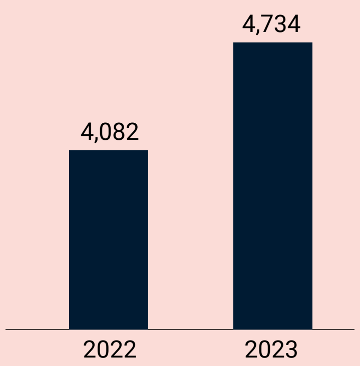
WORKOUTS
Million

+18%



REVENUES
NOK million

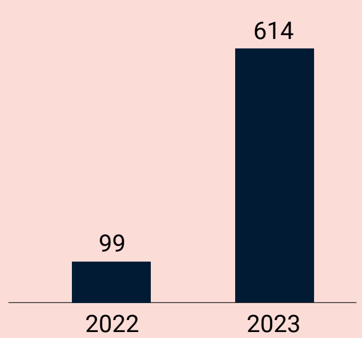
+16%



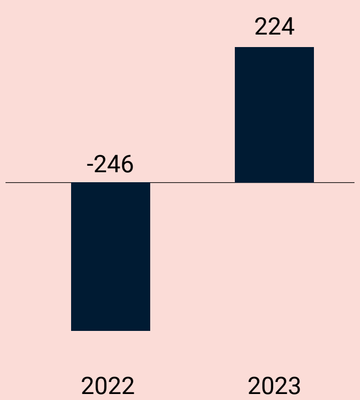
AVERAGE REVENUE PER MEMBER
NOK

EBITDA[2]
NOK million

+518%

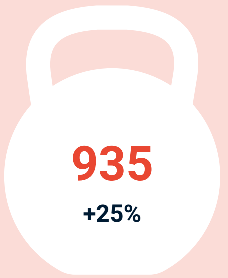


NET PROFIT
NOK million



LEVERAGE[1]

LIQUIDITY
NOK million



[1] *Net debt to EBITDA before IFRS 16.*
[2] *EBITDA before IFRS 16.*

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

2023
Continuing the launch and development of HIIT, Yoga, and Pilates, boosting group training participation.

Club openings: 7

LETTER FROM THE CEO

Dear Reader,

Thank you all for a happy and healthy 2023! This year has been the first year without any restrictions related to the pandemic since 2019, and it has been a true privilege to welcome all our members to SATS' 276 clubs across the Nordics. And what an effort our members have put in. New members have developed fresh habits, while current members have upheld their already firmly established training routines, consistently returning to our clubs. We have also experienced a positive development within group training, as the launch of new and improved classes has increased visits. This resulted in a total of 43 million+ workouts in our clubs during 2023, representing an increase of 18% from 2022. A massive contribution to the public health in the Nordics!

SATS' vision of making people healthier and happier is something we have been committed to achieve from the very beginning. Our vision contributes to achieving the UN Sustainability Goal #3, Good health and well-being. We have assessed the public health impact of SATS members who meet the World Health Organization's recommendation of 75–100 minutes of vigorous-intensity aerobic physical activity per week. In 2023, our members collectively generated approximately 16,000 quality-adjusted life years (QALYs) through their active participation. Adding 16,000 more years of good health is truly a source of immense pride for us at SATS! When translated into socio-economic welfare gain, the contribution is estimated to be valued at around NOK 23 billion.

Speaking of value creation, enjoying a full year without pandemic restrictions has contributed significantly to our improved financial performance during the year – we are now back to a new standard in terms of financials. Total revenues reached NOK 4,734 million, an increase of 16% from 2022. EBITDA before IFRS 16 improved significantly from NOK 99 million to NOK 614 million in 2023, implying a margin of 13%. We are determined to further improve our financial results going forward, both through revenue growth and margin improvement.

SATS ended the year with a member base of 731,000 members, providing us with the position as the number one fitness chain in the Nordics. Our members are notably adopting new training habits, and we are committed to further supporting them on their journey. We encourage our members to utilize their membership more extensively, increasing their visits to our facilities and engaging in a greater number of classes. SATS will also be more financial sustainable by increasing the number of active members. Active members are happy members!

Looking into 2024, we have all the building blocks in place for a continued positive development, and we have seen record-high visits at our clubs throughout the initial weeks of the year. This year, we will continue to optimize our product offerings, and improve member activation. In terms of financials, SATS will continue to reduce debt, reducing leverage[1] to below 2.0x in the near future, and maintain a long-term leverage ratio of 1.5x – 2.0x. We expect to average 8–12 yearly club openings, depending on the attractiveness of acquisition targets and greenfield locations.

SATS has a strong brand, a portfolio of attractive locations, and a solid product offering, and not the least, close to 10,000 dedicated and hard-working employees. I would like to thank all of our staff for their tremendous efforts every day to keep our members happy, inspired, and active.

I am very proud to be part of the SATS family – together, we have built something special, and let's keep pushing forward!

Sondre Gravir

Sondre Gravir
CEO

[1] *Net debt to EBITDA before IFRS 16*

THIS IS SATS

VISION

At SATS, we 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 are members at 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 members become more active and finding joy in activity. Supporting our members in succeeding with their training is also a key element for us in building a profitable business. Based on decades of experience from the fitness industry, we know that active members who stick to their habits over time are the most loyal members.

We truly delivered on our vision during 2023, with 43 million visits to our clubs. This represented an increase of 18 percent over the previous year. The increase is due to a combination of growth in our member base and each individual member visiting on average 15 percent more during the year. We have worked systematically to help our members succeed and will continue to do so in the future.

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 are what guides 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. 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 more members succeed with their training. The strategy is centered around being the best fitness club operator, meaning that we will focus on delivering on the core of our product, which is to operate gyms efficiently and provide adjacent services that help members reach their fitness goals. Specifically, we will focus on four strategic areas: Attract new members, Engage our members, Create extraordinary moments and Provide high-quality clubs. We will deliver on these focus areas by taking on the position as the inspirator and helping our members enjoy their time at SATS.

Attract new members

Inspire members to start exercising and show them how we can help them live healthier lives.

A large share of the Nordic population is inactive and would likely experience substantial health benefits from exercise. SATS will inspire people to take the first step to a healthier life by showing them how exercise can be fun and enjoyable and the joys of being part of a training community. We want to remove barriers to exercise by helping members find memberships that suit their needs and make becoming a member quick and easy so our members can start benefitting from an active lifestyle as soon as possible.

Engage our members

Help members achieve a sustainable activity level by using our people, insights and diverse portfolio of products.

Regarding exercise, consistency is key, both for capturing the health benefits from training and for reaching performance goals. SATS will help members achieve this consistency and build lasting habits. As part of this work, it is important to recognize that each member needs to be challenged at their own level. By using member insights and maintaining a diverse portfolio of products, we will ensure that members find a way to exercise that they enjoy and brings them closer to their training goals.

Create extraordinary moments

Create an extraordinary SATS experience in all clubs through inspiring staff, instructors and PTs who truly see our members

Our people are at the core of our product and a key part of the SATS experience. Our staff play a critical role in delivering our product by making people feel welcome at the club, instructing our GX classes, or providing personalized coaching as a PT. We aim to attract the best people and give them the training and support they need to perform in their roles and help our members succeed with their training. Our operating model provides a standardized framework for how we run our clubs and enables us to provide great experiences in all clubs across the Nordics.

Provide high quality clubs

Ensure our clubs are of high quality and that members get access to a wide training offering through our clusters.

We have strong clusters of clubs across the Nordics. This means that SATS members get access to a wide product offering and gyms in great locations. By optimizing our product offering with a cluster perspective, we can deliver a broad product offering on the cluster level while maintaining high utilization in every club. SATS clubs will have a premium standard and good atmosphere, and as part of this ambition we also strive to have high uptime on equipment and facilities.

Our position as the inspirator

At SATS, we truly believe that activity is an important element of a healthy lifestyle, and we aim to inspire people to get active and experience the benefits. We want everyone to feel welcome to join our SATS community regardless of their current fitness level and previous training experience. It is important for us to lower the threshold for starting a fitness journey by providing the support our members need and having an offering that is relevant for all fitness levels. Equally important is motivating each member at their own level and recognizing that the goals and ambitions of our member base are diverse. At SATS, members should find a joyful atmosphere that makes going to the gym a little bit easier.

GROWTH ROUTES TO DRIVE VALUE CREATION

SATS sees several avenues for growth going forward. In the short term, club growth will be selective and opportunistic, and there is significant potential in growing the member base at the existing clubs. 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 entering new attractive clusters. We also see an opportunity to improve the average revenue per member by offering adjacent products and services, and continued development of our personal training and retail offering. 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.

FRESH FITNESS – SATS GROUP'S LOW-COST OPERATOR

Fresh Fitness was launched by SATS Group in 2010 as a low-cost alternative in Norway and Denmark. In Norway, Fresh Fitness was an immediate success, offering high-quality training at a significantly lower price than traditional operators. In 2023, Fresh Fitness was the second largest operator in Norway with more than 80,000 members and 39 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. During the last few years, Fresh Fitness has taken significant steps towards becoming a pure low-cost player, offering a no-frills product to consumers. The product resembles SATS' product, but with a simplified operating model, more self-service solutions, and no group training.

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. Members can choose from three types of membership: Basic, Flex and Smart. The Basic membership starts at NOK 299/month (access to one club, 12-month binding), while Flex starts NOK at 349/month (access to all clubs, 12-month binding). The Smart membership costs NOK 479/month (access to all clubs and the possibility to bring a friend to the gym). All clubs offer personal training through externally hired contractors.

2023 was a strong year for Fresh Fitness, with more than 4.1 million visits and record-high profitability, proving the attractiveness of a low-cost business model. The "new" no-frills Fresh Fitness concept can be profitable in areas with less than 10,000 inhabitants, and as such the opportunities for growth are significant. 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 45 percent of the consolidated total revenues in 2023 and 326,000 members at year-end 2023. The Group has 119 clubs in Norway, of which 80 SATS clubs and 39 Fresh Fitness clubs after closing three clubs during the year. 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 was stable during the year, increasing from 325,000 at year-end 2022 to 326,000 at year-end 2023. Total revenues increased by 11 percent to NOK 2,153 million. Adjusted Country EBITDA before the impact of IFRS 16 increased from NOK 337 million last year to NOK 560 million in 2023, resulting in a Country EBITDA margin of 26 percent.

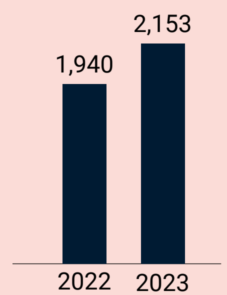
The members of SATS Norway and Fresh Fitness worked out 18.9 million times at our clubs during 2023.

SATS and Fresh Fitness employed a total of 4,198 employees at the end of the year, corresponding to 894 full-time equivalents.

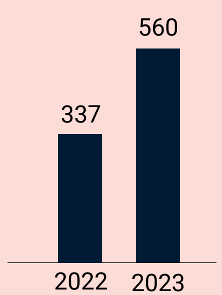
Key financial figures and Alternative performance measures (APM)

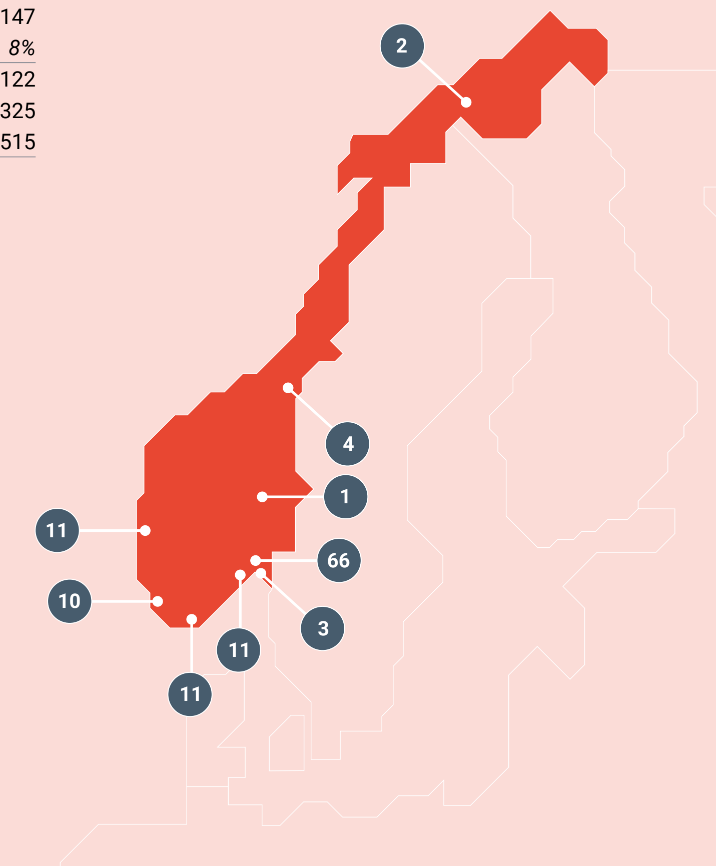
Amounts in NOK million (unless otherwise stated)	**2023**	2022
Membership revenue	1,763	1,543
Other revenues	389	397
Total revenues	2,153	1,940
Country EBITDA[1]	560	337
Margin (%)	*26%*	*17%*
EBITDA[2]	387	147
Margin (%)	*18%*	*8%*
Clubs	119	122
Members ('000)	326	325
ARPM (NOK/month)	551	515

REVENUES
NOK million
+11%



COUNTRY EBITDA[1]
NOK million
+66%





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 249,000 members at the end of 2023. With 34 percent of consolidated total revenues, it is the second-largest operating segment in the Group. The club portfolio consisted of 95 clubs across the country at year-end, including a strong cluster of 73 clubs in the Greater Stockholm area.

The member base grew by 2 percent during the year, and revenues per member increased by 11 percent compared to 2022. Consequently, total revenues increased 16 percent (11 percent curr. adj.) to NOK 1,597 million. Adjusted Country EBITDA before the impact of IFRS 16 increased from NOK 192 million last year to NOK 330 million in 2023, resulting in a Country EBITDA margin of 21 percent.

The members visited SATS Sweden 14.8 million times.

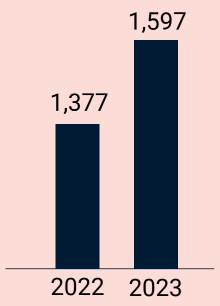
The number of employees in Sweden totaled 3,292 at year-end 2023, corresponding to 841 full-time equivalents.

Karolina Gutke was appointed Country Manager for SATS Sweden in 2023.

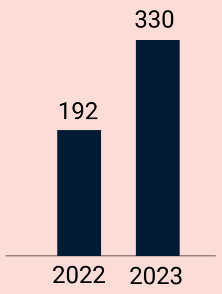
Key financial figures and Alternative performance measures (APM)

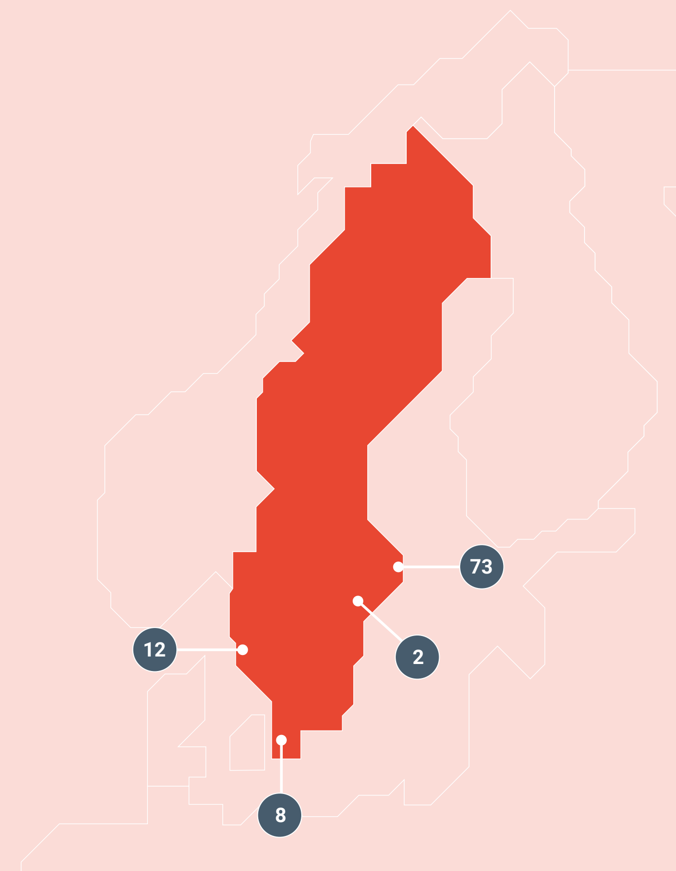
Amounts in NOK million (unless otherwise stated)	**2023**	2022
Membership revenue	1,281	1,088
Other revenues	315	289
Total revenues	1,597	1,377
Country EBITDA[1]	330	192
Margin (%)	*21%*	*14%*
EBITDA[2]	185	32
Margin (%)	*12%*	*2%*
Clubs	95	92
Members ('000)	249	244
ARPM (NOK/month)	540	485

REVENUES
NOK million
+16%



COUNTRY EBITDA[1]
NOK million
+72%





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

ANNUAL REPORT

FINLAND

In Finland, the business is operated under the brand ELIXIA and had 71,000 members at year-end 2023. ELIXIA Finland constituted 10 percent of consolidated total revenues in 2023. We currently have 33 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 2023, the number of members had increased by 2 percent and revenue per member by 11 percent compared to 2022. Total revenues increased 29 percent (14 percent curr. adj.) to NOK 466 million. Country EBITDA before the impact of IFRS 16 increased from NOK 1 million last year to NOK 48 million in 2023, resulting in a Country EBITDA margin of 10 percent.

ELIXIA members worked out 4.3 million times at the clubs during the year, up from 3.3 million in 2022.

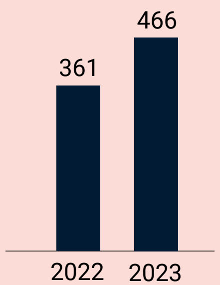
ELIXIA Finland had 941 employees at year-end 2023, which corresponded to 289 full-time equivalents.

Aleksi Virkkunen was appointed Country Manager of Finland in 2023 and assumed his position in early 2024.

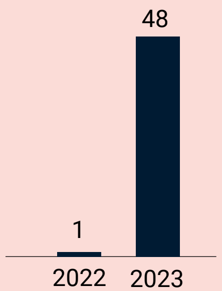
Key financial figures and Alternative performance measures (APM)

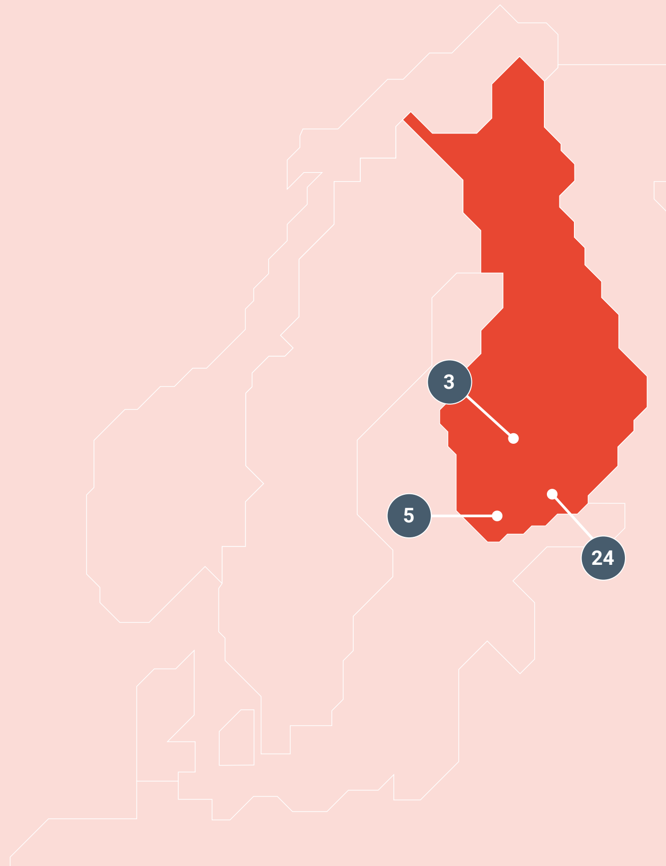
Amounts in NOK million (unless otherwise stated)	**2023**	2022
Membership revenue	390	280
Other revenues	76	81
Total revenues	466	361
Country EBITDA[1]	48	1
Margin (%)	*10%*	*0%*
EBITDA[2]	25	-19
Margin (%)	*5%*	*-5%*
Clubs	33	32
Members ('000)	71	70
ARPM (NOK/month)	550	448

REVENUES
NOK million
+29%



COUNTRY EBITDA[1]
NOK million
+4,281%





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

DENMARK

The Danish operations contributed 11 percent of consolidated total revenues in 2023 with 85,000 members at the end of the year. The Danish club network consists of 29 clubs, which together create a strong cluster in Greater Copenhagen. SATS is the second-largest operator in the Danish market.

The member base in Denmark grew by 4 percent in 2023. The member growth combined with an increase in revenue per member of 19 percent resulted in a revenue growth of 28 percent (13 percent curr. adj.) and total revenues of NOK 516 million. Country EBITDA before the impact of IFRS 16 increased from NOK -46 million last year to NOK 15 million in 2023, resulting in a Country EBITDA margin of 3 percent.

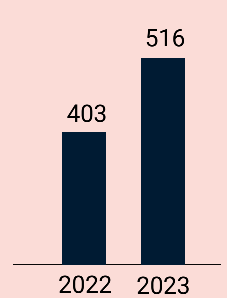
The Danish members worked out 5.2 million times at the SATS clubs in 2023, up from 4.4 million in 2022.

SATS Denmark employed 1,053 employees at year-end 2023, which corresponded to 237 full-time equivalents.

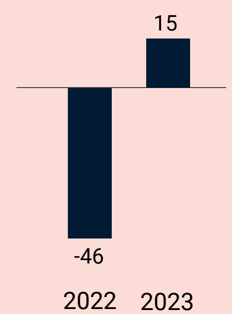
Key financial figures and Alternative performance measures (APM)

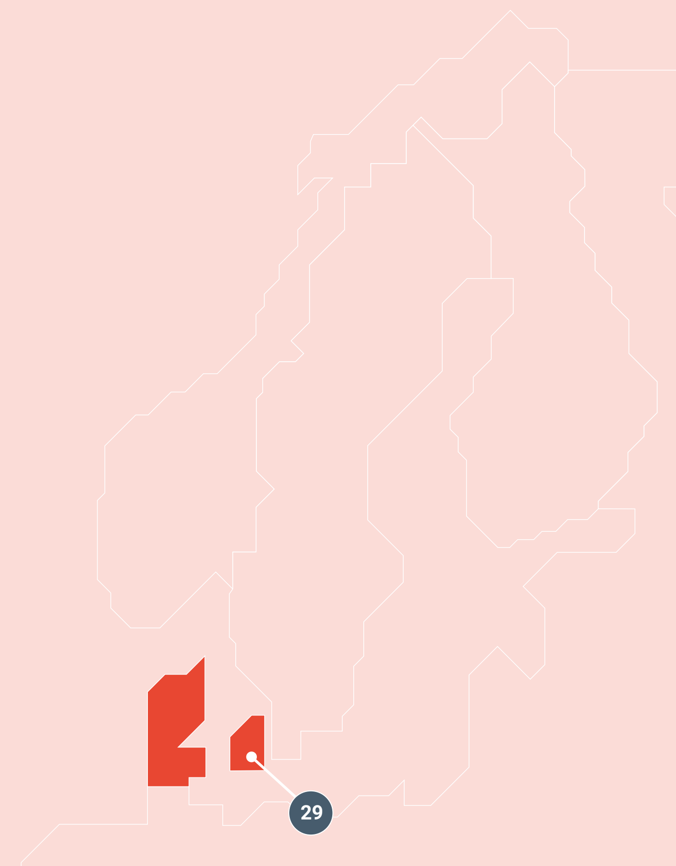
Amounts in NOK million (unless otherwise stated)	**2023**	2022
Membership revenue	436	335
Other revenues	80	67
Total revenues	516	403
Country EBITDA[1]	15	-46
Margin (%)	*3%*	*-11%*
EBITDA[2]	-13	-71
Margin (%)	*-3%*	*-18%*
Clubs	29	29
Members ('000)	85	82
ARPM (NOK/month)	517	433

REVENUES
NOK million
+28%



COUNTRY EBITDA[1]
NOK million
n./a.





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 3,103 million at year-end 2023. SATS aims to generate positive value and offer long-term financial returns to its shareholders, taking into account the company's inherent risks. To accomplish this, the company intends to follow its business plan closely and communicate clearly, ensuring that the stock price accurately represents the company's value and potential for growth.

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 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 435 million as at December 31, 2023, divided into 204,694,588 ordinary shares, each with a par value of NOK 2.125. All shares have been fully paid and have equal rights. SATS owned 618,461 treasury shares as at the balance sheet date. The number of shareholders as at December 31, 2023, was 5,411.

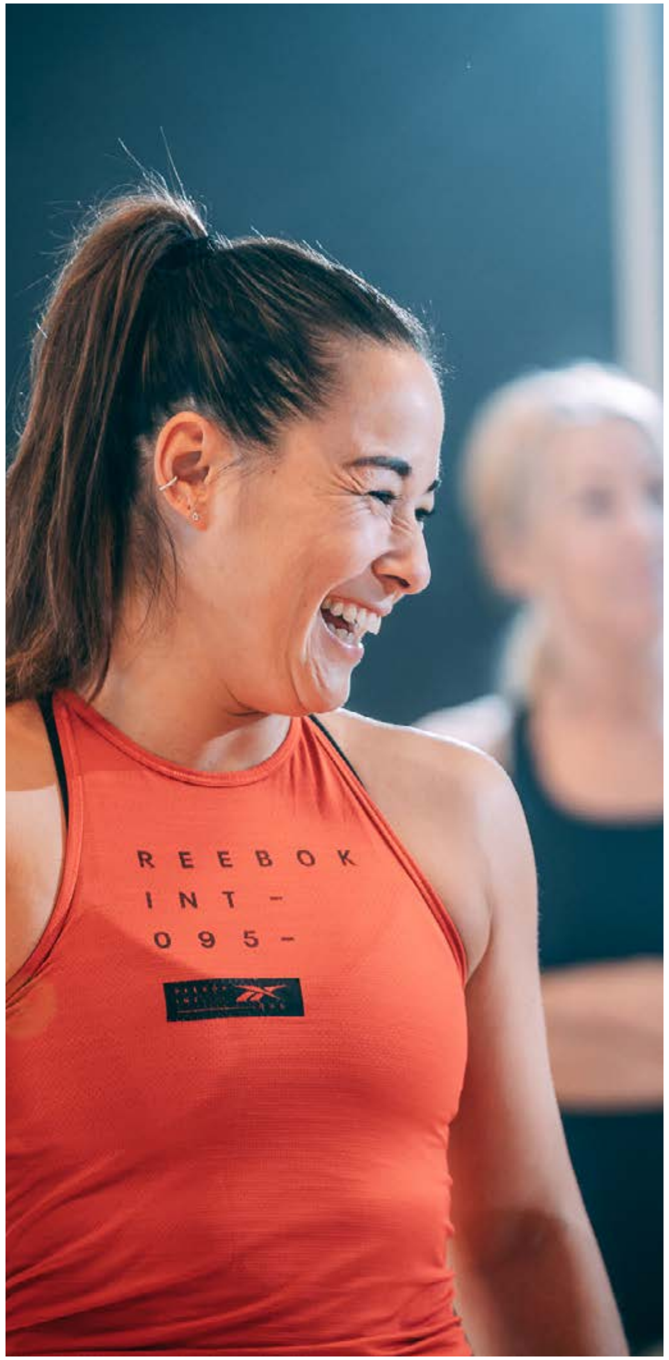
Financial calendar

SATS ASA will publish its quarterly interim financial statements on the following dates for 2024:

25 April 2024	Annual General Meeting 2024
30 April 2024	Q1 2024 Results
22 August 2024	Q2 2024 Results
05 November 2024	Q3 2024 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	56,103,145	27.4%
2	AF III Holdco AS	48,988,455	23.9%
3	Canica AS	13,172,428	6.4%
4	Maaseide Holdco AS	7,990,976	3.9%
5	SATS Management Invest AS	7,591,213	3.7%
6	SALT Value AS	5,761,330	2.8%
7	Funkybiz AS	5,000,000	2.4%
8	Vevlen gård AS	3,822,251	1.9%
9	Verdipapirfondet KLP aksjenorge	3,801,073	1.9%
10	J.P. Morgan SE	3,496,228	1.7%
Other shareholders		48,967,489	23.9%
Total		**204,694,588**	**100.0%**

Ownership structure

Percentage holding	Number of shareholders	Number of shares	Proportion of the share capital
<0.5%	5,395	40,163,852	19.6%
0.5-1%	6	8,803,637	4.3%
1-3%	5	21,880,882	10.7%
3-5%	2	15,582,189	7.6%
5-10%	1	13,172,428	6.4%
>10%	2	105,091,600	51.3%
Sum	**5,411**	**204,694,588**	**100%**

TOTAL SHAREHOLDERS

31.12.2023

5,411

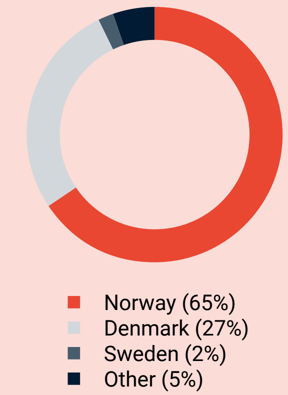
MARKET CAP

31.12.2023

3,103
Million

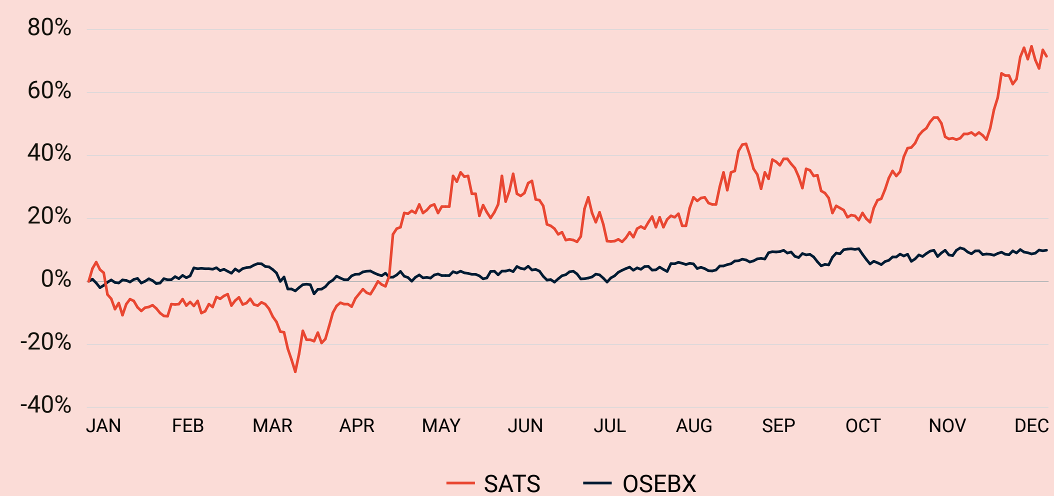
SHAREHOLDERS

by country of residence



SHAREPRICE DEVELOPMENT 2023 VS OSEBX

01.01.2023–31.12.2023



BOARD OF DIRECTORS' REPORT

In 2023, the member base increased by 1.4 percent and revenues per member increased by 11 percent compared to 2022. As a result, total revenues were lifted by 16 percent to NOK 4,734 million. EBITDA before the impact of IFRS 16 was NOK 614 million, up from NOK 99 million in 2022.

SATS has 27 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 2023 balance sheet date, the Group had a leading network of 276 clubs, with strongholds in key metropolitan cities throughout the Nordic region and 731,000 members. Our 9,500 employees across the Nordic countries are working to make people healthier and happier every day.

SATS ASA was listed on the Oslo Stock Exchange in October 2019.

ANALYSIS OF THE 2023 FINANCIAL STATEMENTS

The Board of Directors believes that the 2023 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, 2023, compared to the period January 1–December 31, 2022. 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 2023, we continued to uphold the focus on portfolio optimization and club profitability, increasing the number of members per club by attracting new members and retaining existing members while capitalizing on economies of scale. Member growth during the year, combined with the cost program launched in the fall of 2022, improved rental conditions, and price adjustments made during the winter of 2022–2023, has laid a solid foundation for profitability in 2023 and going forward. The Board confirms that the use of the going concern assumption is appropriate. The 2023 financial statements have been prepared in accordance with this assumption

Statement of comprehensive income

In 2023, the first full year without any COVID restrictions, total revenues increased by 16 percent to NOK 4,734 million compared to NOK 4,082 million in 2022. NOK weakened during the year, causing positive currency translation effects on revenues, and currency-adjusted revenues increased by 11 percent. Revenues for all segments increased compared to 2022, by 11 percent in Norway, 16 percent in Sweden, 29 percent in Finland and 28 percent in Denmark. The increase in revenues is primarily due to strong sales and increase in average revenue per member (ARPM). The total member base increased by 1.4 percent compared to last year as a result of successful campaigns and sales efforts. Reported ARPM increased by 11 percent, mainly driven by price increases and a lower average freeze level through 2023. Currency-adjusted ARPM increased by 7 percent.

The weakened NOK caused a 5 percent negative currency translation effect on operating expenses excluding depreciation and amortization. Operating expenses including depreciation and amortization increased by 1.6 percent from NOK 4,062 million in 2022 to NOK 4,127 million in 2023. Compared to 2022, the increase in club costs such as salaries, rent, janitorial services and maintenance was largely outweighed by reduced costs related to overhead and utilities.

Operating profit increased by NOK 587 million, from NOK 20 million in 2022 (partially affected by covid-related restrictions at the start of the year) to NOK 607 million in 2023. Net financial items increased by NOK 12 million, or 4%, from an expense of NOK 281 million in 2022 to an expense of NOK 293 million in 2023. This was mainly a result of higher interest expenses, outweighing higher financial income due to increased unrealized currency effects, higher interest income, and a decrease in financial expenses from foreign exchange losses unrealized compared to 2022.

The income tax expense increased by NOK 104 million, from an income of NOK 15 million in 2022 to an expense of NOK 89 million in 2023, driven by taxable results. Losses carried forward increased from 86 million to NOK 93 million in the Swedish entities due to currency effects. All losses carried forward in the Norwegian entities were utilized, giving a decrease from NOK 276 million to NOK 0 million in 2023. Deferred tax assets from losses carried forward are not recognized for the Finnish or Danish segments in 2023 due to uncertainty as to whether profits will be utilized against the unused tax losses within a reasonable time frame.

The profit before tax was NOK 313 million in 2023 compared to a loss before tax of NOK 261 million in 2022. Total comprehensive income was NOK 162 million compared to a loss of NOK 219 million in 2022.

As at the balance sheet date, the Group's total tax loss carried forward is NOK 1,262 million, of which the NOK 1,170 million generated in Denmark and Finland is not recognized in the balance sheet.

Segment development

NORWAY

Total revenues increased by 11 percent to NOK 2,153 million in Norway in 2023. The revenue increase was driven by the ARPM, which increased by 7 percent due to price increases. Operating expenses decreased by 5 percent mainly due to a net reduction of three clubs and significantly lower electricity prices compared to last year, outweighing increase in general inflation and price levels. Country EBITDA before the impact of IFRS 16 increased from NOK 337 million last year to NOK 560 million in 2023, resulting in a Country EBITDA margin of 26 percent.

SWEDEN

Total revenues were NOK 1,597 million in 2023, an increase of 16 percent (11 percent curr. adj.) compared to last year, driven by a 2 percent higher average member base and an 11 percent higher ARPM (6 percent curr. adj.). Operating expenses decreased by 2 percent, mainly driven by lower overhead costs and electricity prices compared to last year. The Country EBITDA before the impact of IFRS 16 increased by 72 percent to 330 million in 2023, resulting in a Country EBITDA margin of 21 percent.

Statement of comprehensive income

Amounts in NOK million	**2023**	2022
Total revenues	4,734	4,082
Operating expenses	-4,127	-4,062
Operating profit	607	20
Net financial items	-293	-281
Profit/loss before tax	313	-261
Income tax expense	-89	15
Profit/loss for the year	224	-246
Total comprehensive income	**162**	**-219**

Statement of financial position

Amounts in NOK million	**2023**	2022
Total assets	8,983	8,675
Total liabilities	7,963	7,815
Total equity	**1,020**	**860**

Statement of cash flows

Amounts in NOK million	**2023**	2022
Net cash flow from operations	1,758	1,082
Net cash flow from investments	-172	-313
Net cash flow from financing	-1,587	-681
Net increase/decrease in cash and cash equivalents	-1	88
Cash and cash equivalents at the end of the period	282	345

FINLAND
Total revenues amounted to NOK 466 million in 2023, an increase of 29 percent (14 percent curr. adj.) compared to last year. The revenue increase was driven both by the number of members, which increased by 2 percent at the end of the period, and ARPM, which increased by 23 percent (8 percent curr. adj.). Operating expenses increased by 13 percent, mainly due to an increase in hourly salaries. The Country EBITDA before the impact of IFRS 16 increased from NOK 1 million last year to NOK 48 million in 2023, resulting in a Country EBITDA margin of 10 percent.

DENMARK
Total revenues amounted to NOK 516 million in Denmark in 2023, an increase of 28 percent (13 percent curr. adj.) compared to last year. The member base totaled 85,000 members at year-end, up 4 percent from last year, and ARPM increased by 19 percent (6 percent curr. adj.). Operating expenses increased by 10 percent mostly due to general inflation. Country EBITDA was NOK 15 million, up from NOK -46 million in 2022, resulting in a Country EBITDA margin of 3 percent.

Statement of financial position
Consolidated assets increased by NOK 308 million to NOK 8,983 million from the balance sheet date of 2022 to 2023. Right-of-use assets and intangible assets were the largest components of consolidated assets, amounting to NOK 4,570 million and NOK 2,628 million, respectively, on December 31, 2023. Non-current assets increased, while current assets decreased slightly in 2023. The increase in non-current assets was driven by increased right-of-use assets, goodwill and other non-current receivables. The decrease in current assets was primarily driven by a decrease in prepaid expenses and accrued income and cash and cash equivalents.

Total liabilities increased from NOK 7,815 million as at December 31, 2022, to NOK 7,963 million as at December 31, 2023.

As at December 31, 2022, consolidated equity amounted to NOK 1,020 million, representing an equity ratio of 11.4 percent, compared to NOK 860 million and 10 percent as at the balance sheet date of 2022.

Statement of cash flows
Net cash flow from the Group's operations was NOK 1,758 million in 2023, compared to NOK 1,082 million in 2022. The increased cash flow from operations of NOK 676 million was mainly due to an increase in profit for the year.

Net cash outflow from investing activities amounted to NOK 172 million in 2023, compared to an outflow of NOK 313 million in 2022. The main reason for the decreased outflow was significantly lower M&A and expansion activity in 2023 compared to 2022. Maintenance activities were also lower in 2023 than in 2022 and amounted to 2.5 percent of total revenues in 2023, which is below the target of about 5 percent.

Net cash outflow from financing activities was NOK 1,587 million in 2023, compared to an outflow of NOK 681 million in 2022. In Q1 2022, the company made a repayment of NOK 300 million on borrowings and raised NOK 600 million in equity, in addition to a drawdown of NOK 200 million in the credit facility in Q4 2022. In Q4 2023, the company repaid NOK 288 million to the credit facility and restated the currency mix for borrowings.

In 2023, consolidated cash and cash equivalents decreased net by NOK 1 million compared to an increase of NOK 88 million in 2022. As at the balance sheet date, the Group had cash and cash equivalents of NOK 282 million compared to NOK 345 million at the balance sheet date in 2022.

Parent company
The parent company had no operating income in 2023 and NOK 27 million in operating expenses. The parent company's equity was NOK 2,754 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 276 fitness clubs located throughout Norway, Sweden, Denmark and Finland. The majority of its fitness clubs are located in larger Nordic cities and 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 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 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.

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 sessions 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. 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. 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?
REGULATORY AND COMPLIANCE RISKS		
Government regulations	SATS is exposed to government regulations, including, but not limited to close downs, tax deductibility for memberships, and building and air quality standards	• SATS is working closely with the trade unions in the countries where SATS operate to mitigate potential restrictions set by the Nordic governments
Protection of personal data and compliance 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 requirements, including the General Data Protection Regulation (GDPR), and other related legislation 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 consumer 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. • SATS has nevertheless experienced incidents of non-compliance with GDPR, particularly when it comes to human interaction with such information and thus non-automatic/computerized handling of personal data. As example, in February 2023 SATS received an administrative fine from the Norwegian Data Protection Authority (Nw. Datatilsynet). • SATS offers mandatory training relating to data security to its employees, and it is continuously working on optimizing its training systems. • SATS has implemented digital security systems, as well as policies for lawful collection, storing and processing of personal data.
ESG – Environmental, social and governance	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.	• In 2023, we have increased our focus on preparing SATS for upcoming regulatory reporting requirements, reducing the risk related to non-compliance. • 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?
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.
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. Having 731,000 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?
FINANCIAL RISKS		
Capital expenditures	SATS has a property portfolio of 276 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.	• Management and control of financial risk, including capital expenditure and cash flow risk, are carried out centrally in the finance division, by the treasury management function at the Group's headquarter. The Treasury Manager identifies, measures, mitigates and reports on financial risks in close cooperation with the various operating units, together with banking relations for the whole Group.
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).	• SATS' ability to service debt, and ultimately continue as a going concern, depends on the Group's cash flow from operating activities. SATS regularly monitors its cash flow situation by setting up prognoses and forecasts of the liquidity reserves, including cash equivalents and borrowing facilities. The forecasts are set by the Treasury Manager and is regularly monitored by the CFO.
Credit	SATS' members have historically demonstrated high payment capacity. However, the payment behavior from our existing and future members could change, especially considering the generally increased costs.	• 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.	• SATS only operates in the Nordic markets, hence its foreign exchange rate fluctuation risk is limited. SATS' business model is such that the subsidiaries' sales revenue and operating expenses are incurred in local currency, reducing the exposure to foreign exchange rate fluctuations in the statement of profit or loss. • SATS hedges part of its interest rate risk by entering into interest rate swap agreements providing the Group with fixed interest rates on parts of its bank borrowings.
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

On January 10, 2024, SATS announced a share investment program for certain senior executives and certain other key employees who were employed by the SATS Group following completion of the 2023 share investment program, with the results announced on January 11, 2024. Nine employees applied for a total of 372,223 shares. The Shares allocated in the Share Investment Program will be settled through the Company's sale of existing shares in the Company listed on the Oslo Stock Exchange, held in treasury.

The Board of Directors is not aware of any events that occurred after the balance sheet date, or any new information regarding existing matters, that can have a material effect on the 2023 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 fulfil 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 2023 it employed 6,638 female and 2,844 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 and formal competence required for the roles. 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 2023, the Group registered sick leave of 4.9 percent. No significant workplace accidents or incidents occurred in 2023 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 2023.

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.

The Transparency Act

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 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 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 435 million as at December 31, 2023, divided into 204,694,588 ordinary shares, each with a par value of NOK 2.125. All shares have been fully paid and have equal rights. SATS owned 618,461 treasury shares as at the balance sheet date. The number of shareholders as at December 31, 2023, was 5,411.

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 (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 (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 the executive management as a consequence of compensatory acts and/or omissions in their respective duties, with an adequate insurance limit.

BUSINESS AND INDUSTRY OUTLOOK

Society's increased focus on health and well-being, as well as the strong global trends such as political initiatives for health and digitalization, are fueling health and fitness awareness. This is leading to a growing health and wellness sector.

Fitness clubs, especially full-service operators, play a central role in the health and wellness economy and have the potential to expand into related areas. The Nordic market currently stands out as the most advanced in Europe in terms of penetration. Despite fragmented markets in terms of value, clubs, and members, there is still significant consolidation potential. The Nordic markets maintain a "penetration premium" relative to Europe and are expected to continue doing so. Membership costs in Nordic fitness clubs are the most affordable in Europe compared to overall leisure spending and similar products and services.

In the short term, SATS is facing challenges from general inflationary pressures prices. In the long term, however, the Company is confident in its ability to adjust prices in line with inflation. There are currently no indications of members downgrading their memberships due to reduced purchasing power. SATS expects positive development in its member base per club over time, driven by the ongoing societal focus on health and the Company's strong market position.

SATS is committed to prioritizing a comprehensive and top-notch equipment collection, establishing itself as the premier personal training destination in the Nordics and introducing a variety of highly esteemed niche concepts. The Company will continue to provide flexible memberships, ensuring that SATS remains available to individuals of all preferences.

By continuing its engagement with the ongoing digitalization of the fitness industry, SATS is identifying exciting opportunities for expanding its product range. The Company is dedicated to actively participating in this trend, with a focus on developing an appealing, high-quality hybrid offering. This strategic approach aims to ensure SATS remains relevant for individuals who prefer working out at fitness clubs, outdoors, and in the comfort of their homes.

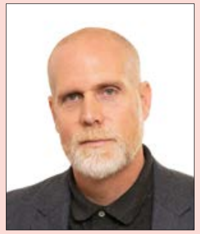
DISCLAIMER

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)



Andreas Holm
Board Member

- Previous CEO of the sports retail chain Sportmaster
- Has more than 20 years of experience within the sporting goods and retail sector
- Has a Master's in Economics from the Copenhagen Business School

Lisa Åberg
Board Member

- Previous senior partner in McKinsey & Company, with broad experience across a wide range of industries and functional areas
- Has a Master's in Economics from the Stockholm School of Economics

Maria Tallaksen
Board Member

- Previous partner with Altor Equity Partners, and currently serves as board member in Faun and Hafslund
- Previously analyst at Morgan Stanley and performance analyst in Norges Bank Investment Management
- Has a business degree (Siviløkonom) from the Norwegian Business School (BI)

Martin Folke Tivéus
Board Member

- CEO of Attendo and has held managerial positions at Klarna, Evidensia Djursjukvård and Avanza Bank
- Previous board experience from Telia Company, 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 Monterosa Sport 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)

Aleksi Virkkunen
Country Manager Finland

- Country Manager for Finland since 2024
- Held the position as Country Manager of Byggmax Finland for nine years prior to joining SATS
- Has a Master of Science degree from Helsinki School of Business

Karolina Gutke
Country Manager Sweden

- Country Manager for Sweden since 2023
- Held leading positions in H&M for several years prior to joining SATS
- Has a Master's in Economics from Lund University, Sweden

OTHER EXECUTIVES

Torodd Gøystdal
Chief People & Operations Officer

Gaute Sandal
Chief Digital Officer

Silje Garberg Ree
Chief Product Officer

Mia Lund Hanusek
Chief Marketing and Communication Officer

RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the consolidated financial statements for the year ended December 31, 2023, have been prepared in accordance with IFRS as adopted by the EU, that the financial statements for the parent company for the year ended December 31, 2023, 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, March 22, 2024

Signed electronically

Hugo Lund Maurstad	**Martin Folke Tivéus**	**Maria Tallaksen**	**Andreas Holm**	**Lisa Åberg**	**Sondre Gravir**
Chair of the Board	*Board Member*	*Board Member*	*Board Member*	*Board Member*	*CEO*

CORPORATE GOVERNANCE

SATS considers good corporate governance to be a prerequisite for value creation and trustworthiness as well as 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 structure.

SATS has governance documents setting out principles for how its business should be conducted to ensure that its shareholders' interests are protected and that 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.

1. 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 for SATS

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 14 October 2021 (the "Code").

SATS' Board of Directors actively adheres to good corporate governance standards, and it strives 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 2023, as set out herein, has been approved by the Board of Directors.

Main objectives for corporate governance

Corporate Governance in SATS involves the set of relationships between management, the Board of Directors, its 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,** electing Board members based on input from the Nomination Committee and making other corporate resolutions that pursuant to law lie with the General Meeting.
- **The Board of Directors,** which 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,** who 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,** which support the CEO in maintaining Group-wide policies and oversight and follow-up on Group wide initiatives.
- **Business units,** which have been 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: the shareholders, the Board of Directors, the 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 should 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 should be based on independence, which ensures 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 should 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.

2. 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 SATSYoga, operates 276 fitness clubs that serve 731,000 members. The Group employed 9,483 employees as at December 31, 2023, 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) attract new members 2) engage our members, 3) create extraordinary moments, and 4) provide high quality clubs.

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.

Based on evaluation of impact and financial materiality, ten sustainability topics have been identified as material for SATS at the time the analysis was conducted. These topics represent risks and opportunities, and all of them will shape the future sustainability work at SATS. The four most material topics 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. This also includes:
- members' individual health and well-being,
- privacy/data management, and
- corporate culture.

During the analysis, the fact that SATS' core activity improves physical and mental health of the Nordic population and provides social value through building relations is given much focus. Employees are identified as a crucial success factor and being a key actor in the industry entails a substantial responsibility from various perspectives. Environmental considerations are often given relatively less attention. However, there is an internal motivation and external expectation to reduce the operational footprint.

The Double Materiality Assessment has provided a holistic understanding of SATS' own impact and how the company is impacted by external factors. This assessment is essential in order to mitigate risks, capitalize on opportunities, and pursue future sustainability goals. Findings from this analysis are included as an integral part of SATS' business model and corporate strategy and are used to enhance performance on material topics and comply with the CSRD by implementing measures across the organization.

Material topics may change over time, and the assessment should be updated and continuously adapted to changes in external factors, internal developments, new stakeholder involvement, and so on.

Furthermore, the Norwegian Transparency Act of 18 June 2021 No. 99 (Åpenhetsloven) was effective on July 1, 2022, relating to enterprises' transparency and work on fundamental human rights and decent working conditions. SATS published its first account of the due dilligence carried out in accordance with Section 5 of the Norwegian Transparency Act in 2023. A revised version for the financial year ended at December 31, 2023, will be published on SATS' investor website within June 2024.

Deviations from Section 2 of the Code: None

3. EQUITY AND DIVIDENDS

Shareholders' equity and capital structure

As at December 31, 2023, SATS had a share capital of NOK 434,975,999.50, divided into 204,694,588 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 a level appropriate to its 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 to 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 May 31, 2023, granted the Board of Directors the following authorizations:

- Authorization to increase the share capital by up to NOK 9,923,879,625 in connection with a potential investment program should one be established by SATS. Deviation from shareholders' pre-emption rights is allowed. The authorization is valid until the 2024 Annual General Meeting on April 25, 2024, but no longer than June 30, 2024.
- Authorization to increase the share capital by up to NOK 43,147,304.75 for purposes of securing an optimal capital structure and to capitalize on potential growth opportunities. Deviation from shareholders' pre-emption rights is allowed. The authorization is until the 2024 Annual General Meeting, but no longer than June 30, 2024.
- 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 2024 Annual General Meeting, but no longer than June 30, 2024.

Dividend policy

SATS' leverage and dividend policy is to ensure prudent leverage going forward, with excess cash returned to shareholders. The long-term target leverage ratio is 1.5-2.0x, net debt (current and non-current bank borrowings less cash and cash equivalents) to EBITDA before the impact of IFRS 16. The Group intends to maintain a stable leverage ratio within the stated range by returning excess capital to shareholders via dividends or share buybacks.

When proposing a payout, the Board of Directors reserves the right to deviate from its current leverage targets taking into consideration internal and external factors such as material acquisitions, macroeconomic conditions and the capital markets environment.

Deviations from Section 3 of the Code: None.

4. EQUAL TREATMENT OF SHAREHOLDERS

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

As part of their equal rights in SATS, the 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 must 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 must 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, a justification must also be provided in the notice of the General Meeting.

The Board of Directors has been granted an 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) must 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 must take particular care when carrying out a transaction in treasury shares through the stock exchange to ensure equal treatment of its shareholders.

Deviations from Section 4 of the Code: None.

5. 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

6. 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 the 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 April 25, 2024. 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 must approve the annual accounts and the annual report, including distribution of dividends, and any other matter referred to the general meeting by law or the articles of association. The notice of the Annual General Meeting must 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 that by law must 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 are sent to them.

Shareholders who want to participate in the General Meeting must notify the company thereof within a specific deadline that cannot expire earlier than two days prior to the General Meeting.

Shareholders will be able to vote on each individual matter in 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 the use of proxies, will be included in the notice of the General Meeting.

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.

7. NOMINATION COMMITTEE

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

The Nomination Committee comprises the following persons for 2023, as resolved by the 2023 Annual General Meeting: Erik Thorsen (chair), Øistein Widding (member) and Ulrik Andersson (member).

The members are independent from the Board of Directors and management, and they have been appointed until the 2025 Annual General Meeting.

The work of the Nomination Committee is to give recommendations to the General Meeting for the election of members to the Board of Directors as well as the members of 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.

8. BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

Pursuant to the articles of association of SATS, the Board of Directors must 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), Maria Tallaksen (member), Andreas Høgdall Holm (member), Lisa Birgitta Charlott Åberg (member) and Martin Folke Tivéus (member). A description of the competence and background for the Board members can be found at www.satsgroup.com/about-sats/board-of-directors.

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 must be independent from the company's main shareholders (shareholders holding more than 10% 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, Lisa Birgitta Charlott Åberg, Andreas Høgdall Holm 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.

9. THE 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 is delegated to the CEO. It is nevertheless the Board of Directors' responsibility to ensure that the company's activities are properly organized, 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 related 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, meeting materials and minutes for/from the Board 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 committees to the Board, 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, as well as to seek advice and recommendations externally.

Remuneration Committee

The Remuneration Committee must consist of between two and three members of the Board of Directors. The current members of the Remuneration Committee are Hugo Lund Maurstad (chair) and Lisa Birgitta Charlott Åberg (member).

The primary purpose 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.

The Audit Committee

The Audit Committee must 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 current members of the Audit Committee are Martin Tivéus (chair) and Maria Tallaksen (member). The committee members serve for two years until 2025 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 purposes 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 to 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 above- mentioned.

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

The CEO

The Board of Directors has prepared instructions for the CEO. The CEO is responsible for 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.

10. 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, with providers of health and fitness products and services competing for 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. Refer to SATS' Risk Management Policy and the risk chapter of this Annual Report for more information.

Internal control

COMPLIANCE FUNCTION

SATS' risk management is centralized as part of its Nordic 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 the business units and functions.

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

- 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 governing documents. The function is independent of 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. The function has the right and obligation to report directly to the Board of Directors if material risks and compliance incidents have not been communicated in a timely manner 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 the sum of all these controls makes 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.

11. REMUNERATION TO THE BOARD OF DIRECTORS

The remuneration to the Board of Directors must reflect the Board's 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 a 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 to the Board of Directors is not linked to SATS' performance. No Board member has been granted any options.

Deviations from Section 11 of the Code: None.

12. REMUNERATION TO EXECUTIVE PERSONNEL

The Board of Directors has prepared and adopted clear and understandable guidelines for salary and other remuneration to 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 that promotes SATS' business strategy, long-term interests and financial sustainability. The current guidelines were approved by the 2023 General Meeting.

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 requires a revision of the current guidelines and will be subject to approval by 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 to executive personnel on an annual basis, and in this respect, assesses such remuneration annually. The performance-based elements of the remuneration to executive personnel are subject to an absolute limit, as further set out in SATS' guidelines for salary and other remuneration to executive personnel. See report on salaries and other remuneration to Senior Exceutives 2023, available on SATS' website under 'General meetings' for information and details related to compensation for Management and Board of Directors.

13. 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 published regularly 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 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, and investors are invited to participate in Q&A sessions and schedule investor meetings.

The shareholders' of SATS, the capital market, and the public in general are treated equally when it comes to access to the company's financial information. The investor relations department at 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.

14. 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 or any underlying steering document. In corporate takeover or restructuring situations, the Board of Directors must exercise due and proper care so as to preserve all shareholders' values and interests to the greatest extent possible. During the course of a takeover process, the Board of Directors and management must 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 regarding takeover processes, and it will seek to follow the recommendations of the Code should a takeover process become relevant.

Deviations from Section 14 of the Code: None.

15. AUDITOR

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

The auditors are responsible for the audit of SATS' consolidated annual report and accounting records 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, reviews the plan and the work performed.

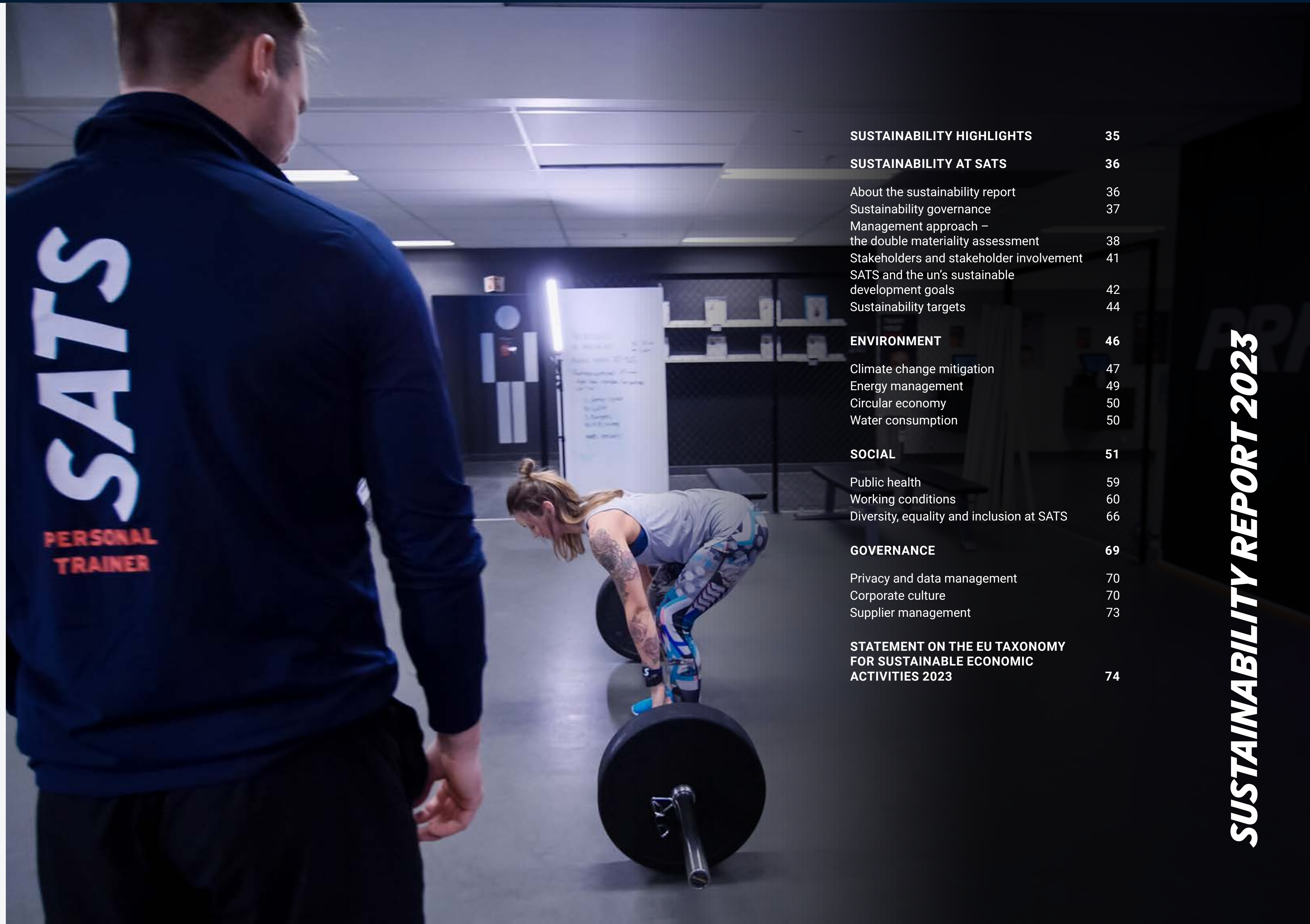
The auditor is present in meetings when the internal control over financial reporting (ICFR) is presented to the Audit Committee. The auditor is generally present at meetings held by the Audit Committee and is thus involved in the Audit Committee's work with the annual accounts and other related tasks.

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

Deloitte assists SATS with some consultancy services, primarily tax advice. We have policies regulating the 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 Note 9 Other operating expenses to the annual report.

Deviations from Section 15 of the Code: None.



SUSTAINABILITY REPORT 2023

SUSTAINABILITY HIGHLIGHTS

MEMBERS' INDIVIDUAL HEALTH AND WELL-BEING

We work hard to improve our members' individual health and well-being through a wide range of fitness products and offerings for all age groups, making physical activity available at our clubs and through our digital offering. The value of working out at SATS goes beyond the physical activity itself because it also benefits our members' mental health and brings social value through relationship-building in our community.

PUBLIC HEALTH

SATS' overall ambition and vision is to make people healthier and happier. Our core activity is to improve the physical and mental health of the Nordic population through exercise. The positive health effects of physical activity are significant and well-documented, not only for individuals but also society at large. Inspiring people to exercise in a safe way, and thereby promoting public health, is the heart of SATS' business.

WORKING CONDITIONS

Our employees are extremely important for our ability to deliver a product that our members enjoy and want to continue using over time. We therefore strive to also make our employees healthier and happier. The consequences of working conditions that are not fair, safe or dignified can be severe for the affected people. Securing decent working conditions for our employees, such as working hours and that they find their job at SATS meaningful and inspiring, is very important to us.

CORPORATE CULTURE

As part of our SATS culture, we value putting Members First, by being Accountable for what we do, Professional and Extraordinary. These values constitute an integral part of our day-to-day operations; see Our vision and our values for more information. As a people organization, it is our employees who develop our products and create the atmosphere at our clubs that inspires members every day to succeed with their training and become healthier and happier. In everything they do—whether working in our service offices or at clubs—our SATS team truly puts our members first.

PRIVACY/ DATA MANAGEMENT

All individuals have a right to privacy, in particular with regard to personal data processed and stored digitally by corporations. We are committed to protecting the privacy rights of our members, employees and any other person with whom we do business or otherwise interact with so they can be confident that their personal data is secure with us. We limit our use of personal data to appropriate purposes and process personal data in accordance with applicable laws and regulations.

SUSTAINABILITY AT SATS

ABOUT THE SUSTAINABILITY REPORT

(GRI indicators: 102-45, 102-46, 102-48, 102-49, 102-54)

SATS is continuously working on improving its work within sustainability matters, not only from the perspectives of the environment and the climate but also—and most importantly for a company like ours—with respect to the social and governance dimensions of sustainability work. During the fall of 2023, in preparation for the upcoming EU Corporate Sustainability Reporting Directive (CSRD), SATS carried out a double materiality assessment. The double materiality assessment has provided SATS with a holistic understanding of our own impact on our surroundings as well as how we are impacted by external factors. The conclusions of the double materiality assessment affect how SATS will work with sustainability going forward. SATS will report in accordance with the CSRD from the financial year 2024.

This sustainability report presents the company's work and commitments during 2023 related to sustainability, including our social responsibility as a leading operator of health and fitness services in the Nordics. The purpose of this report is to provide stakeholders with a comprehensive summary of the company's activities within and approach to environmental, social and governance matters—the ESGs. SATS' sustainability report covers activities on a consolidated basis unless otherwise specified, thus including activities carried out in 2023 by its wholly owned subsidiaries in Norway, Sweden, Finland and Denmark. The Group's operations are carried out under the brands SATS, ELIXIA, SATS Yoga, SATS Online and Fresh Fitness.

This sustainability report for 2023 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 reference to where information related to each of the disclosures can be found.

SUSTAINABILITY GOVERNANCE

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

Overview

During 2023, SATS reorganized its organization when it comes to how we work with sustainability matters by establishing a more formalized structure for our sustainability work going forward. The aim of the reorganization is for SATS to become even better for our people, communities and the environment, and for this we have established a sustainability committee. The purpose of this committee is to monitor the regulatory and cultural developments within the ESG sphere, ensure compliance with legal and other regulatory requirements applicable to SATS, prioritize where the Group can make a difference to its surroundings, capitalize on opportunities, and reduce risks relevant for a company like SATS within the ESG sphere. To meet its purpose, the sustainability committee is actively involved in ESG related projects within the Group as well as SATS' sustainability reporting to the Board of Directors, the Nordic management group, and SATS' external stakeholders.

Group policies

SATS has one set of ESG policies that applies to the entire Group and comprises the policies set out below. The Group has an ambition to build one way of working across its organization. Having the same policies for the entire Group strengthens how SATS builds its corporate culture throughout its operations and across its operative countries. For this reason, it is extra valuable for the Group to have ESG intra-organizational policies that create a joint platform for our sustainability work while at the same time building understanding and engagement across SATS.

SATS has established a number of internal guidelines and policies that include guidelines and conduct requirements relevant to our organization and applicable to our employees, suppliers and members. As of the financial year 2023, we had the following policies:

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

SATS' policies, with exception of the internal whistleblowing policy, are available on our investor website under the heading Sustainability in SATS. Our policies are reviewed and updated at least every second year, meaning that all policies will be subject to revision in 2024.

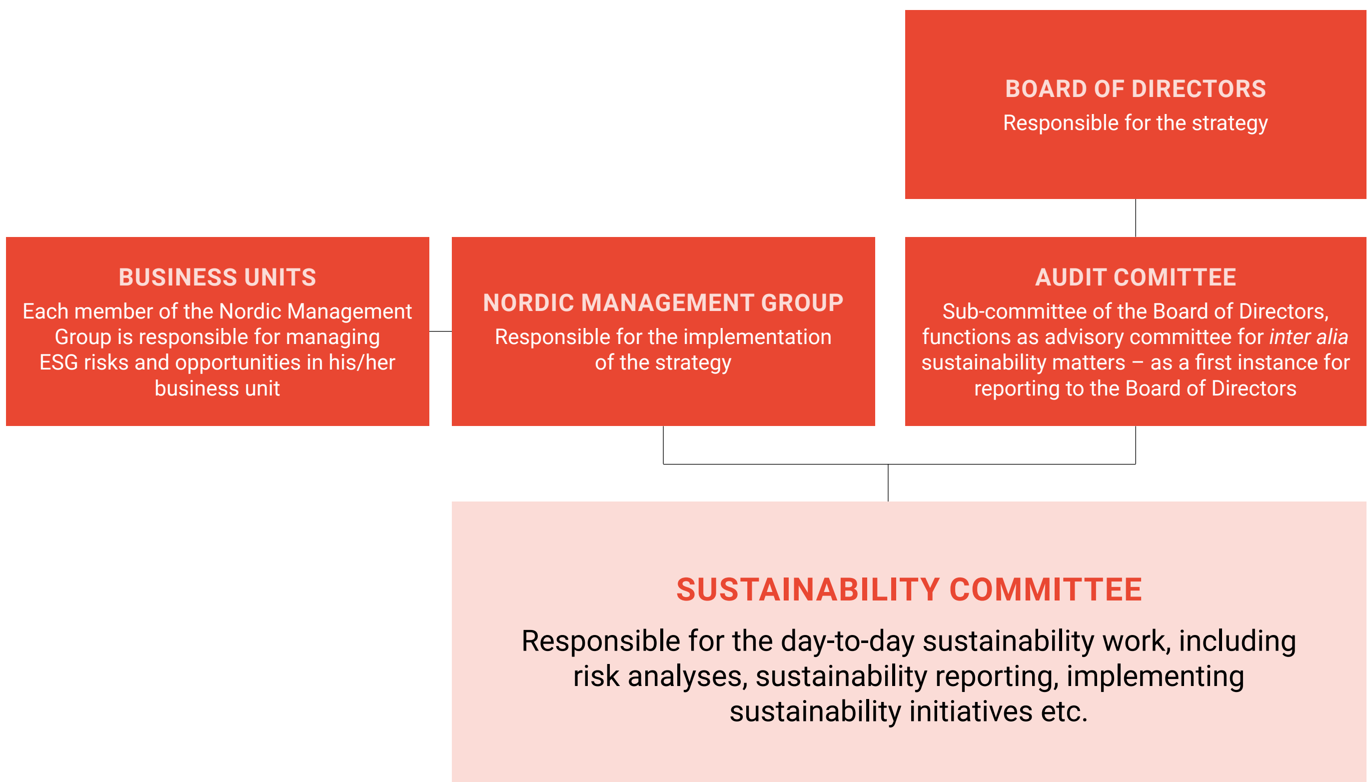
Trade organizations

SATS is a member of trade organizations in all of our operating countries: NHO Geneo in Norway, Frisk in Sweden, SKY in Finland and Dansk Erhverv, Dansk Fitness, and the Helse organization in Denmark. SATS is also a member of the international organization EuropeActive.

Anti-doping and other preventive measures to create a safe workout environment

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. SATS is also collaborating with the independent Anti-Doping foundation Pure for Sure for SATS Academy[1]. For more information, please refer to the section Our anti-doping work.

Structure and governance model for sustainability work in SATS



[1] *SATS Academy is an in-house educational platform offering free courses and workshops for continuous professional development within the SATS community.*

MANAGEMENT APPROACH – THE DOUBLE MATERIALITY ASSESSMENT

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

The double materiality assessment and methodology

In order to understand which topics within the ESG sphere are most material for SATS, we need to continuously assess our impacts and surroundings. In 2020 and 2021, SATS conducted simple materiality assessments for the purpose of identifying relevant initiatives and strengthening our overall work with respect to sustainability. Our focus on and work with sustainability matters have been even more organized and formalized during the course of 2023 with the establishment of our new sustainability committee—which, together with support from the Board of Directors and our Nordic management group, will lead SATS' sustainability work going forward.

In the fall of 2023, we carried out a double materiality assessment in accordance with and as part of our preparations for the CSRD. The purpose of the double materiality assessment was to identify which sustainability topics are most material for SATS when considering:

- **Impact materiality,** meaning SATS' underlying actual and potential and negative and positive impacts on the environment, people and society. This includes how grave the impact of our business is for those affected; how widespread our impact is, including the number of people affected; and how hard it is to counteract or reverse any harm caused; and

- **Financial materiality,** meaning the actual and potential risks and opportunities the environment, people and society have on SATS, financially (e.g., which affect our cash flows or value). This includes looking at the size of an actual or anticipated financial effect as well as the likelihood of occurrence.

The figure below illustrates the double materiality assessment we conducted during the fall of 2023.

To gather the essential information required to score and prioritize material topics for SATS, three data inputs served as the foundation for further analysis, categorization and prioritization. The illustration below shows the data points included in our assessment and comprise a combination of the company's stakeholders and business model as well as trends and other external factors.

- **Business:** SATS' current strategies, policies and structures were reviewed by external advisors for the purpose of understanding today's business model and operations. This process provided insight into what the future of SATS may look like as well as the potential risks and opportunities for the organization in a sustainability context.

- **External factors:** An analysis of the external business environment was carried out to identify key drivers, including current trends and developments that impact or may potentially impact SATS. Drivers were identified across various topics, including lifestyle and health, demographics and population, economics and inequalities, technology and innovation, politics, and regulation. Additionally, selected competitors were examined to give a better understanding of the industry and how it is evolving and the extent to which sustainability is influencing their operations.

- **Stakeholder dialogue:** Internal and external stakeholders were involved for the purpose of understanding the stakeholder perspectives regarding what SATS should focus on going forward and which sustainability-related topics they identify as material for us. This group included both the users of sustainability information and affected people and communities, who were represented through stakeholder dialogues. These dialogues were conducted through interviews (internal and external), surveys (external, for members only), and management involvement through workshops.

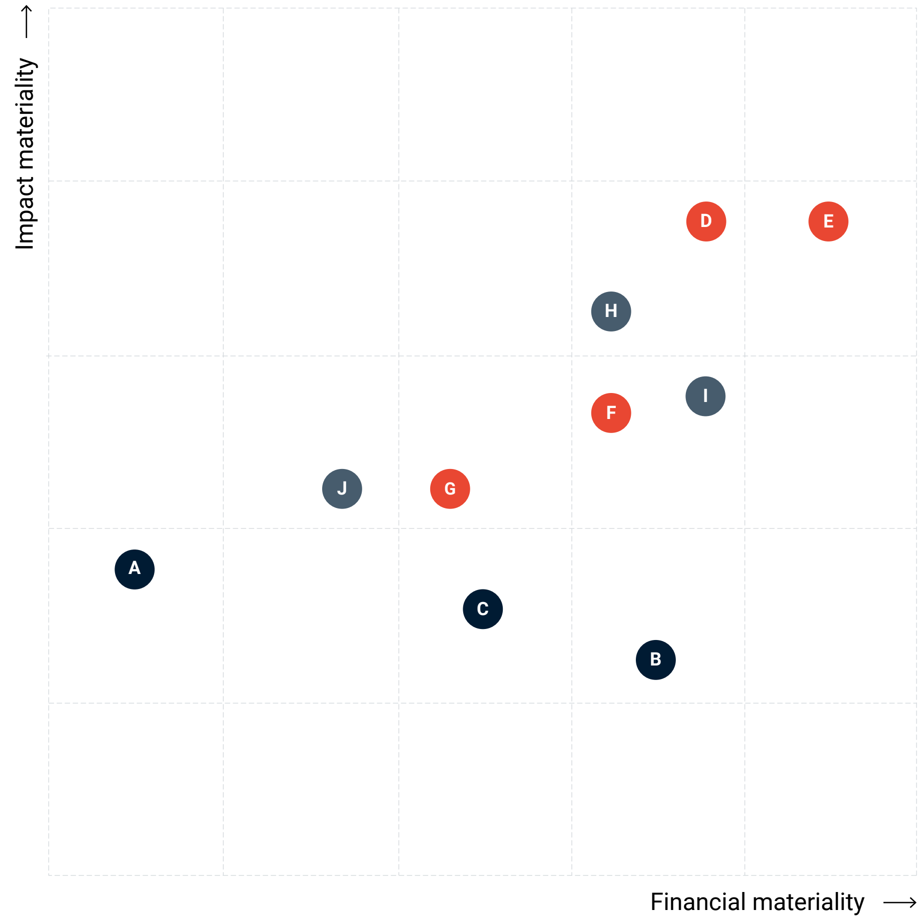
Results of the double materiality assessment – the material sustainability topics for SATS

The sustainability topics identified through the double materiality assessment were systematically assessed and assigned scores to evaluate their materiality in terms of SATS' impact and financial influence. This process was crucial for comparing and prioritizing our identified topics, whereas the materiality was determined based on a process using a scale ranging from 1 to 5 as outlined below. Different evaluation dimensions were considered depending on whether impact or financial materiality were in focus.

Materiality matrix

The materiality matrix on the next page illustrates that the E, S and G topics outlined below were concluded to represent the most material risks and opportunities for SATS in a sustainability context. Consequently, these are the topics that will play a material part in shaping our future sustainability work. We are mindful that material topics might change over time and that our assessment should be adapted to changes in external factors, internal developments, new stakeholder involvement, and so on.

Materiality matrix



	Material topic	Impact materiality	Financial materiality	ESRS	
A	Climate change migration	Informative	Minimal	ESRS E1	**E**
B	Energy management	Informative	Significant	ESRS E1	
C	Circular economy	Informative	Important	ESRS E5	
D	Members' individual health and wellbeing	Significant	Significant	ESRS S4	**S**
E	Public health	Significant	Critical	ESRS S4	
F	Working conditions	Important	Significant	ESRS S1	
G	Diversity, equality and inclusion	Important	Important	ESRS S1	
H	Privacy / data management	Important	Significant	ESRS G1, S1, S2, S4	**G**
I	Corporate culture	Important	Informative	ESRS G1	
J	Supplier management	Important	Informative	ESRS G1, G2	

Environment (E)

- Climate change mitigation
- Energy management
- Circular economy

Social (S)

- Members' individual health and wellbeing
- Public health
- Working conditions
- Diversity, equality and inclusion at SATS

Governance (G)

- Privacy and data management
- Corporate culture
- Supplier management

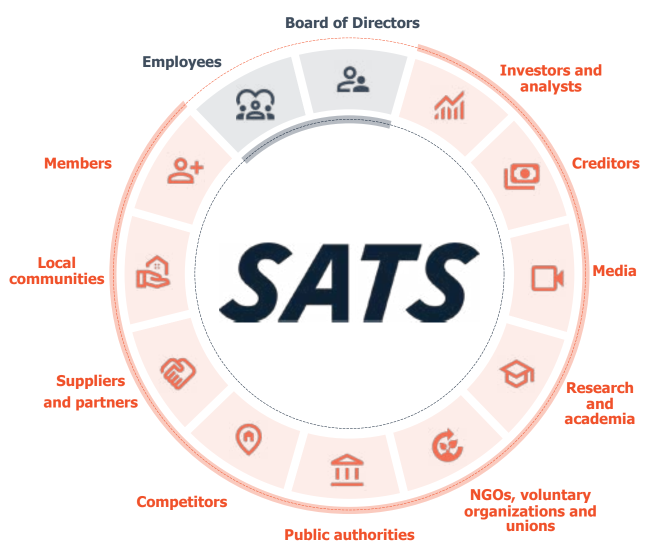
STAKEHOLDERS AND STAKEHOLDER INVOLVEMENT

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

Stakeholders of SATS

The group of stakeholders can be divided into (i) affected stakeholders and (ii) users of sustainability statements, with many also belonging to both groups. Dialogue with stakeholders is very valuable to us in our work on sustainability matters and provides us with a variety of viewpoints, both internal and external. We initially began the process of identifying relevant stakeholder groups back in 2019, long before we carried out the CSRD and the double materiality assessment. The purpose was initially to identify which sustainability topics our stakeholders perceived to be most material and relevant for SATS. During 2023, we reconnected with some of our stakeholders since stakeholder involvement is a fundamental part of the double materiality assessment. The different points of view of our stakeholders were key in helping us identify the material sustainability topics for SATS and how we should score and prioritize these topics.

We conducted the stakeholder dialogue through a series of interviews with internal and external people and organizations, in addition to conducting a survey of approximately 20% of our members in Norway, Sweden, Denmark and Finland. Below is an overview of our identified stakeholders.



Although all stakeholders provide meaningful input, the following key stakeholders were given special emphasis: employees (operational, union representatives, and the Nordic management group), the Board of Directors, investors and analysts, suppliers and partners, NGOs and voluntary organizations and unions, and members. We prioritized having a dialogue or otherwise engaging with these groups in connection with our double materiality assessment.

Our operational **employees** across the Nordics serve a vital role in the products and services offered to our members. We are dependent on talented club managers, personal trainers, group training instructors and receptionists who are able to motivate our members every day so we can reach our vision of making people healthier and happier. It is our on-site employees who experience SATS' operations up close from a more operative angle than our Nordic management group and other service office employees. They receive responses directly from members. Because they also spend significant amounts of time in our clubs, they can observe relevant improvement potential and provide feedback and ideas that ultimately reach SATS' decision-making administrative bodies. Their perspectives have therefore been particularly relevant in our double materiality assessment. Other than in this context, employee feedback is generally channeled through club managers, employee surveys and the whistleblowing system (as further explained in the Employee dialogue and Whistleblowing sections).

Furthermore, employees who are members of the Nordic management group and employees who work with sustainability matters also provide relevant input when assessing which topics are most material for SATS when considering the business' impact on the environment, people and society as well as the impact the environment, people and society has on the business financially. SATS' management team takes a holistic view on matters relevant for SATS in a sustainability context and a more managerial approach to SATS' impact materiality and financial materiality.

Members of the **Board of Directors** are external from the company's organization while at the same time having valuable insight into SATS' financials and operational model. This is an interesting combination and equips the members to evaluate both the impact and the financial materiality of SATS. The input of this group to a double materiality assessment is thus highly valuable.

Investors and analysts are key users of sustainability information and, as such, key stakeholders for SATS. Investors bring valuable insight from relevant peers, regulators and the financial markets at large—they communicate what is material from an investment point of view and what a company like SATS should focus on to be an attractive investment target in a constantly changing global economy. Input received from investors complements the input from our other stakeholders, which primarily concentrates on risks and opportunities from a financial and return-on-investment perspective rather than the more operative perspective brought by employees, including key management positions, to some extent, and members.

Certain **NGOs and volunteering organizations** provide valuable input from a broader health perspective as do some of our selected partners. Their impact goes beyond our members' individual health and well-being and the direct use of our products/services, instead focusing on people and communities that are not part of SATS and which role a business like SATS should take for the benefit of the Nordic population. Moreover, this relates to relevant topics such as mental health, inclusion and diversity in society at large.

Our vision is to make our **members** healthier and happier, always putting them first. We exist not only for our members, but also because of our member base. Members' input and ideas are therefore highly valuable and relevant for all of our work, especially to understand changing needs and demands so we can continue providing products and services that support our members in the best possible manner. In the context of double materiality, members provided feedback through a survey. In all other contexts, they provide feedback through customer services and directly to employees working at our clubs.

Key sustainability topics raised through stakeholder dialogue

A fundamental part of the double materiality assessment was stakeholder involvement and dialogue. The topics below were recognized as the most key sustainability topics from the stakeholder perspective when looking at the totality of our conversations with stakeholders and the input they provided. Great emphasis was generally put on working conditions and equal treatment and opportunities for all given the importance of our employees for our brand value and the ability to engage members to use our facilities, thereby contributing positively to their physical activity while simultaneously ensuring a robust and growing member base for SATS.

1. SATS' core activity improves the physical and mental health of the Nordic population.
2. It is challenging to exclusively associate physical activity with the health-related aspects. SATS therefore needs to prioritize any unhealthy focus on building muscle or weight loss.
3. The value of exercising at SATS goes beyond the mere physical activity and has social value through building relations.
4. The importance of making SATS more accessible, where it is necessary to address and understand various barriers in order to increase accessibility.
5. Being a major industry player comes with significant responsibility, especially concerning employees and members but also when it comes to environmental considerations.
6. SATS is a major employer, having a business that delivers services through its people. Employees are a crucial success factor for SATS, and their well-being is therefore important.
7. Although environmental considerations often are given relatively less attention compared to other factors, SATS strives to lower its environmental footprint.

SATS AND THE UN'S SUSTAINABLE DEVELOPMENT GOALS

(GRI indicator: 102-12)

In 2015, the United Nations established Agenda 2023 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. The agenda 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 its part. With a market-leading position in the health and fitness industry in the Nordics, SATS believes that it is in a unique position to make this contribution on behalf of its more than 731,000 members, 9,483 employees, and its industry peers. SATS' position also means that it has a responsibility to set the standard of the Nordic health and fitness industry by setting targets that actively contribute to achieving the SDGs.

Through the double materiality assessment carried out by SATS in 2023, we have identified certain SDGs where our efforts can have the greatest positive impact. These are based on an assessment of not only the underlying targets within each SDG, but also SATS' ability to contribute to the targets and priorities SATS will make in the future.

Our contribution to the SDGs going forward will focus primarily on the most material topics identified through the double materiality assessment, which include in particular #3 Good health and well-being, #5 Gender equality, and #8 Decent work and economic growth. The illustration below shows all the SDGs that we will prioritize as part of our sustainability work. Our current scale of work within each topic is further described below—and we note that as a Group we can, and aim to, do more in the future.

SATS and the UN Sustainable Development Goals (SDGs)

SATS' contribution: Identified sustainability topics

Ensure healthy lives and promote well-being for all at all ages

- We inspire members to work out, helping them stay healthy and happy.
- We build communities.
- We encourage initiatives for improved public health in the Nordics.
- We support mindfulness.
- We offer sustainable and nutritious products in our clubs, for everyone.
- We ensure member safety.

Achieve gender equality and empower all women and girls

- We provide a diversified workplace, focusing on equality and inclusion.
- We offer a workplace with room for education and skill development for all.
- We respect human rights and focus on having a respectful and decent working environment.
- We work actively on building a business culture in line with our values and principles.

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

- We provide a diversified workplace, focusing on equality and inclusion.
- We offer a workplace with room for education and skill development for all.
- We respect human rights and focus on having a respectful and decent working environment.
- We ensure employee safety.
- We respect privacy and consumer rights, focusing also on secure data management.
- We work actively on building a proud business culture.
- We maintain an ethical business with high integrity.

Ensure sustainable consumption and production patterns

- We have initiatives relating to circularity, such as through repairs and use of recycled materials.
- We have water management systems, such as spare showers in our gyms

Take urgent action to combat climate change and its impacts

- We monitor and report on our climate accounts, attempting to identify areas where we can reduce our climate footprint within Scopes 1, 2 and 3.
- We aim to electrify our car fleet and work on energy management to maintain efficiency in our use of energy.

Source: sdgs.un.org/goals

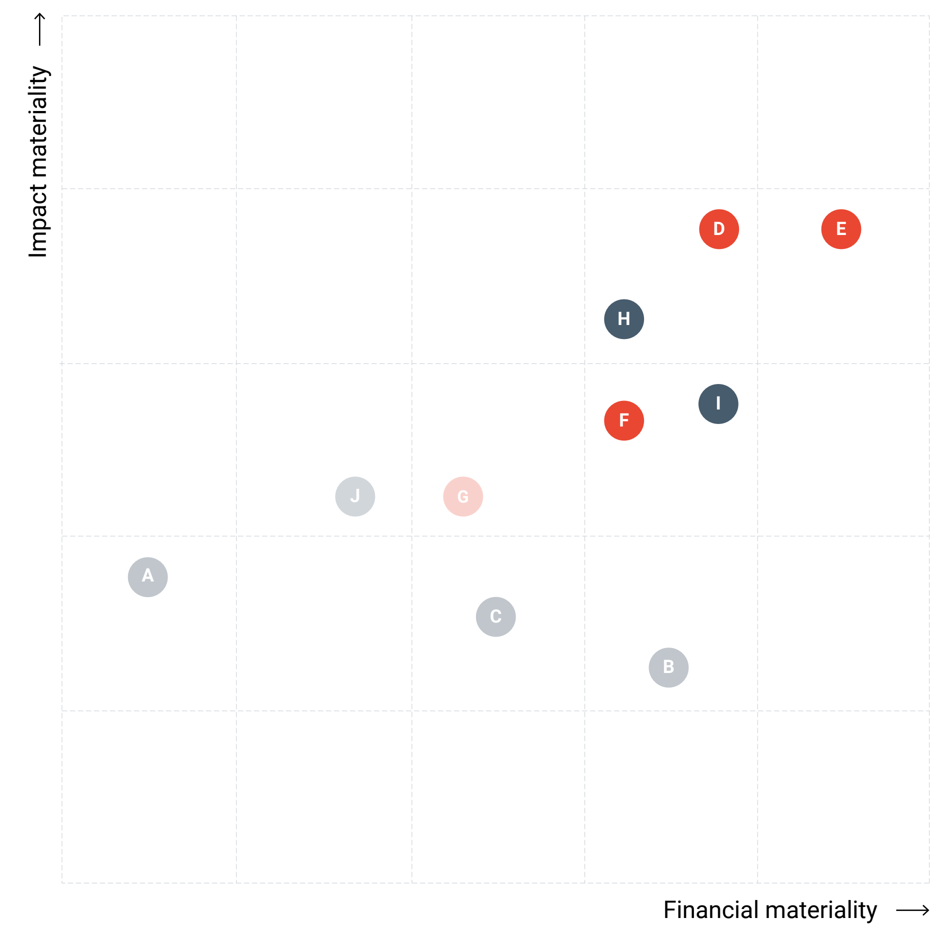
SUSTAINABILITY TARGETS

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

Through the double materiality assessment, we have identified several topics that are material for SATS in a sustainability context. In the wider group of material topics, there are five topics in particular that are considered to be particularly material for SATS from both an impact materiality perspective and a financial materiality perspective, as illustrated below.

These are the most material topics because improving physical and mental health, whether from an individual or a public health perspective, is at the core of our operations. In order to do this effectively, we need to know our members and therefore gather data about them, which in turn impacts their privacy rights. Moreover, we need our employees in order to deliver a great product. As the largest operator of health and fitness services in the Nordics, we bear a substantial responsibility to ensure decent working conditions for our employees and build a corporate culture that facilitates our values so we can reach our vision of making people healthier and happier.

In December 2023, the Board of Directors resolved to approve the five KPIs and targets set out below within the five most material sustainability topics for SATS. We will continuously monitor these targets to ensure that we work in a manner that enables us to meet them. Additionally, there is an internal motivation and external expectation to reduce the climate footprint of SATS. We will therefore focus on the more environmental aspects of our business and on other material topics, although no concrete targets have been set at this point in time.



	Material topic	
A	Climate change migration	E
B	Energy management	S
C	Circular economy	G
D	Members' individual health and wellbeing	
E	Public health	E
F	Working conditions	S
G	Diversity, equality and inclusion	G
H	Privacy / data management	E
I	Corporate culture	S
J	Supplier management	G

D Target relating to members' individual health and well-being

A major contribution within the Social parameter is the effect working out at our clubs has on members' individual health and well-being, which in turn also has a positive effect on public health parameters in the Nordics. We are committed to helping our members be healthier and happier and try to motivate them every day to be active.

We will annually measure and report on the number of workouts our members have had at one of our fitness clubs. The target each year is to increase the number of workouts more than the member base. If we reach this target, we will have succeeded in making our members more active than the previous year—which is great for our members' individual health and well-being as well as being positive for public health.

E Target relating to public health

We believe that SATS strongly contributes to improved public health among the Nordic population. We are committed to contributing positively to healthier and happier communities by encouraging, motivating and helping people work out and thereby achieve the health benefits that regular activity can bring—both physically and mentally.

We put significant effort into helping our members stay active and meet the World Health Organization's recommendations of at least 75 to 150 minutes of vigorous intensity aerobic physical activity or at least 150 to 300 minutes of moderate-intensity aerobic activity per week.

We will annually measure and report on the number of quality-adjusted life years (QALYs) generated by our members through physical activity registered at our clubs and thus the socioeconomic welfare gains from our members reaching the World Health Organization's (WHO) activity recommendations. QALY is a measure of the state of health of a person or group of people in which the benefits, in terms of length of life, are adjusted to the quality of life. One QALY is equal to one year of life in perfect health.

The target each year is to increase QALY generated through training at SATS by more than the member base. If we reach this target, we will have succeeded in helping more of our members reach the WHO's recommendations for physical activity. The QALY calculation used by SATS is based on members' individual performance, taking into account each member who meets the recommended threshold of 75 to 100 minutes of vigorous-intensity aerobic physical activity by using our clubs. This means that we will not succeed in meeting our target if already active members increase their activity levels well beyond the recommendation. We need to ensure that our products and services help additional members become more active!

F

Target relating to working conditions

In 2023, we employed 9,483 people who individually and together work to provide our members with a great training experience. Our employees constitute a core part of our overall product, making it especially important for us to secure decent working conditions for all of them.

For external reporting purposes, we will measure annually the engagement index from our employee surveys. The engagement index shows the aggregate result from our employee survey (excluding eNPS (as defined below)) and measures our employees' overall satisfaction with their place of work when considering working conditions such as development opportunities, working hours, workload, stress, etc. The target each year is to outperform the reference index. The score ranges from 1 to 5, with 5 being the highest.

I

Target relating to corporate culture

It is important for us for employees to experience that they share beliefs, values, traditions and behaviors that are in line with our SATS values, and that we, through our corporate culture, build a place of work that is inspiring and productive and where our employees are happy to work at over time.

For external reporting purposes, we will measure on an annual basis the eNPS from our employee surveys. The eNPS consists solely of one question: How likely are you to recommend SATS as a workplace to a friend or acquaintance? From our perspective, the eNPS results show how our employees experience working at SATS, and that this is a good reflection of our corporate culture and our employees' experience with SATS as an employer.

The target each year is to have an eNPS that outperforms the reference index. Our employees will answer the above question based on a scale of 0–10, 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). The eNPS is calculated as the share of Promotors minus the share of Detractors. The result is a number between -100 and 100, where any score above 30 is considered to be a good result.

H

Target relating to privacy/data management

As an organization with many employees, in combination with more than 731,000 members, we store and process large amounts of personal data. We are committed to protecting the privacy rights of our employees, members and any other individual with whom we do business or otherwise interact. In addition to having high-quality systems in place and access to experts within the area of privacy, data management and security, we believe that educating our employees is highly important for our continued compliance with applicable laws and regulations.

We will measure and report on an annual basis the share of relevant SATS employees who fulfil our mandatory training program to become GDPR Certified. The target each year is for 100% of our new employees (excluding group training instructors) to fulfil our training program so we can ensure that we strengthen the knowledge and competency about this important topic across our organization, from our club staff who meet members every day to employees in customer service and at the service office.

ENVIRONMENT

We care for our planet and want to carry out our business in a manner that is good for the planet. SATS is a service provider, meaning that our direct environmental impacts are rather limited compared to production companies. The double materiality assessment carried out during the second half of 2023 identified the following topics as the most material within the environment sphere:

- **Climate change mitigation,** which relates to the process of limiting the increase in the global average temperature in line with the Paris Agreement. This includes taking actions that address greenhouse emissions and the risks associated with adapting to current and anticipated climate changes. We believe that it is crucial that businesses, including ours, consider the emissions generated directly by their operations but also emissions associated with the entire value chain (both upstream (customers) and downstream (suppliers)).

- From our perspective, the topic **energy management** relates to how we manage our energy resources and how we utilize energy in our operations. This covers not only energy consumption in absolute value, but also energy efficiency, exposure to fossil energy sources, and transition into using renewable energy where the current energy usage is based on fossil resources.

- **Circular economy** addresses the resource utilization and circularity, where the objective is to minimize waste and boost recycling rates and reuse. The ultimate goal is to preserve the value of products, materials and other resources at their highest level and optimize their efficiency in both the production and consumption processes.

In addition to the above material topics, we are also monitoring SATS' water consumption. It was duly assessed whether this was material for us in the context of sustainability and the double materiality assessment, and we concluded that, right now, this was not the case. We are nevertheless conscious about water usage in our clubs. We will therefore focus on reducing our consumption and consider developments within water usage that could affect the materiality of this topic for SATS.

As a leading fitness chain in the Nordics, we have the power to set the standards within our operative markets. Our stakeholders expect environmental compliance, transparency and improvement, and that SATS, as a market leader in the Nordic health and fitness industry, is best in class with regard to conducting its operations in as environmentally friendly a manner as possible.

We have a Climate and Environmental Policy, which is available on our website. This policy covers all of SATS' operating sites, products and services as well as our employees.

CLIMATE CHANGE MITIGATION

We acknowledge that there is an urgent need to reduce GHG emissions globally. All actors on the market therefore need to contribute, including SATS. SATS is a provider of health and fitness services, meaning that the emissions generated from our operations are rather limited compared to more industrial corporations. Climate change mitigation is defined as one out of ten material topics for SATS; but, as a start, we have chosen to set targets for the five most material topics, not including climate change mitigation. We will therefore revisit GHG emissions targets further down the line. In the meantime, we will work on reducing emissions where we can and continue reporting our GHG emissions on an annual basis in a full climate account. It is also necessary to stay up to date on trends in the market, including the increasing demand for sustainable products among consumers and services, and take them into account as we develop our business.

Climate risk

(GRI indicator: 201-2)

Through the double materiality assessment, SATS has considered climate-related risks and opportunities to position the company and be prepared for stricter reporting requirements for listed companies. From our perspective, SATS is well positioned to respond to climate changes and stricter climate-related regulations and requirements. Climate risks include (i) physical risks and (ii) transition risks. Physical risks could result from climate-related acute and/or chronic shortages of water or other natural resources, temperatures, etc., while transition risks cover regulatory risks, market risks and technology risks, in addition to reputational risks. 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.

The Board of Directors has climate risk on its agenda, and our Nordic Management Group has integrated climate risks into the company's risk management system and its new three-year strategy. As a company, we want to contribute to making climate reductions where we can, mindful that the majority of our GHG emissions are related to Scope 3 (indirect emissions in our value chain). This implies that the direct control we have to reduce our emissions is rather limited, other than through our procurement processes when choosing suppliers/partners from whom we want to source products and material.

Replacing fossil fuel cars with electric cars

As at December 31, 2023, with comparable figures for 2022, SATS' car fleet comprised the following cars:

Type of car	As at December 31, 2023	As at December 31, 2022
Electric	9	3
Hybrid	2	5
Fossil fuel	34	31
Total number of cars	**45**	**39**

Replacing fossil fuel cars with electric alternatives requires in part that the infrastructure in our operative countries is sufficient to service the cars we use in our operations, including service cars. It is also necessary that the available electric service cars have adequate efficiency when it comes to driving longer distances and heavier loads.

With respect to Norway, the infrastructure for electric cars makes it more feasible for SATS to have a larger electric car fleet than in the other countries. The ambition is therefore to replace most service cars in Norway with electric cars as the leasing contracts expire. It is, however, necessary to keep some fossil service cars going forward for purposes of driving longer distances with heavier loads. SATS' long-term target is to have an all-electric car fleet across its operative countries, provided that the infrastructure and quality of electric service cars are adequate for SATS' required use.

Climate accounts

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

SATS presents a full climate account, including Scopes 1–3 in their entirety. We have presented our climate accounts annually since 2020. We believe that what gets measured gets managed and that the climate accounts can help serve as a foundation for decision-making relating to SATS' environmental footprint. As a service provider, our emissions are modest, but there is still room for improvement. We believe that SATS has an untapped potential in influencing vendors and partners to reduce their GHG emissions.

Changes in methodology from 2022

We are dedicated to enhancing the accessibility and precision of our data to ensure the most accurate estimation of our greenhouse gas (GHG) emissions. This year, we have refined the calculation method for Scope 2 Electricity and district cooling/heating, aiming for an elevated standard of accuracy. We have also changed the source for emission factors from American ISIC-WIOD to Direktoratet for forvaltning og økonomistyring (DFØ) in relevant categories within Scope 3, resulting in significant changes to emissions. This adjustment provides more accurate emission figures as SATS is a Nordic corporation and does not require currency adjustments from NOK to USD. Additionally, we are committed to further develop upon this improvement across various emission categories in the upcoming years. Notably, this year's shift involves transitioning from market-based to location-based emissions and change of source for relevant emission factors, and these adjustments have been retroactively applied to our historical results.

Scope 1 emissions

These emissions are direct emissions from our company cars. The calculation method is activity-based data with DEFRA's Government Greenhouse Gas Conversion Factors. Emissions related to non-electric company cars amounted to 138 tCO2e, down 15% from 2022. Of the non-electric company car emissions, diesel cars represented approximately 86% while the remainder stemmed from petrol cars. SATS does not consume any fossil fuel other than through company cars. The total Scope 1 emissions thus totaled 138 tCO2e, which is equivalent to 0.3% of the total emissions by the company.

Scope 2 emissions

These emissions are indirect emissions from purchased electricity and district cooling/heating. The calculation method is activity-based data, with AIB guaranteeing the origin of European energy's emission factors. We use a location-based approach in our accounting. The location-based electricity emissions were 4,397 tCO2e in 2023, representing a 31% increase compared to 2022.

Scope 3 emissions

These emissions are all other indirect emissions. The calculation method is activity-based and spend-based data with emission factors such as DEFRA's Government Greenhouse Gas Conversion Factors, AIB guaranteeing the origin of European energy, DFØ Direktoratet for forvaltning og økonomistyring, and SSB Statistisk sentralbyrå. Scope 3 emissions decreased by 12% to 41,389 tCO2e in 2023. The main contributor is less investment in capital goods.

SATS did not sell any electricity, heating, cooling or steam and did not buy any renewable energy certificates (i.e., guarantees of origin).

Energy intensity

	2023	2022
Energy consumption MWh/total revenues (NOK million)	18.7	21.3
Energy consumption MWh/employee	9.3	8.5

GHG emissions intensity

	2023	2022
Tonnes CO2e/total revenues (NOK million)	0.9	0.8
Tonnes CO2e/employee	0.5	0.3

Climate accounts

	2023				2022			
			GHG emissions				GHG emissions	
	Quantity	Unit	tCO2e	Percent	Quantity	Unit	tCO2e	Percent
Scope 1 Fuel consumption related to:								
Non-electric company cars	54,102	Litre	138		59,009	Litre	155	
of which diesel	45,823	Litre	119		49,628	Litre	132	
of which petrol	8,279	Litre	19		9,381	Litre	23	
Sum Scope 1			**138**	**0.3%**			**155**	**0.3%**
Scope 2 Electricty and district cooling/heating								
Purchased electricity location based	58,480	MWh	1,785		60,457	MWh	1,847	
District heating	25,919	MWh	2,386		23,585	MWh	1,332	
District cooling	4,220	MWh	227		3,106	MWh	167	
Sum Scope 2 Location based			**4,397**	**9.6%**			**3,346**	**6.6%**
Purchased electricity market based			21,220				17,046	
Sum Scope 2 Market-based			**23,832**				**18,545**	
Scope 3								
1: Purchased goods and services[1]			28,718	62.5%			30,887	61.0%
2: Capital goods			4,692	10.2%			7,232	14.3%
3: Fuel and energy[1]			33	0.1%			38	0.1%
4: Upstream transportation and distribution			36	0.1%			50	0.1%
5: Waste			50	0.1%			43	0.1%
6: Business travel			265	0.6%			453	0.9%
7: Employee commuting			630	1.4%			914	1.8%
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			948	2.1%			1,041	2.1%
12: End-of-life treatment of sold products			6,015	13.1%			6,481	12.8%
13: Downstream leased assets			0	0.0%			13	0.0%
14: Franchises			0	0.0%			1	0.0%
15: Investments			0	0.0%			0	0.0%
Scope 3 total			**41,389**	**90.1%**			**47,153**	**93.1%**
Total GHG emission			**45,924**	**100.0%**			**50,654**	**100.0%**

ENERGY MANAGEMENT

As a service provider operating in the Nordics, we consider the impact on our surroundings caused by SATS' energy usage to be rather limited. We nevertheless want to use energy in the most responsible, effective and sustainable manner, and in that way contribute to a more sustainable environment overall. This also has a cost side for us. As an example, electricity costs represented approximately 2.8% of our total operational expenses for the financial year ended December 31, 2023. This means that we would financially benefit from more effective energy management.

Electricity efficiency

The majority of SATS' energy consumption takes place at our clubs located across the Nordics. Over the years, SATS has conducted several projects to identify and remedy sources of energy inefficiencies to make sure that we do not consume more energy in our clubs than what is required for functional use. Therefore, we typically install more efficient energy solutions during larger renovation projects at our existing clubs and when we build new clubs. Furthermore, to minimize electricity usage, our initiatives concentrate on staff awareness, including installing cooler timers, switching off lighting in unoccupied areas, optimizing class schedules in heated rooms, and preventing continuous lighting.

As at December 31, 2023, a total of 33 of our 276 clubs had installed digital solutions that contribute to more efficient energy consumption. In the short term, SATS aims to increase this number. In the long-term, our goal is that all clubs operated by SATS will be equipped with such solutions.

SATS' work to reduce electricity consumption, which focuses on the main sources of consumption, is described in the following sections.

Ventilation

Ventilation is one of the main sources of energy consumption at our clubs. We have therefore focused on ventilation for many years. All of SATS' new clubs are built with demand-controlled ventilation, which facilitates more efficient use of ventilation. In addition, SATS has also installed a system called Datavaktmesteren in select high-consumption clubs in Norway. This system automatically controls the ventilation, optimizing air amounts based on the varieties in demand during the course of a day. For example, peak hours (when most members visit the clubs) require more air than in the early afternoon or late evenings or even at night when the clubs are closed. We have installed similar ventilation systems in our clubs in Sweden, Denmark and Finland, although in these cases it often is the landlord who owns the system.

As an alternative to the smart ventilation efficiency solutions, which control ventilation automatically, SATS also has manual processes in place to limit energy consumption, for example ensuring that ventilation is only turned on during opening hours. Most ventilation systems have control boards with manual settings that are not set by the landlord but rather can be controlled by SATS' employees at the club. In comparison to digital solutions, operating the ventilation systems manually requires routines. Relevant in this respect is that club opening hours can vary depending on the day of the week and summer/holiday seasons, which in turn means that the manual control of ventilation systems therefore needs to be administrated on a daily basis.

SATS will continue to work on improving its ventilation efficiency by implementing already identified solutions in more clubs and testing new methods as new technologies for energy management become available. Our dialogue with the landlords will continue to be vital for ventilation efficiency because they often own and control the systems.

Lights

Another significant part of SATS' electricity consumption is lighting. We apply two methods to reduce this consumption: (i) installing LED lights to increase efficiency and reduce consumption per light and (ii) reduce the time lights are on in our clubs. The latter includes working with sensor systems and maintaining dialogue with employees and members to ensure that lights get turned off when a room is not in use.

We install LED lights in all new clubs, as well as in renovations that include lighting. SATS evaluates the installation of LED lights in other clubs using a cost-benefit analysis. To reduce the on-time of lights in our clubs, and thereby reduce energy consumption, SATS works with a number of initiatives depending on club size and visit pattern.

During 2023, SATS initiated a systematic process to change to LED lights at all clubs across the portfolio. Approx. 40% of all SATS clubs have LED lights installed in all zones, while approx. 60% have LED lights in only some parts of the club or not at all. This process to change all lights to LED will take place over the next few years. Clubs will be prioritized based on the importance of the club, the condition of the existing light fixtures, and the remaining lifespan of existing bulbs.

Fridges

Chilled products, such as drinks and certain snacks/lunch-type food, are displayed and sold in SATS' retail shops. Most fridges in our clubs have doors to avoid letting cool air out, thus making the cooling more energy efficient. However, SATS has historically used open fridges for campaign display purposes and while they have been removed for the most part, there still are some left that we will replace over time.

We have initiated certain actions to reduce energy consumption relating to our fridges. Firstly, SATS places drinks in the fridges in a manner that facilitates energy-efficient cooling: empty space is left at the very back of the fridge and the bottom shelf is left empty. Additionally, we use a cover for the fridges when the clubs are closed to avoid unnecessary energy leakage. Lastly, we now procure closed refrigerators (i.e., regular standard refrigerators) when acquiring new units. In other words, if an old open refrigerator malfunctions, we replace it with a new closed refrigerator. Moreover, ongoing conversations with suppliers are exploring options for refrigerators that exhibit significantly reduced energy consumption, a critical factor in potential future refrigerator acquisitions.

Heated group training studios

SATS offers certain group training classes that need to be held in heated studios. The first heated group training studios were built more than ten years ago. Since then, technology has advanced, and both heaters and room construction have improved with regard to energy efficiency. SATS has installed timers on its heaters to ensure that they turn on at the right time before a heated group training class and turn off after the class is finished, which preserves the use of energy. In addition, our group training instructors are encouraged to try to minimize the amount of time the door to a heated studio is open, letting members in quickly and ensuring that the door is always shut to prevent heat escape.

SATS has only built hot studios in a minority of its clubs. As at December 31, 2023, a total of 28 of SATS' 276 clubs had hot studios. However, we note that group training in a hot studio is increasingly popular, meaning that this product is expected to stay in our offering going forward and could potentially grow. We have initiated a project to develop a system of heat pumps to produce the heat required as an alternative to electric heating. This would reduce the energy requirement by one-third.

Saunas

The majority of SATS clubs offer their members saunas; in total, 178 of SATS' 276 clubs offer a sauna. A few clubs also offer steam baths. To optimize the energy consumption relating to saunas, SATS has installed timers on 134 saunas. With this solution, the sauna remains on during club opening hours, but at a very low temperature. Members who wish to use the sauna can push a button to temporarily increase the heat.

In the future, every newly installed sauna will be equipped with timers to promote efficient energy utilization.

CIRCULAR ECONOMY

SATS is first and foremost a service company. Approximately 84% and 12% of the Group's total revenue for 2023 was generated from the sale of memberships and PT sessions, respectively. This means that only approximately 4% of our revenues are generated from retail activities through the SATS shop. The waste generated from our operations is generally quite limited given that we are a service company. Waste primarily relates to activities at our clubs, fitness equipment and the use of paper towels.

Fitness equipment

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

Paper towels

Our members consume paper towels, for example after washing their hands and cleaning equipment after use. In 2023, SATS has prioritized public health and infection control over a reduction of paper towel consumption.

Retail activities

Through our retail shop, we sell food and drinks, apparel, and training tools and equipment from a combination of third-party brands and SATS' own brand.

SATS' own branded products include food, drinks and a clothing line. In 2023, about 60% of all SATS drinks sold were sold in recyclable bottles or cans with approved deposit marking. The deposit marking is a recycling marking that needs to be approved by authorities in each country where the product is sold. In Norway, all SATS bottles and cans are recyclable and deposit-approved by Norwegian authorities. In Sweden and Denmark, SATS' bottles and cans are generally approved, however, bottles containing dairy products cannot be approved for deposit in these countries. The process for approval for the deposit system in Finland is long. We are therefore still waiting for approval for our ELIXIA branded drinks.

We want our production to be sustainable, so we therefore focus on using recycled materials when producing our SATS clothing line. We are happy and proud to declare that all items used in the SATS clothing line, other than women's tights and women's underwear, are produced using recycled fibers. We are continuously working to improve our own branded clothing line, and we want to continue going forward to develop clothes made of sustainable material.

Our efforts to reduce waste generated by our operations

SATS has identified various ways to reduce paper and plastic consumption in its operations. Most of these have been implemented in the operations while some reduction efforts are still ongoing, as are efforts to identify reduction solutions for the future.

- Before, each new member received a paper contract with several pages of printed text when they signed up. Now, the sign-up process for new members is digital, and contracts are stored in a digital format.
- At the close of each day, the employees at every club used to print and save a cash registry report. This is now done digitally, thus significantly reducing paper use.
- SATS no longer issues physical membership cards. Instead, members use a QR code in the SATS app to log-in at clubs.
- SATS used to print a lot of marketing materials for all of its clubs, distributing new posters each month. This material has been reduced with SATS moving toward more general content for its posters and marketing material that can be used for longer periods (typically replaced 1–2 times a year).
- 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 are only used on rare occasions) and most marketing is now carried out digitally.
- SATS used to print large volumes of training schedules that were distributed to our clubs. These schedules are now available digitally, thus significantly reducing the need for physical printouts.
- When members participate in group training classes, they receive a printed ticket to give to the instructor as evidence of their right to attend the class. In 2023, we had nine million group training visits to our 276 clubs, which is a lot of paper tickets. SATS recognizes that an improved digital solution is needed to reduce our paper requirement for this. We are in the process of implementing a solution, but implementation has not been completed yet.

WATER CONSUMPTION

Water consumption is not considered a material environmental topic for SATS right now. However, we do consider it important to lower our water consumption in general by reducing water usage in our clubs. Most of the water consumption at SATS' clubs is consumed in the showers, but other water consumption activities include cleaning, handwashing, and the filling of water bottles by our members.

To achieve efficient water management, our showers are built with low-water consumption. We also use shower heads that distribute the water sparingly and are controlled by timers. The standard shower timer turns off the shower after about 30 seconds. We also use motion sensor technology in some of our toilets and sinks to control and minimize water consumption.

SOCIAL

SATS believes it can make the biggest difference for its members, employees and communities through social sustainability. The double materiality assessment carried out during the second half of 2023 identified the following topics where we, as a company, have the greatest material impact, risks and opportunities:

- Key for SATS as a fitness chain operator is our **members' individual health and well-being**. This topic addresses the positive and negative impacts of physical activity, encompassing both physical and mental health, prevention and rehabilitation, safety, and overall well-being. It also covers the potential barriers that could hinder individuals from engaging in physical activity.
- **Public health** addresses SATS' efforts to ensure a healthy population by enabling and motivating the public to physical activity.
- As a business with 9,483 employees, **working conditions** are especially relevant for us. This topic addresses our commitment to provide access to fair, safe and dignified working conditions, such as secure employment, working time, adequate wages, social dialogue, freedom of association, existence of works councils, work-life balance, health and safety, and much more.
- **Diversity, equality and inclusion** addresses these topics within our own workforce, such as gender equality and equal pay for work of equal value, employment and inclusion of persons with disabilities, training and skills development, measures against violence and harassment in the workplace, etc. It also relates to the inclusive and equal practices of recruitment, hiring, operations, promotions, leaves of absence, and dismissal/voluntary leave of employees.

Members' individual health and well-being

Our business model and operations relate directly to enabling healthy lifestyles. SATS therefore has the highest positive impact on members' individual health and well-being. This is where we really can make a difference for our members while at the same time applying a robust business model that can continue to bring an attractive offering to members in line with market developments and members' demand. This is also a topic where we experienced remarkable engagement from our stakeholders.

SATS' vision is to make people healthier and happier, which clearly illustrates our high ambition level for improving people's health and well-being on an individual basis and for the community as a whole from a larger public health perspective. More information about our initiatives within public health is provided in the Public Health section below. Physical activity has a positive impact on physical, mental and social well-being, and through our operations we reach more than 731,000 individuals in the Nordics. We have identified headlines below that illustrate how our activities promote our members' individual health and well-being:

- SATS inspires members to be physically active
- Youth activation program
- SATS Community – Fighting loneliness together
- Member safety
- Sustainable nutrition
- Training product safety
- Eating disorders
- Anti-doping

SATS inspires members to be physically active

WE ARE THE INSPIRATORS!

It is rare for us to see a member leaving our club looking unhappy. Regardless of how far they have run or how heavy their weights were, when they leave our clubs, they have achieved something. At SATS, we see it as our main purpose to help 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.

Having a good amount of physical activity helps our members stay healthier and happier since most people improved their health by increasing their physical activity. This is why motivating our members (and non-members) to exercise is at the heart of SATS' business—it affects everything we do. Our entire organization is set up to motivate people to be healthier and happier, and our club managers, personal trainers and group training instructors inspire and guide our members when they visit us. At the same time, our colleagues at the service office work on developing, for example, our member communication, digital training tools, new training products and a number of additional services required to run fitness clubs.

An important aspect of our operations is to help our members become more active, particularly those who tend to be more passive. We have therefore introduced a new target, where we will measure on an annual basis the number of workouts our members have performed at SATS, targeting an annual increase that is larger than our member base growth. If we succeed, this could represent a significant benefit for both our members' individual health and well-being and public health at large. In our work to inspire increased activity levels, we place extra emphasis on activating youth. Read more about this in the section Youth activation in all of SATS below.

HELPING MEMBERS STAY ACTIVE THROUGH A WIDE PRODUCT RANGE

Our ambition is the same for all our members—to help them be healthier and happier by staying active. It is the core of SATS' business to contribute to our members' increased physical activity and, in turn, reduced physical inactivity.

To stay active, members need to find a type of activity that suits them and a time and place that works in their everyday schedule—for example on the way home from work. Most of all, they need to find the inspiration and motivation to get going and to continue staying active. SATS aims to inspire and help members to achieve just this. The entire organization works toward this goal.

Wide range of products. To stay active, each member needs to find a type of training that suits them. SATS has a diversified member base, ranging from athletes to people without training experience in all age groups. Each member has individual goals and needs. To meet the variety of our member base, SATS offers a wide range of training products and services, from an equipped fitness floor to group training sessions, personal training and physiotherapy services. SATS' products and programs are based on scientific evidence in terms of generating health benefits and minimizing risk of injury.

Easily accessible training opportunities. Sometimes, even though a person has the ambition and intention to stay active, life can get in the way of having healthy training habits. Therefore, SATS makes training as easily accessible as possible. We offer 276 clubs across the Nordic countries, reaching a broad range of the population. Our clubs are located centrally, in or close to the larger Nordic cities, to make training accessible close to work, home, friends or somewhere in between. For those who do not have the opportunity to come to a SATS club, we offer online training. SATS' product portfolio, comprising a mix of physical and digital training offerings, provides members with the flexibility to train not only at our clubs, but also from home, hotel rooms, or even another continent—whatever works best for our members on any given day or at any given time or place.

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 of our clubs are the best motivation to come back the next day or week and to create healthy habits of staying active. We all stumble from time to time, and sometimes we need extra inspiration to get going again. SATS' member activation team has therefore developed, and continues to develop, digital inspiration, challenges, reminders and training tips, all adapted and adjusted to different segments in our member base, thereby making the information each member receives relevant, inspiring and helpful. Our member activation team measures and evaluates all activities, constantly learning to stay relevant and improve how we help and inspire our members to stay happy and healthy.

Member satisfaction. To continuously motivate members to stay active and use their membership, high member satisfaction is key. Member satisfaction is therefore a KPI that we monitor closely. SATS communicates daily with members, primarily through employees at our clubs but also through social media, email, SMS, app-push, chat and phone. To be able to improve member satisfaction, monitoring and following up with members are essential activities.

Member satisfaction is measured using Net Promoter Score (NPS), which is a well-established metric for customer satisfaction surveys. The NPS scale ranges from -100 to 100, where scores above 30 are considered high. In 2023, SATS had a total of 119,000 member responses from members who had just visited a SATS club. This corresponds to an average of 2,300 responses per week. SATS' NPS score for 2023 was 58, somewhat up from 56 in 2022 (which excluded January to April 2022, when pandemic restrictions still applied to our operations).

The NPS responses and results are used in all parts of our organization, for operational follow-up in each club as well as for priority guidance and improvement activities. For example, we apply the NPS results directly to club operations but also when developing training products, planning tools and equipment, as well as for the club design and atmosphere. It is paramount that our products and services align with our members' preferences. Our operative organization and member activation team therefore work closely to achieve high member satisfaction over time.

We are happy that the member satisfaction score 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 therefore a key driver to being physically active at our clubs over time. NPS results are clearly higher among members utilizing the full product offering; those who use group training and/or personal training consistently score the experience much higher than those working out on their own on the fitness floor.

SATS youth activation program

Introduction

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

The analysis of the root causes behind this trend naturally fall outside of the scope of SATS' operations, but we are aware that

it is becoming customary in sports to select youth at an early age despite the science showing that such selection is based mostly on physical maturity. For example, in national teams it is common for the majority of the players to have birthdays in the earlier months of the year, which is hardly a coincidence. Regardless, the fact that youth drop out of sports at an early age is sad for not only the individual but also public health. Scientists warn that the consequences will be significant in both the long term and the short term.

The increasing trend of inactive youths is a challenge that we need to address together as a society. SATS, as a leading provider of fitness clubs in the Nordic, has decided to take an extra responsibility in this area. We are determined to provide a place for all youth, regardless of whether they come to us to prevent injuries or increase functional strength or because they no longer feel they have a place on a sports team. At SATS, we have set an age limit for memberships at 18, but we allow younger members if they have consent from a parent or guardian, thus providing youth with an alternative to sports and other organized activities.

As part of our responsibility toward youth, SATS has a defined youth activation program, and we have a constant focus on strengthening this group. The goal is to make exercise and working out more available and attractive to youth, which is in line with our vision of making 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. We also 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 from our competitors is our coverage, reach and competence. We have 276 clubs across Norway, Sweden, Denmark and Finland, all equipped with the best training tools, and—importantly—inspiring, competent and friendly staff. In addition, we have online training programs and an organization geared to inspire people, including youth, to undertake healthy exercise habits. This is unique, and it is what perfectly positions SATS to address the youth activation challenge in the Nordic countries.

Our youth activation program and efforts focus on addressing youth in all channels. We have taken several steps to make SATS' offering more available to youth, such as targeted campaigns, price reductions (always 20% student discount in all countries), and member activation initiatives spread out across the year at all SATS clubs. In January we offered an additional discount to students during our January campaign, and we did the same in August and September. In May/June we also offered free training for all students in the Nordics during their exam period between May 9 and June 9. This was an initiative to raise awareness of the positive effects training has on memory and mind during a stressful period. This resulted in a massive growth in young people working out at our clubs. As a result, we see that more and more youth are engaging in healthy and happy habits at SATS. All of our student members received full access to all clubs in their region, group training classes and online training, regardless of which membership model they have. In addition, during a one-month campaign period, our student members were encouraged to bring a student friend to work out for free during the day at our clubs.

SATS Community – Fighting loneliness together

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. SATS' community efforts are, in our view, a valued contribution to members' individual health and well-being. We work actively to encourage and support the shaping of community in and around each of our clubs, and we believe that we are succeeding in building a strong community throughout our clubs.

Our SATS colleagues work every day to create relationships, and they offer inspiration and motivation through the activities carried out at our clubs. In our view, every interaction among and between our members is valuable. The total effect this has on individuals, as well as the public health at large, should not be underestimated. We therefore encourage all our members to interact with each other during and around group training classes in particular, but also at boot camps and on the gym floor. The ambition is for each SATS club to act as a meeting place for members who have friends and family as well as those who do not, so everyone can feel that SATS is a good place to socially interact with other people, whether this means

other members or our SATS colleagues. We expect the trend of increased loneliness in the Nordics and the implied need for community to continue and that we, as a community, can actively provide a positive contribution to people's lives.

Member safety

Introduction

SATS has strong routines to ensure member safety. Our club employees are trained in the execution of these routines. They receive courses and information material that support our routines to help them be best positioned to live by them. All clubs are audited ten times each year to ensure adherence to our routines.

Regular maintenance of training machines and equipment
Safe training requires safe training equipment. To ensure that machines and training equipment are safe for members to use, SATS has established clear cleaning routines and proactive maintenance systems. These routines and systems stipulate how SATS staff are to check and maintain training equipment and facilities and how often. 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 in addition to 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, thus reducing unnecessary consumption.

Fire safety routines

Fire safety is a key topic for our staff at clubs. Fire safety routines are incorporated into the daily, weekly, quarterly and annual routines. These routines are followed up by monthly audits of each club as well as audits by external suppliers in accordance with regulatory requirements. Additionally, In Norway all clubs have registered their defibrillators in the Norwegian Public Defibrillator Register so they are connected to all emergency centrals. We practice fire evacuation at our clubs every year, including a specially designed routine for SATS clubs that offer childcare. We offer online courses and tutorials regarding fire safety and fire safety evacuation routines, which are available for all of our employees. SATS' fire safety routines are in line with the legislative requirements in our operative countries.

First aid – CPR

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

CPR courses are provided to all of our employees across our operative countries. These courses are offered on a monthly basis, to ensure availability. It is mandatory for SATS club managers, customer care staff, personal trainers and childminders to participate in a CPR course as a minimum every second year. Colleagues in other roles are also encouraged to take CPR courses. In addition to classroom courses, we have an online education video available in the SATS online course catalogue. Our employees can watch this video at any time and as often as they want. This video is also played at the start of certain meetings, manager days, etc. when many of our employees are gathered. The video serves as a reminder of this very important topic and supplements our classroom education and training.

CPR drills are executed at all clubs every year. During the CPR drills, club staff simulate what could happen in a real situation where CPR is required. 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.

To further address this topic, SATS initiated a No Pulse – CPR Training campaign in October 2023. Through this campaign, we invited our members to sign up for a group training class where we introduced them to lifesaving CRP. We also prepared a digital introduction course available for all our members and non-members.

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.

Outside the medical world, people often do not know how to respond in a situation. The purpose of the CPR Safety Zone certification standard is to save lives by increasing knowledge about how to handle heart failure. 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 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; and
- A defibrillator registered in the Swedish defibrillator register.

Product safety - services

(GRI indicator: 416-1)

An important aspect of reaching our vision of making people healthier and happier is delivering products and services that are safe and effective to use. We therefore focus on continuously assessing and managing our training products to ensure that they have the best possible impact on our members' health and can be used safely. We work in multiple ways to make sure that our clubs are safe places for working out, not only when it comes to the club itself and our equipment, but also through our product offering. In addition to the fitness floor, SATS offers several services where our employees run the workout program, whether through physical therapy, personal training or group sessions.

Physiotherapy

An important element of our holistic commitment to making people healthier and happier is physiotherapy. Through this offering, we can provide our members with pre-habilitation and rehabilitation in a positive environment at 26 of our clubs in Sweden and 9 clubs in Norway. All of our physiotherapists have a minimum of three years of university education and are formally authorized in their respective countries. The physiotherapy segment within SATS is growing, and we experience that our client satisfaction is very high.

We believe that the excellent customer satisfaction is the result of the physiotherapists' competence in combination with their working environment. By treating clients in the inspiring fitness environment of a SATS club, both compliance and commitment from clients are very high. Combining this with the endless possibilities in terms of exercise equipment, great results can be achieved. This means that our physiotherapists contribute to helping their clients become healthier and happier. Healing an injury gives people less pain and improved mobility, which helps our clients to continue to live active lives full of workouts.

SATS Physiotherapy frequently invites national and international experts to provide supplementary training for our physiotherapists. This helps our physiotherapists maintain a high level of competency and stay up to date on current research. SATS' physiotherapy offer also includes video consultations so we can help our clients even if they cannot visit a SATS club. Our physiotherapists follow all local requirements to work safely with clients.

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 Norway, Sweden, Denmark and Finland and only recruit candidates who embody our values of making people healthier and happier. All new hires go through our onboarding program, which includes a course where they learn about their role as a SATS personal trainer, member interaction, work environment and CPR. Over time, our personal trainers continue to develop their competence, skills and experience while working, in combination with SATS' licensing courses. Our licensing courses cover both mental and physical aspects of how to better help members succeed with their goals and become healthier and happier.

Group training

Our group training offering is an essential part of the SATS product. While some of our members prefer working out on their own on the fitness floor, others prefer an instructor and a group environment (or a combination thereof). Group training plays a huge role in inspiring our members to exercise regularly and thereby continue stay active over time. This makes our group training offering a top priority at SATS since it is especially valuable for reaching our goal of making people healthier and happier.

At SATS, we work hard at all levels of the organization to offer a group training schedule that is varied, exciting and inspiring while at the same time having sufficient capacity to meet member demand and preferences. We also follow up that our employees at clubs are knowledgeable about the various group training classes we offer so they in turn can make inspiring and accurate recommendations for our members.

As a general rule, any form of training is good training. There are, however, some modifications to this rule because it is important that the exercise be adapted to a person's specific circumstances to prevent it from becoming harmful. SATS' group training instructors are therefore educated and licensed through different group training instructor courses that cover anatomy, physiology and training theory as well as group training instructor skills at both the overall and product levels.

The SATS Online offering, which is available to all members, comprises a library with more than 700 classes within different training categories and skill levels and includes mindfulness. This offering functions as a supplement for our members so they can get the group training experience wherever they are.

Mindfulness

Mirroring physical activity, mindfulness and stillness are also key components of 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.

We recognize the growing need for these types of products and have improved and expanded our yoga and mindfulness offering, which is available at all of our clubs. In 2023, we rebranded the previously named HiYoga-brand in Norway, which functioned as an exclusive product offering to only certain premium membership models, to SATS Yoga. We simultaneously included the yoga offering in all memberships that include group training classes, ultimately making SATS Yoga available to more of our members and prospective members.

We have worked with the initiative to increase our yoga and mindfulness offering over several years, and it is still an ongoing process. These efforts have included, and will continue to include, the creation of new and attractive yoga and mindfulness classes, large and repeated programs to educate additional instructors, and investments in facilities and equipment. The purpose of our focus on these activities is to build and sustain an attractive and high-quality yoga and mindfulness offering that is available to all members. We want to inspire new and existing members to participate in these types of classes and activities to better strengthen their mindfulness.

Sustainable nutrition

Food is a central part of our everyday life. In addition to exercise, community and mindfulness, food plays a pivotal role for health and well-being. Eating nutritiously can help people become healthier and happier. A healthy and happy diet is also necessary for people to reach health-related goals.

Nutritious products sold in SATS' retail shops, recipes and inspiration through our digital channels are 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 authorities nominate scientists to the international project team that works on the NNR. The NNR thereafter forms the scientific basis for national nutrient recommendations and food-based guidelines. The new edition of the Nordic Nutrition Recommendations was published in July 2023 (NNR2023), also integrating environmental aspects.

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

Addressing eating disorders

For most people, physical activity contributes positively to becoming healthier and happier. However, for some people, the desire for a muscular or skinny body unfortunately leads to unhealthy training and eating habits. We clearly see an increase in eating disorders among our members, and this increase includes both men and women of all ages.

We try our best to address eating disorders at our clubs. As part of our work, we collaborate with expert organizations in each country, such as ROS (Rådgivning om spiseforstyrrelser) in Norway. We invite them to our Health, Safety and Environment (HSE) education days to help educate our club managers on eating disorders and how to best handle them at our clubs. We also have an online course on eating disorders called I CARE, which is available for all employees. This course invites our club managers and other employees to better understand the disease and reflect on how to best handle cases where we suspect an eating disorder.

In addition to providing education on the subject, SATS has developed routines for how to handle situations where we suspect that one of our members has an eating disorder. The first step is for the club manager to take the initiative for a one-on-one dialogue between a designated SATS employee and the member. We then let the members know that we care and we are concerned whether they are feeling well because we have seen an unhealthy development in their training.

Although those who fall ill with this disease have a lot in common, each case is different, sad, and complex. It is therefore challenging to address the issue of eating disorders, and many require professional assistance in order to overcome this disease. In most cases, when we suspect eating disorders, our conclusion is to not let the members continue their membership. In some cases, we agree to let them keep the membership, provided that they only engage in activities to build strength and recover. From our perspective, we need to consider our other members in addition to the individual(s) involved. Eating disorders can be contagious, meaning that it sadly tends to inspire other people to unhealthy training habits and goals. There is a risk that other members could be triggered by seeing a member with a clear eating disorder at our clubs, of which we also are mindful.

We are focusing on identifying eating disorders and addressing them in the best possible way. At the same time, we are mindful that it is a highly sensitive and complex matter for those involved. We do not employ any doctors or other professionals who can provide medical treatment or assistance. All we really can do in the event of an eating disorder is to show that we care. We have learned from our expert partners that even though the dialogue between SATS and a member does not always end positively, and in some cases with a terminated membership, it can nevertheless be what finally makes the person seek medical care to recover from the disease and start the journey back to feeling healthy.

Our anti-doping work

The use of medications taken with the intention of achieving a performance-enhancing effect is a challenge we, as well as other actors in the health and fitness industry, are facing. We have a zero-doping policy at SATS and continuously work to have clean clubs across the Nordics.

We have a close collaboration with the Norwegian organization Antidoping Norge and the Swedish organization STAD through the Clean Center Program, where we actively work against the doping culture in the fitness industry. This is important from a public health perspective, where we have a societal responsibility to provide safe and healthy training environments at our clubs. We have signed the Puhtaan liikunnan puolesta commitment in Finland, which is a commitment to high-quality and healthy activities that do not include any kind of use, transmission or advertising of doping substances.

We have many young members. From their perspective, our clubs also function as a social meeting place and are an arena where they spend significant time. The culture youth are exposed to at our clubs might influence their perception of fitness, health and body. This culture is created not only by our employees, but also the other members using the facilities. Our employees focus on awareness and creating a culture that encourages healthy and safe training environments. The anti-doping collaborations we have established support our values by increasing knowledge and competency among employees. This provides them with the support and security they need to get involved with our members to encourage healthy habits. A prerequisite to succeed with our ambition of creating a clean training environment at our clubs is the values our employees portray and communicate to our member communities. Our ambition is for everyone working in our clubs to know the answer to the following questions:

- How do I detect doping use among members and colleagues?
- How do I handle the suspicion of a member's or employee's doping use?

Throughout 2023, SATS has trained employees through our e-learning courses on the subject in addition to having anti-doping pop-up stands at our clubs. We also carry out doping controls.

Anti-doping in Norway
In Norway, our employees have access to fundamental anti-doping training customized for fitness centers through the Clean Center Program. We have access to several courses that provide more detailed insight into related topics. We also have direct access to advisors from the Antidoping Norge organization, who can advise and guide us in specific matters. Additionally, we have access to tools and guidelines developed by the organization that support us in conversations with members.

As a Clean Center, SATS has the opportunity to conduct doping controls on members together with Antidoping Norge. The purpose of these controls is to uncover doping use but also prevent and deter doping use at our clubs. The Antidoping Norge organization has developed together with the Norwegian Data Supervisory Authority a process that addresses fitness clubs' need for doping controls while simultaneously respecting the members' integrity and privacy rights. Only clubs that are certified under the Clean Center Program can conduct doping controls in Norway.

PUBLIC HEALTH

Public health is a sustainability topic where SATS believes it has the ability to have a high positive impact. This is also one of the topics that engaged our stakeholders the most. Stakeholders have universally emphasized that SATS' core activity improves the physical and mental health of the Nordic population. This is significant when considering the positive consequences in terms of prolonged life, life quality, and the financial savings having good health can bring from a societal perspective. As the largest actor in the Nordic health and fitness industry, we want to—and can—contribute to improved public health. There are many unutilized opportunities for a company like ours, which will not only benefit society at large, but also have a positive financial effect for SATS.

In 2023, members who reached the World Health Organization's (WHO) recommended level of physical activity have contributed to 16,000 QALYs (quality-adjusted life year), which corresponds to a socioeconomic benefit of NOK 23.0 billion. This means that there is substantial untapped potential for SATS to have a positive actual and potential impact on people and society: more than 1 in 4 adults do not meet the global recommended levels of physical activity . Additionally, the Nordics are experiencing an ageing population. In 2023, 20% of the population was 65+. This figure is expected to rise to 25% in 2040. An increase in the number of memberships sold will enable financial income flows, although it could represent a cost for SATS to make its products and services more accessible to a broader range of people than today.

We have identified the headlines below that illustrate how our activities promote public health:

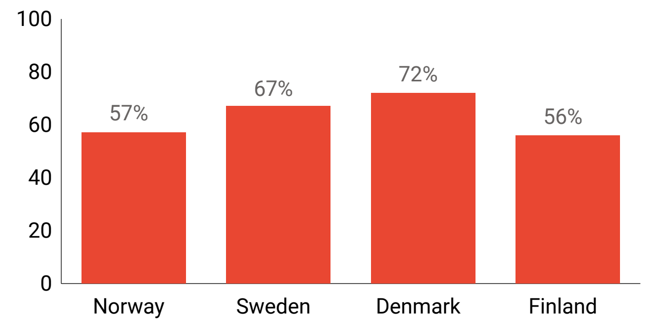
- Benefits of physical activity
- Collaborations

Benefits of physical activity

Motivating not only members but also non-members to exercise is at the heart of SATS' business. This is what our entire organization is set up to achieve: helping people increase their weekly health-enhancing activity. We have therefore introduced a new target, where we will measure on an annual basis the number of quality-adjusted life years (QALY) generated by our members through physical activity registered at our clubs, and thus the socioeconomic welfare gains from our members reaching WHO's activity recommendation of 75 to 100 minutes of vigorous-intensity aerobic activity by using our clubs.

Activity level

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



Source: Eurostat 2014/2018

WHO's recommendations for physical activity

Physical activity is defined as any bodily movement produced by skeletal muscles that requires energy expenditure. WHO has provided guidance on recommended physical activity, with different guidelines and recommendations based on age groups and specific population groups. The recommendations set out below were last updated on October 5, 2022.

Recommended levels of physical activity for children and adolescents aged 5–17, where they

- should do at least an average of 60 minutes per day of moderate-to-vigorous intensity, mostly aerobic, physical activity, across the week;
- should incorporate vigorous-intensity aerobic activities, as well as those that strengthen muscle and bone, at least three days a week; and
- should limit the amount of time spent being sedentary, particularly the amount of recreational screen time.

Recommended levels of physical activity for adults aged 18–64 years, where they

- 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

Benefits of physical activity

Physical activity helps people stay healthy and happy, and most people could improve their health by increasing their physical activity. Based on information provided by the World Health Organization (WHO), physical activity

Has significant health benefits for hearts, bodies and minds

Contributes to preventing and managing noncommunicable diseases such as cardiovascular diseases, cancer and diabetes

Reduces symptoms of depression and anxiety

Enhances thinking, learning, and judgement skills

Ensures healthy growth and development in young people

Improves overall well-being

combination of moderate- and vigorous-intensity activity throughout the week;
- should also do muscle-strengthening activities at moderate or greater intensity that involve all major muscle groups two or more days a week, as these provide additional health benefits;
- may increase moderate-intensity aerobic physical 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;
- should limit the amount of time spent sedentary. Replacing sedentary time with physical activity of any intensity (including light intensity) provides health benefits; and
- to help reduce the detrimental effects of high levels of sedentary behavior on health, should aim to do more than the recommended levels of moderate-to vigorous-intensity physical activity.

Recommended levels of physical activity for adults aged 65 years and older, where they
- should follow the same recommendations as for adults; and
- as part of their weekly physical activity, should do varied multicomponent physical activity that emphasizes functional balance and strength training at moderate or greater intensity, three or more days a week, to enhance functional capacity and prevent falls.

In summary, the WHO recommends that adults perform at least 150 minutes of moderate-intensity activity every week. Some researchers argue that an increased level 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 in more detail above.

A selection of research studies indicating the benefits of physical activities

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 one million deaths every year (Source: 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 (Source: "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 six percent of deaths globally (Source: 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. (Source: 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 (Source: "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 (Source: "Hva fysisk aktivitet gjør med kroppen" by helsenorge.no)
- Physical activity improves both stress management, learning, memory, creativity, concentration and intelligence (Source: Ole Petter Hjelle, Doctor and brain researcher).

Collaborations

SATS collaborates with different organizations, locally based and internationally. We believe that our collaborations with these organizations contribute positively to improved public health, especially focusing on health benefits from an early age.

WORKING CONDITIONS

About SATS as a workplace

Our ambition to make people healthier and happier also extends to our employees. Working conditions that are not fair, safe or dignified can entail severe consequences for those affected. Providing decent working conditions for our employees, such as working hours, is therefore very important to us.

Moreover, having a working environment that ensures an open, welcoming and inclusive environment is equally valuable for us as an employer. For more information about this subject, see the section Diversity, equality and inclusion at SATS below. 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 careers or do not have a university degree. At SATS, we value each employee for their ambition, attitude and results. We give our employees the opportunity to build a great career, regardless of their age, educational background and network.

The result, from our perspective, 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 our members every day!

SATS' engagement survey

SATS thrives through the dedication of our members, and our staff is wholeheartedly committed to ensuring that we uphold our vision daily, contributing to the improved health and happiness of the Nordic population. We consider SATS to be a people-centric organization and place great importance on the contentment of our employees and our ability to provide an appealing work environment. As a result, we take a systematic approach to our workplace conditions and employ various tools to continually assess and enhance them. Among these tools, SATS' engagement survey stands out as one that enables us to gauge the pulse of our organization, measuring the level of engagement and well-being among our employees. Our employees typically receive the SATS Engagement Survey twice a year, with the exception of group exercise instructors, who receive it once a year.

We have therefore introduced a new target: we will measure on an annual basis the number of quality-adjusted life years (QALY) generated by our members through physical activity registered at our clubs and thus the socioeconomic welfare gains from our members reaching WHO's activity recommendation of 75 to 100 minutes of vigorous-intensity aerobic activity by using our clubs.

Below is an overview of two of our three employee survey results. The third result, the eNPS, is described in more detail under Corporate culture below.

The engagement index shows SATS' aggregated results from the employee survey (except eNPS). The score is between 1 and 5, with 5 being the highest. The SATS group achieved a score of 4.2 in the 2023 survey, which remained consistent with the score of 4.2 in 2022. This demonstrates a commendable performance when compared to similar companies and industries, suggesting that the organization is effectively executing its tasks across various organizational levels. To further improve this score, 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.

We have introduced a new target in this respect: we will report externally on an annual basis the result of our employees' engagement index. From our perspective, the results of the engagement index give an indication of our employees' satisfaction with SATS as an employer in terms of working hours and workload, leadership communication, social factors, stress, and more. Our target is to have an engagement index that outperforms the reference index.

The participation rate is the number of participants as a percentage of the total number of employees. The total participant rate was 51% in 2023, compared to 45% in 2022. This is not sufficient, and our goal is to have a participation rate of 70%. The company will continue to talk about and promote the SATS Engagement Survey so it becomes better established within the organization and we can achieve a reasonable participation rate.

Skills and education

(GRI indicators: 404-2)

Many of our employees are young, and for some of them SATS is their first employer. They either learn and develop within SATS or they stay and learn within SATS for a period

and then move on to other opportunities. Of all our employees, approximately 60% 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. These programs include 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, CPR, and fire safety (described in the Members' individual health and well-being section). In addition, we offer threat, violence and HSE (described below, under Employee safety) and GDPR training (described in the Privacy and data management section under Governance). We also have a separate program for new employees to give them the best possible onboarding for their new role at SATS.

Future SATS Leader Program

The people managing our clubs (club managers) play a key role in SATS. This role is demanding and interesting, with the manager responsible for the team working at the club and its members. It is a desirable career opportunity that many of our employees strive to achieve.

To encourage and build our future leaders, SATS has created an internal trainee program called the Future SATS Leader Program, to which our employees can apply to attend. The program runs over the course of 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 has been built internally, and most of our teachers and speakers are SATS employees from different areas. The objective of the Future SATS Leader Program is for our 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 directly to work as a club manager or are ready when a new position opens.

During 2023, we had a total of 48 participants from Norway, Sweden, Denmark and Finland in the program.

SATS Strong Leader Program

We have many experienced leaders in SATS. To further strengthen their competency and roles, we have teamed up with the external training provider Front Leadership to offer the SATS Strong Leader Program. The program comprises a kick-off and eight two-hour modules. After each module, the participants receive a leadership challenge that gives them a chance to test the theory.

During the SATS Strong Leader Program, participants are assigned to discussion groups to reflect on course topics together. The participants' managers also play a key role as discussion partners throughout the program. The SATS Strong Leader Program covers topics such as time management, feedback, communication and how to lead a team through changes. The overall feedback received on this course has been good, and we are happy to say that the participants so far find the SATS Strong Leader Program to be relevant and inspiring. Participants have said that the program has helped them develop both their leadership skills, and their ability to increase their team members' engagement.

During 2023, 87 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 program. In addition, new personal trainers complete the SATS PT onboarding program when they join SATS. This program offers a combination of classroom work and self-studying while at the same time introducing new personal trainers to SATS as a company. Overall, the program further strengthens their skills as personal trainers in a SATS context. The purpose of the program is to help new personal trainers get started and find clients as soon as possible, in addition to giving them tools, such as how to organize their workday and build a sustainable career as a SATS personal trainer.

Personal trainers need to keep growing and learning in order to evolve as a training partner for their customers. They need to stay up to date on new trends, training forms and methods, while maintaining motivation and enjoying work every day. Many personal trainers therefore spend a lot of time and money on participating in workshops with coaches and teachers they are interested in, and some even travel the world to do this. At SATS, we recognize and encourage our personal trainers' strong commitment to develop and grow their role. To make their personal development more accessible for all personal trainers, we have made available to them an internal education offering. We strive to continuously evolve our offering as trends develop and interests among our personal trainers change. Some basic themes are relevant over time and therefore are sought after by our personal trainers year after year. Below is a summary of our most popular courses for personal trainers:

Programming. This course teaches our PTs to develop plans for their clients and work with scheduling training in short and long cycles to help clients 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 programs, personal trainers learn how to perform different exercises, such as a deadlift or squat. However, not every client is able to perform these exercises in this way due to various individual restrictions, such as range of motion, strength or coordination. This course teaches our personal trainers to identify the right progressions for each client, depending on individual restrictions, and thereby help the personal trainers help their clients perform the exercises correctly.

Prehab/rehab. This course teaches our personal trainers how to train clients who are recovering from different types of injuries or are prone to injuries. They also learn when to refer the client to a physiotherapist or a medical practitioner/doctor.

Menopause. Menopause, in general, used to be a hush-hush topic in society, but this is changing. We see that our personal trainers are very interested in learning more about this quite new topic to provide better services for their customers. The training during menopause course has become very popular.

Training during pregnancy and postpartum. As this name indicates, these courses teach our personal trainers how to work with clients during and after pregnancy. These courses are very popular among our personal trainers. For example, the postpartum course includes information on priorities, pitfalls and how to avoid them, progressions, etc.

Coaching. Our coaching course teaches our personal trainers how to motivate clients to change their behavior and prioritize healthy choices. This course has been popular and relevant over 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 personal trainers are still interested in learning more about functional fitness.

Endurance training. In this course, our personal trainers learn how to create programs and content for endurance training, including methods, work-to-rest ratios, and time domains. This course also teaches our personal trainers to program in a smart way and with intent; not just "hard."

Olympic lifting. Some personal trainers apply Olympic lifting to the training of their clients, and this course teaches them how this works as well as 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 includes a wide variety of opportunities for group training instructors who wish to broaden their skills and teach other group training classes. We offer in-house all education needed, both general and specific, to be an instructor, as well as deep-dive courses into topics such as senior training, functional breath-work and specific products.

Onboarding of new employees

SATS has an onboarding journey for new employees. We have tailored this journey to roles in customer service, personal trainers and group training instructors. 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. We will continue to improve the onboarding journey to ensure a great start for all employees.

Human rights and respectful workplaces, including employee dialogue

Human rights

(GRI indicator: 102-12)

Embedded in SATS' vision of making people healthier and happier is respect of human rights. We follow 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 Impact. SATS is committed to respecting all international labor and human rights articles set out in the United Nations' Universal Declaration of Human Rights and the United Nations' Convention on the Rights of the Child, including the freedom of associations and collective bargaining principle. We take a zero-tolerance approach to infringement on the human rights of others and will appropriately address any violations.

SATS opposes all forms of human trafficking, forced labor, and illicit forms of child labor in its operations and value chain. We recognize our responsibility to identify, prevent, mitigate and remedy potential and actual negative impacts on human rights throughout our supply chain. We want our members and non-members to trust that SATS is devoted to supporting human rights and fighting any injustices that may occur in relation to our operations.

We published our first account of the due diligence carried out in accordance with Section 5 of the Norwegian Act Relating to Enterprises' Transparency and Work on Human Rights and Decent Working Conditions (the Norwegian Transparency Act) in 2023. A revised version for the financial year 2023 will be published on SATS' investor website within June 2024. This report provides additional information on our due diligence in addition to the results thereof and how we actively work on reducing any negative impacts from our operations.

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, we seek to have a constructive dialogue with workforce representatives. Examples might include a reorganization, closure of a club for a few months to allow for major renovations, or permanent club closure. In these circumstances, our HR teams in the relevant countries ensure that we comply with local laws and regulations on how to handle and communicate operational changes to union parties and our employees. How exactly we handle these situations depends on local variations, as described in more detail below. In general, employee health and safety are well-covered in the relevant legislation in all Nordic countries where SATS operates.

Employee notice regarding operational changes

(GRI indicator: 402-1)

Norway
All changes that affect the employee must be discussed with AMU (being 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.

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.

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.

Finland
In the event of negotiations, employees must be given notice five days before the start of negotiations. The duration of the negotiations is 14 days if less than 10 employees are affected and six weeks if more than 10 employees are affected. Notice period is one month for most employees, but longer for key roles, such as those holding managerial positions.

Employee safety

(GRI indicators: 403-1 to 403-10)

Employee safety, as well as physical and mental health, are fundamental in our work toward our vision of making people healthier and happier—which of course also applies to our employees.

Employee well-being

Occupational health and safety are of high importance to us and our stakeholders. With 9,483 employees, SATS bears considerable social responsibility as an employer. Our responsibility is even greater when considering that we have

a substantial number of young employees, many having their first job at SATS, and employees who act as role models for the increasing number of children and teenagers working out at SATS. Employee satisfaction is also a key driver of member satisfaction, making it especially valuable for our organization that our employees are happy with their job. Our employees' well-being is linked to their ability to perform, which is crucial to delivering great experiences for our members.
SATS manages employee well-being with the basic belief that this work combines two main focus areas: (1) reduce the risk of illness through occupational health and safety measures, and (2) simultaneously inspire to improved health through physical activity among employees. Employee-related topics are handled by club managers and country managers, who in turn are 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 comprises, among other things, a number of proactive safety measures that are included in our daily routines. These routines apply to all SATS employees and other contractors, consultants and suppliers who spend time in SATS' facilities.

The topics related to occupational health and safety in our operations are mostly the same in all of Norway, Sweden, Denmark and Finland. This means that we are able to use Nordic guidelines to ensure that we cover the most material aspects while at the same time being able to act proactively where needed. Because occupational health and safety needs to be implemented and ensured at every workplace, much of the responsibility and planning are delegated to our operations in each country.

The HSE legislation in Norway, Sweden, Denmark and Finland is strong, clear and comprehensive, covering all of SATS' employees as well as local suppliers, consultants and contractors engaged by us. The legislation provides robust guidelines for a healthy work environment in SATS, which we believe is positive. The health and safety filing responsibility for each team lies with its manager. This means that the responsibility starts with our CEO and goes all the way throughout our organization, to every manager at our 276 clubs. While the HSE legislation in the Nordics is similar, it is not fully identical. That means that we need to have certain local variances, and that competency within HSE matters on a local level is necessary to ensure that we abide by all local requirements, practices and details in each of Norway, Sweden, Denmark and Finland.

HSE risk management

We have high ambitions when it comes to protecting the health and safety of our employees. Our club managers have strong legal responsibilities assigned to them, which makes it extra important that they understand their HSE obligations and work

in accordance with them. Educating and informing our club managers about this is key for having compliant and effective HSE management. To ensure that we cover all topics that need to be covered each year, we have set up and follow an annual wheel.

In addition to training our club managers in HSE, SATS Academy (our internal school) offers both online and classroom HSE courses for all employees, including CPR. Bandage for Injuries, I CARE (eating disorder related), Pure for Sure (anti-doping related), Fire & Safety, Threats & Violence, Discrimination & Victimization, Fire Evacuation and Active Shooter Situation (ongoing deadly violence) are examples of courses we have available to strengthen our work with HSE risk management. The time invested in regular training of our employees is, in our experience, 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.

The following areas are the main workplace risks identified by our club managers as part of our HSE risk management. These risks, and plans to mitigate them, are included in the work our respective club managers do each year within this area.

Cleaning detergents. Employees at our clubs 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). We also ensure that we use environmentally friendly cleaning detergents as much as possible and provide disposable plastic gloves for employees to use while cleaning the facilities at our clubs to reduce negative impact.

Maintenance tasks. All operative tasks at our clubs are clearly described in manuals and/or videos. These tasks have been assessed from a risk perspective. Tasks associated with higher risk are given special treatment, such as through instructions that only certain positions should perform the task or that the task requires multiple people. We also have a team of maintenance specialists who help club staff with tasks they are unable to handle or feel uncomfortable handling. Tasks requiring specific competence are normally handled by suppliers who specialize in the task at hand and have access to necessary equipment and protective gear.

Working late in exposed neighborhoods. Some of our clubs are located downtown or in neighborhoods where employees might feel insecure if they were working alone. In such cases, we ensure that there are at least two employees present. To further enhance employee safety, we have safety personnel who visit five clubs seven days a week. Additionally, all employees have the option to call the safety personnel if they feel unsafe while working at a club. We ensure that our club managers have close dialogue with all employees to ensure that they feel safe when working late, and not only at the club but also on their way home.

Threatening members. On occasion, members display threatening behavior toward employees or other members. Our club managers are trained to handle threatening situations, but every incident is unique. If a more extreme situation should occur, employees are asked to contact the police. The manager and employees work together to resolve the situation, turning to colleagues and/or occupational health care for help if needed. SATS has also installed surveillance cameras in accordance with governing regulations 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 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 should a crisis occur. Our club managers are trained during SATS' leadership programs to use these tools and guidelines.

All HSE-related risks identified as part of our operations are discussed in close dialogue with the club manager, who bears the legal HSE responsibility to identify risks and remove/reduce them. Our country-based HR functions, together with regional managers and the maintenance support team, supports our club managers. By applying special competence within each area of HSE, we ensure the implementation of a satisfactory solution that helps mitigate the risks identified to an acceptable level.

Should an incident occur despite measures we have taken to minimize the probability of occurrence or severity should a risk manifest, we have systems and routines in place (in line with national legislation in each country) for reporting and managing the incident. We make sure to record and handle all health and safety-related incidents. We also seek external advice from HSE experts, for example through employers' organizations or other external advisors, if we identify the need for competence beyond what SATS' support functions can provide.

If, despite these measures, employees do not feel safe at work, they can use our Whistleblowing function to anonymously report HSE-related hazards or work-related issues. It is also possible to report on any such matters to the designated whistleblowing team directly, although in such cases not anonymously.

HSE statistics

Employee injuries, work-related illness and sick leave

During 2023, we had a total of 143 cases of injury and work-related illness reported in all four countries, up 33% from 108 in 2022. There is no specific underlying reason other than a combination of having a larger group of employees and more focus on good reporting routines from operations.

Overall, we believe that the risk associated with working at SATS was similar in 2023 and 2022, and the type of injury was also similar to those reported the previous year. Everything from crushing injuries and cuts to dropping weights on a foot or hand is common. Other injuries include strain injuries, often while leading a group exercise class, and back pain. In addition to this, there are reports of work-related illnesses related to stress, anxiety and back problems.

Deviation reporting

SATS has deviation reporting systems in all four countries (there is one IT system in Norway, Denmark and Finland, but a different system in Sweden in collaboration with AFA Försäkring). Through the tools used, club staff can report all extraordinary incidents occurring at our clubs. This ensures knowledge of all incidents and provides an overview of the types of incidents customarily occurring at our clubs. In addition to the employee and member injuries discussed above, examples of incidents reported through our systems include water leakage/damage, ventilation and/or temperature issues in the facilities, theft (often from lockers), members displaying threatening behavior, and suspected cases of doping and/or other drugs.

DIVERSITY, EQUALITY AND INCLUSION AT SATS

Introduction

SATS welcomes and promotes diversity and inclusion. Everyone is welcome at SATS, regardless of their skin color, 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 club managers have started their careers as a group training instructor, personal trainer or receptionist at a SATS club.

Account on equality and discrimination

We put equality and non-discrimination high on the agenda. We are also obligated under Norwegian law to work actively, targeted and systematically to promote and prevent discrimination in the workplace. Section 26 of the Norwegian Equality and Anti-Discrimination Act states, among other things, that all private companies with more than 50 employees must 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 second year.

The figures in the table below include all employees working within the SATS group. The subcategories are based on input that is comparable, meaning that we measure equal work and equally valued work. The subcategories were presented to the Working Environment Committee (AMU, Arbeidsmiljøutvalg) for input. In SATS, certain employees can have several roles. For example, a club manager can also be a group training instructor and a PT can also be a group training instructor. The figures presented in the table below count the number of positions rather than the number of employees.

Part-time work

SATS has many full-time employees, particularly in our service office and in club management positions, but we have even more part-time employees. We operate with long opening hours every day, including weekends and public holidays. Our opening hours typically attract students and other people who do not have the opportunity to work full-time. The same goes for our group training instructors, who often have only a small number of classes they instruct while maintaining a full-time position outside of the SATS organization.

It is possible for our part-time employees to work at multiple

Ratio of average salary for women to men

	Norway[1]			Group		
	Ratio	**Women**	**Men**	**Ratio**	**Women**	**Men**
Management level 1	128%	50%	50%	124%	56%	44%
Management level 2	97%	38%	62%	101%	45%	55%
Support	97%	64%	36%	105%	59%	41%
Management Operation	102%	78%	22%	97%	76%	24%
Employee Operation	98%	69%	31%	97%	65%	35%
Group training, PT and treatments employees	104%	70%	30%	102%	73%	27%
Total	**102%**	**69%**	**31%**	**104%**	**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	70.3%	24.5%	65.1%	27.4%
Total weeks parental leave	2,430	1,400	3,760	1,509
Parental leave as share of employees	2.0%	0.7%	2.5%	0.9%

Key employee statistics

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

	Norway		Sweden		Finland		Denmark		Total	
Employment	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Number of employees[1]	4,198	3,644	3,291	3,121	941	902	1,053	924	9,483	8,591
Number of full time equivalents	894	1,068	841	901	289	281	237	212	2,261	2,461
of which are on permanet contracts	92%	93%	66%	69%	99%	99%	99%	100%	83%	84%
of which are on temporary contracts	8%	7%	34%	31%	1%	1%	1%	0%	15%	16%
of which are on fixed paid contracts	9%	11%	14%	15%	11%	13%	8%	7%	11%	13%
of which are on hourly paid contract	91%	89%	86%	85%	89%	87%	92%	93%	89%	87%
Number of GX instructors	2,025	1,902	1250	1,183	437	410	419	392	4131	3,887
Number of Personal Trainers	439	464	494	479	108	113	105	84	1146	1140
Number of employees at the service office	191	175	154	93	47	34	26	18	418	320
Sick leave	3%	3.1%	5%	10.8%	10.8%	13.3%	4.4%	2.9%	4.9%	6.1%
Diversity										
Percentage of women, total	72%	72%	67%	67%	84%	84%	56%	57%	70%	70%
Percentage of women among leaders[3]	69%	69%	70%	68%	78%	84%	52%	49%	69%	69%
Percentage of women, Extended Group Management									50%	50%
Percentage of women, Board of Directors									40%	40%
Percentage of employees below age 30	49%	46%	42%	42%	47%	48%	54%	51%	46%	45%
Percentage of employees between age 30–50	40%	44%	45%	46%	47%	47%	30%	33%	42%	44%
Percentage of employees above age 50	10%	11%	13%	12%	5%	5%	15%	16%	12%	11%
Equal salary										
Ratio of average salary for woman to men, fixed paid contracts	96%	94%	99%	99%	83%	87%	93%	91%	92%	91%
Ratio of average salary for woman to men, hourly paid contracts	102%	102%	110%	110%	102%	102%	111%	110%	107%	105%

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

clubs, thus bringing their employment percentage higher should such be preferable. We have, however, not received any indications that there are involuntary part-time employees in our organization. Furthermore, we publish all new job openings on our intranet to ensure that employees already working in SATS who want to work more can apply for the positions. We prioritize existing part-time employees when recruiting.

Gender, ethnicity and functional ability

As a market leader in the Nordic fitness industry and with a majority of young employees—many of whom are in their first job—SATS has a responsibility to work actively to be an inclusive, culturally and ethnically diverse workplace. Diversity and inclusion are fundamental parts of who we are as an organization, both from the employee and member perspectives. We experience that our employees feel the same. Currently, women are overrepresented in the company, both in total and among leaders. This, in turn, results in 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.

Equal pay

In Norway, Sweden and Denmark, the majority of our operational roles are regulated in collective bargaining agreements. In Finland, our salary model is based on industry benchmarks. The graph below sets out the percentage of employees covered by collective bargaining agreements.

For operational roles that are comparable, we use salary matrices 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 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 favor of men. This can partly be explained by the fact that we have built up an internal IT development team after previously outsourcing this service. The senior positions of this team are primarily held by men. The challenge of an overrepresentation of men in senior positions also exists in other departments (excluding the Nordic management group). Nevertheless, we see that we need to take action to assure that the gap is reasonable and not in favor of the best negotiator. All SATS employees should receive a fair salary based on their role, experience and level of education.

The Norwegian Equality and Anti-Discrimination Act Section 26 states inter alia that private companies with more than 50 employees, such as SATS, must 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 second year.

The tables included in this report include all employees working in SATS. Reference is made to the table entitled Ratio of average salary for women to men. We see that there is somewhat of a larger salary gap between men and women in Management Level 1, with women having a higher salary than men. This can be explained by seniority. The other sub-categories have smaller gaps between genders.

Discrimination

At SATS, we work actively against discrimination through education for club managers, information for all employees and encouragement for all company leaders to set a good example.

During 2023, the company had zero reports of incidents of discrimination. We are nevertheless aware that discrimination exists in our society in many shapes and forms and is not always recognized or reported. Despite our efforts, we understand that SATS, with 276 clubs and close to 44 million visits each year, is likely not completely shielded from discrimination. We will therefore continue to work to build awareness about discrimination within the organization, always with a zero-tolerance approach.

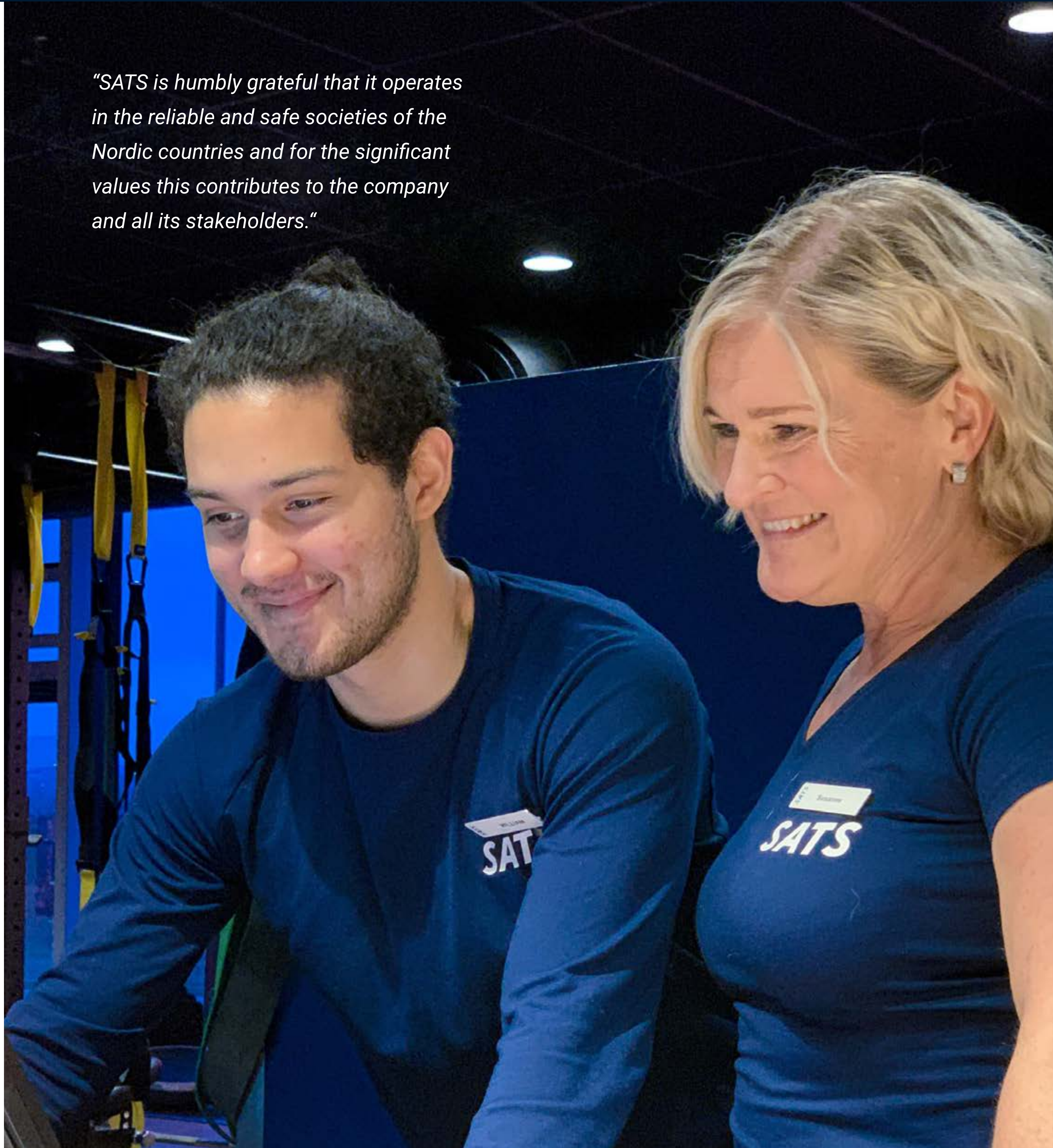
GOVERNANCE

Within the area of governance and compliance with applicable laws, the following topics were identified through the double materiality assessment as the most material for SATS. These are the areas in which we have the most material impact, risks and opportunities and where we will continue to focus on going forward.

- The topic of privacy and data management is very important for SATS as an organization that collects, stores and processes data about our many members and employees. We need to consider the responsible and ethical handling of personal data and the protection of individuals' privacy rights when we collect, store and process personal data in addition to being transparent, considering the purposes of our data processing activities, and honoring individuals' right to provide informed consents. The topic also covers efforts to prevent data breaches and unauthorized access to personal information (data security).

- Corporate culture refers to how SATS fosters our corporate culture (shared values, beliefs, norms and behavior). This includes inter alia which values are most material for us, how our leaders create an environment where these values are seen as material and influence our decision-making processes, and how our employees are engaged to identify with the business culture. In the context of sustainability, how sustainability work is perceived, integrated and practiced throughout the organization is relevant, especially how that affects the long-term commitments to responsible and ethical business practices. Other aspects are how policies are implemented in our organization, how we ensure training in our policies, and the protection of whistleblowers.

- SATS has a number of suppliers in order to carry out our business, meaning that supplier management represents a huge part of how we conduct our business and create culture. This topic addresses the business conduct aspect and how we select suppliers and manage the relationship with our suppliers to ensure fair treatment of suppliers, and that the suppliers' activities are aligned with SATS' expectations (environmentally, but also socially and ethically).



SATS is a Nordic-oriented organization, operating in Norway, Sweden, Denmark and Finland. 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, while 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.

PRIVACY AND DATA MANAGEMENT

(GRI indicator: 418-1)

SATS has a large member base, and all members are subject to the respective statutory consumer protection regulations in Norway, Sweden, Denmark and Finland. Because of the high number of members, and correspondingly high amounts of data SATS processes about our members, we recognize that we have a responsibility to handle member data correctly and securely. The company's IT and digital development departments undertake the responsibility for our member privacy in strong collaboration with our internal legal and compliance function.

Privacy and data protection laws protect the integrity and confidentiality of a person's private information. As a company, we are committed to protecting the privacy rights of our members, employees and any other person with whom we do business or otherwise interact with. We will only use personal data for appropriate purposes, and we will process personal data in compliance with applicable laws and regulations. SATS' privacy notice provides information about inter alia the data we process and the legal basis for us processing such data, how long we store data, etc., which is available on our websites (sats.no/se/dk, elixia.fi and freshfitness.no). SATS also has a privacy policy that is available on our website.

The General Data Protection Regulation (GDPR) came into force in 2018, imposing strict requirements on SATS as a group while at the same time granting our members certain rights in connection with the collection, use, and storage of personal data. In accordance with this regulation, our members inter alia 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 our third parties that have received personal data from us), (ii) modify their collected personal data, for example due to errors in the personal data stored and used by us (for example if they have new contact or payment information), (iii) restrict the use of their personal data; and (iv) data portability, which means that an individual has the right to request that personal data is provided to the individual in a machine-readable, usable format.

We have a set of internal routines and policies in place to ensure that we comply with the GDPR. This includes routines for handling personal data in our day-to-day operations, through customer services and when developing new programs and digital solutions, and when entering into new agreements relating to collection and use of personal data. We have always had member privacy and security on our agenda as an important aspect of our business.

In February 2023, we received a NOK 10 million fine from the Norwegian Data Protection Authorities (Datatilsynet). The infringements 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 subjects about its 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 situations could have been handled better by SATS, we are still of the view that the consequences were disproportional when considering that the infringements were modest and that no sensitive information was leaked to third parties or otherwise resulted in any real harm for the two persons involved. As a result of these incidents, we—as any other diligent company would need to do—have increased the use of resources and our focus on GDPR compliance and will try our very best to ensure that similar incidents do not occur again. As an example, during 2023 we have initiated a separate GDPR project to quality assure our compliance and training set-up. We have also hired an in-house data privacy specialist who will be part of our internal legal and compliance function and can further facilitate our compliant use of personal data. Additionally, we have introduced a new arrangement where we will measure and report on an annually basis the share of relevant SATS employees who fulfil our mandatory training program to become GDPR Certified. Our target each year is for 100% of our new employees (excluding group training instructors) to complete the training program so we can strengthen the competency within this area across our organization.

CORPORATE CULTURE

SATS' engagement survey – the eNPS

Our employees create the atmosphere at our clubs and inspire members every day to be healthier and happier. We are therefore vulnerable to changes in our unique culture, which could affect not only our working environment but also how we are perceived by our members and our brand value.

SATS' engagement survey is a powerful tool that helps us register the pulse of our organization by measuring engagement and well-being among our employees. The valuable insights that we collect enable us to improve the employee experience—and, in turn, the member experience—at SATS so our unique culture, built by our amazing employees, can attract and retain both our existing colleagues and our members. An important aspect we measure as part of our engagement survey is the eNPS. We also monitor the engagement index and participation rate, which is described in more detail in the section Working conditions section above.

The 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). The eNPS is calculated as the share of Promotors minus 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. The SATS Group's eNPS for 2023 was 19 compared to 16 in 2022. We will continue to build an even better employee experience.

Working with the results from the eNPS is a relevant part of the dialogue with our employees. It also provides valuable input to understand the status and developments of our corporate culture and how this is perceived by our employees. We have therefore introduced a new target in relation to corporate culture, where we will report externally on an annual basis the results of our eNPS. The target is to have an eNPS score that outperforms the reference index.

Performance reviews

As part of building our culture, we believe it is important to encourage a good dialogue between managers and employees. SATS therefore encourages club managers to prioritize dialogue and feedback on an ongoing basis rather than just in annual performance reviews. We also encourage all our SATS colleagues to give each other feedback—good or bad—to ensure that we help each other improve and salute each other when we do something good. If feedback is only given in a formal meeting with a manager, many everyday situations will be forgotten and never discussed. These moments are also highly relevant for measuring performance and developing skills over time. Frequent practice on how to give and receive constructive and helpful feedback is therefore something we focus on.

In addition to consistent feedback, we also offer employees annual performance reviews, which are normally carried out in the spring. Our routines are slightly different across our operative countries as further explained below.

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.

Anti-corruption

(GRI indicator: 205-3)

We strive to ensure that SATS' operations are conducted in accordance with laws and regulations and with high integrity. Anti-corruption is therefore very important, even though Nordic and European countries generally are among the highest-rated countries on Transparency International's corruption perceptions index. In addition to Nordic and European suppliers, we also have some suppliers operating outside of Europe, primarily with production facilities in Asia.
Corruption undermines legitimate business activities, distorts competition, ruins reputations and exposes companies and individuals to severe risk. Although we, as a Nordic operating organization, represent low corruption risk, we need to be mindful when contracting with third parties. SATS has a zero-tolerance policy for corruption in any shape or form, including bribery, facilitation payments (money laundering), and trading in influence. We are committed to complying with all applicable anti-corruption laws and regulations and take active steps to ensure that corruption does not occur in connection with 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 thereby supporting efforts to combat corruption worldwide. SATS' business ethics also include avoiding conflicts of interest, money laundering, unfair competition and breaching rules related to gifts and hospitality. Our Code of Conduct provides guidelines for the Nordic management group and employees on how to act and behave as a SATS employee, in accordance with our norms, rules and responsibilities. The Code of Conduct is available on our website.

As part of our work against corruption, a priority of ours is to make sure that all employees feel confident in how to behave responsibly. All employees are offered an online course on SATS' Code of Conduct. We also make sure that new employees are informed about this and receive training in our Code of Conduct as part of their onboarding process.

For more information about our supplier management, see the section on supplier management below.

Whistleblowing

In order to maintain high ethical standards, we provide the public, our members and our employees with the opportunity to report issues that are, or which they suspect to be, illegal and of public interest. There are three ways to submit a report, depending on what the whistleblower is comfortable with. There is no need to provide evidence when reporting an incident, but we encourage everyone to submit reports in good faith.

- **Alternative 1:** Contact a supervisor or manager within our organization.
- **Alternative 2:** Contact the organization's whistleblower team (i.e., appointed individuals with the authority to handle whistleblowing cases). The identity of such individuals is available on our intranet.
- **Alternative 3:** Anonymous reporting through our whistleblower system. This is a system that is publicly available on our websites (sats.no/dk/se and elixia.fi). The system can be used to report serious misconduct that could affect individuals, SATS as an organization, society or the environment.

Our designated whistleblower team has sole access to whistleblowing reports made through the whistleblower system. All members of our whistleblower team are bound by a confidentiality agreement. The whistleblower team decides whether to accept or decline a report. Accepted reports of alleged misconduct are subject to investigation in accordance with SATS' whistleblowing guidelines. During this investigation, the whistleblower team may include other people or request information and expertise. All activities carried out in this respect are covered by the confidentiality agreement.

In 2023, our whistleblowing service received a total of 184 reports, of which 86 were not related to any ethical misconduct but rather to unrelated events, such as equipment and service at our clubs (comments that typically should be directed to our customer service channel). The remaining reports were related to HR matters, such as poor leadership, colleagues not feeling well and failures by employees to follow SATS' values. There were also 15 reports of suspected drug use.

Protection of whistleblowers (when non-anonymous)
A fundamental aspect of having an effective whistleblower system is that it eliminates the risk of persons expressing genuine suspicions or misgivings losing their job or suffering any form of sanctions or personal disadvantages as a result of their report. It does not matter whether the whistleblower was mistaken, provided they acted in good faith.

Another part of the whistleblowing process to be mindful of is the privacy of those against whom allegations have been made and other issues of confidentiality. A non-anonymous whistleblower will be kept informed about the outcome of the investigations made on the basis of their reporting to the extent such is allowed under applicable privacy laws and regulations. In cases of alleged criminal offenses, the whistleblower will be informed that their identity may need to be disclosed during judicial proceedings.

Protection of information provided in a whistleblower report
The individuals specified in a whistleblower report have certain rights under the GDPR. For example, they have the right to access data relating to themselves and, should the information be incorrect, incomplete or out of date, the right to require amendments or deletion of data. This right needs to be considered in light of the non-anonymous whistleblower's rights. Furthermore, the rights are also subject to any overriding safeguarding measures required to prevent the destruction of evidence or other obstructions to the processing and investigation of the whistleblower case.

Personal data included in a whistleblower case is deleted following completion of the investigation. Any investigative documents and whistleblower reports SATS needs to keep undergo anonymization.

"Any investigative documents and whistleblower reports SATS needs to keep undergo anonymization."

SUPPLIER MANAGEMENT

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

Responsible procurement

When we procure products and services relevant for our operations, we have the opportunity to impact our suppliers by providing them with incentives to improve on topics relating to E, S and G. This opportunity is most significant when dealing with companies operating in the Nordic health and fitness industry, where SATS is a leading actor and represents a large and valuable customer for its suppliers. We believe that our actions, particularly in the Nordic market, can drive valuable improvements, and we are in this respect committed to using our purchasing power wisely and as effectively as possible.

From our perspective, it is more challenging for a company like SATS to exercise influence in its global supply chain, where we represent a much smaller part of our suppliers' customer group. Keeping SATS as a customer or partner is less meaningful for our global suppliers' revenue and reputation, thus affecting our power to impact such suppliers to run their business in a more sustainable manner. Nevertheless, we have the opportunity to choose which suppliers we want to work with going forward. Our suppliers' focus, initiatives and work related to E, S and G matters are relevant factors in our procurement process and when evaluating renewal of contract terms.

SATS' purchasing policy ensures that we use our opportunity as a buyer to exercise responsible procurement. Our policy addresses delegation of authority and responsibilities related to the purchasing of goods and services and is applicable to all employees who are involved in purchasing decisions.

For purposes of reducing sustainability risk and to incentivize responsible E, S and G behavior by our suppliers, our procurement strategy is to source products from large, established, preferably Scandinavian, suppliers and distributors. The implication of this strategy might be a higher purchasing price on some products and services compared to prices offered by global suppliers, but in turn, SATS believes that it is able to have a better long-term relationship with a more influential voice and impact. SATS is not aware of any of our suppliers having a significant, actual or potential, negative social or environmental impact. We have conducted a comprehensive risk assessment of our primary suppliers, categorizing them into low-, medium-, and high-risk segments. It is essential to note that a high-risk designation does not inherently translate to an automatically negative impact on ESG factors. Instead, it indicates that the suppliers operate in a sector or region characterized by elevated risk factors.

We introduced our Supplier Code of Conduct in 2019. Since then, we have included it in all of our written supplier agreements. The Supplier Code of Conduct clarifies SATS' expectations to its suppliers on topics relating to anti-corruption/anti-bribery, human rights, environmental aspects, etc., and is publicly available on our website.

As part of SATS' work to comply with the Norwegian Transparency Act, during 2023 we sent out questionnaires to some high-risk suppliers and engaged in more in-depth due diligence processes for our supply chain in order to, among other things, identify the extent to which our suppliers comply with our Supplier Code of Conduct. In the next few years, we will continue to work with our suppliers to get to know them better, including the risks related to material violations of decent working conditions, fundamental human rights and other sustainability risks imposed through their operations and whether SATS on this basis can continue the cooperation in the short-, medium- or long-term.

The process of selecting suppliers and purchasing goods and services is a shared responsibility between the requisitioning business unit and the purchasing department in SATS. When a business unit makes a purchasing request, SATS' purchasing organization evaluates the scope of the request, whether there is a need for contracting a supplier, whether initiating a major sourcing project is relevant, and if the need is country specific or similar for all countries where SATS operates.

SATS does not have its own warehouses or logistics departments. Instead, we work with local distributors who manage supply and logistics directly to our clubs. Employees working at clubs order products through a purchasing portal available only to the SATS organization. Products available for order through this portal include paper towels, cleaning detergents, cleaning equipment and retail goods for sale in our at-club retail shops (e.g., food and drinks, training supplements, apparel and light equipment). All products for sale in the purchasing products are sold through contracted suppliers and/or distributors with whom SATS' purchasing department has procured and entered into purchasing agreements. As part of its operations, SATS is a purchaser of cleaning services for its more than 276 clubs across the Nordics. Cleaning services are considered to be a purchasing category that involves a higher risk of violations of, in particular, decent working conditions and other fundamental human rights compared to certain other services acquired by SATS (e.g., advisory and consultancy services). To reduce the risk, SATS works with its supplier agreement to have a contractually agreed process for dialogue between the supplier of cleaning services and SATS' club managers, as well as a right for SATS to see employment agreements and salary receipts (anonymized in accordance with applicable privacy regulations). These meetings and dialogue create transparency, and any challenges or issues can be addressed and resolved. In 2024, about 100 of these agreements are up for renewal, and we will consequently prioritize ESG factors in the renewal process.

Furthermore, another identified higher risk purchasing category is construction—particularly in connection with establishing and renovating our clubs. SATS' policy is to reduce risks relating to sustainability matters as much as possible, and we therefore choose to work with large established firms that can be expected to handle sustainability matters in a responsible manner. In addition, our construction project managers work closely with the construction suppliers on all of SATS' building projects.

Changes in SATS' supply chain during 2023

We are no longer procuring/sourcing directly from China or Vietnam

STATEMENT ON THE EU TAXONOMY FOR SUSTAINABLE ECONOMIC ACTIVITIES 2023

SATS is as a non-financial company subject to the EU Taxonomy Regulation, based on the Article 8 of the regulation. The main objective of the taxonomy is to further assist investors and other stakeholders in making informed investment decisions on environmentally sustainable economic activities. There are certain predefined criteria for determining whether an economic activity can be classified as environmentally sustainable. When identifying taxonomy-eligible and aligned economic activities within the SATS group, the starting point has been to start screening the activities.

Screening and assessment procedures

We are for the first time reporting on revenue (turnover), capital expenditure and operating expenses that are associated with Taxonomy-eligible and Taxonomy-aligned economic activities, in accordance with regulation EU (2020/852) and the supplementing delegated acts.

In order to comply with the regulation, SATS has set up a procedure to analyse its activities carried out during the year. The process was structured in three main phases:

- Identification of eligible activities
- Identification of aligned activities
- Calculation of the turnover, CapEx and OpEx KPIs.

The assessment is based on applicable laws and regulations, as well as information available and sector knowledge. Compliance with the technical screening criteria will be tested individually for each economic activity, as well as an assessment of do no significant harm (DNSH).

Safeguards

The Taxonomy Regulation describes minimum safeguards in line with the principles defined by the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the ILO's eight fundamental conventions, and the International Bill of Human Rights. Our economic activities are carried out in compliance with the minimum safeguards criteria set out by the EU Taxonomy Regulation and do not violate social norms, including human right and labour rights. More information regarding this can be found in the following sections:

- Human rights including workers' rights
- Bribery and corruption
- Taxation
- Fair compensation

Identifying eligible activities

Turnover

Net turnover refers to the amounts derived from the sale of products and services after the deduction of sales rebates, value-added tax, and other taxes directly linked to turnover (The Accounting Directive, 2013/34/EU). In order to assess whether our activities related to turnover are eligible our first step has been to define the activities. For SATS these include:

- Revenue related to membership to our training facilities.
- Revenue related to sale of personal training and physiotherapists to our members.
- Revenue related to retail activities, including amongst other sportswear, water, protein bars.

These activities are not, as of now, included in the Climate Delegated Act. As such, we haven't found that there are any economic activities related to our turnover that is eligible. In sum, 0% of our turnover is eligible.

Capital expenditure (CapEx)

CapEx is classified as additions to tangible and intangible assets during the financial year. This includes property, plant and equipment, investment property, agriculture, leases, and intangible assets. SATS do not own real estate and have this past year not attributed to any major renovations which has led to a reduction in primary energy demand of 30%. We therefore have no economic activities related to CapEx, and therefore 0% of capital expenditure is eligible.

Operating expenditures (OpEx)

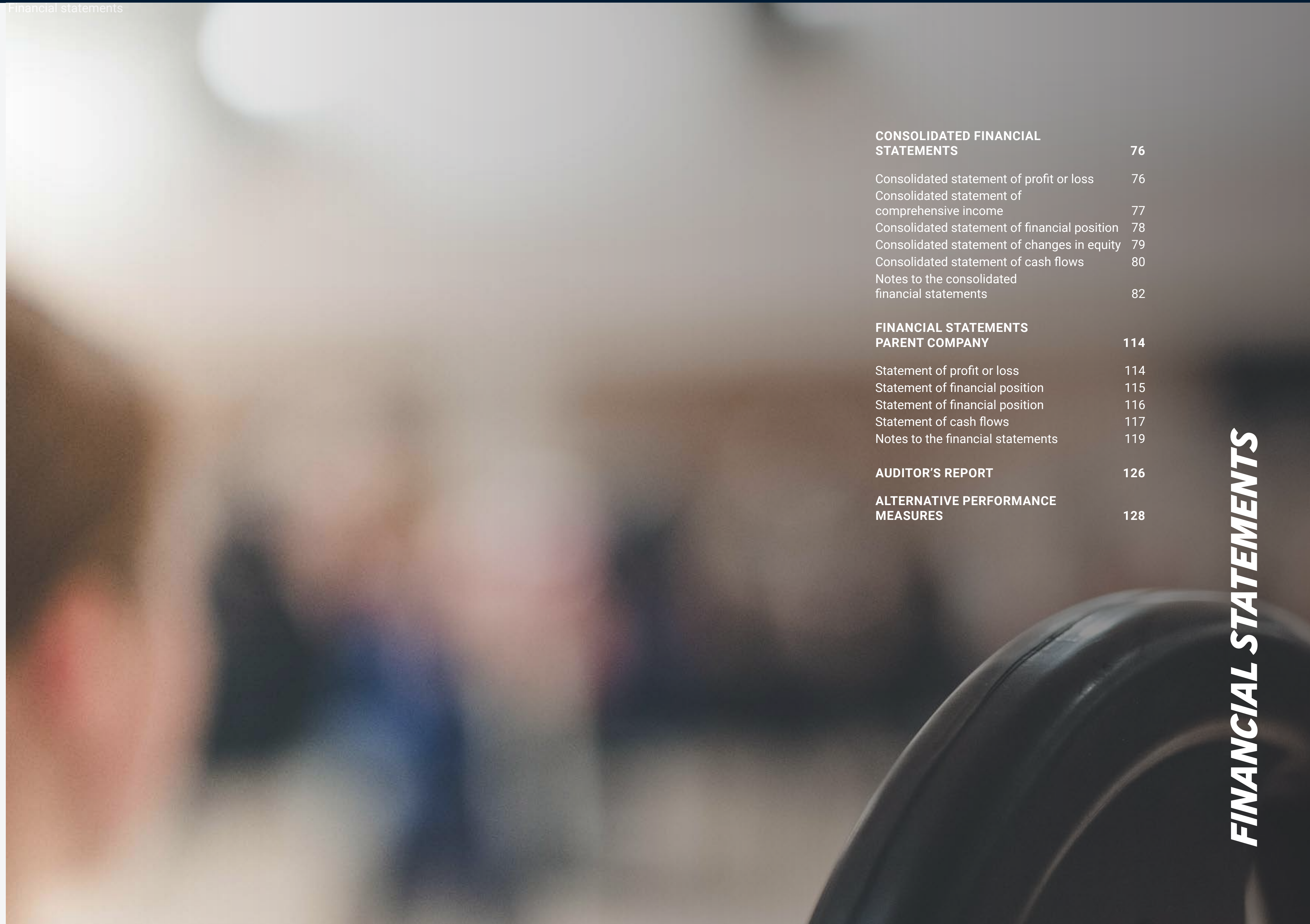
Operating expenditures are the direct expenditures related to day-to-day servicing of assets of the property, plant and equipment that are necessary to ensure continued and effective use. SATS has identified one Taxonomy-eligible activity:

- Installation, maintenance, and repair of energy efficiency equipment (Annex 1. Point 7.3)

SATS is in the process of replacing all lighting with LED-lighting in our training facilities. This activity is in accordance with the criteria for individual measured that contribute to climate change mitigation (d) installation and replacement of energy efficient light sources.

SATS has also installed a system called "Datavaktmesteren" at selected clubs in Norway. This system automatically controls the ventilation, optimizing air amounts based on the varying demands during the day. Similar ventilation systems are also installed in clubs in other countries, although in these cases they are often owned by the landlord. This activity is in accordance with the criteria for individual measured that contribute to climate change mitigation (e) installation, replacement, maintenance and repair of heating, ventilation, and air-conditioning (HVAC) and water heating systems, including equipment related to district heating services, with highly efficient technologies.

Although these additions are important to us in our efforts to become more sustainable, they do not amount to much overall. Total costs within this activity amounts to a total of MNOK 3,2, which represent 0% of total operating expenditures as presented in the financial statements.



FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	2023	2022
(Amounts in NOK million for the period ended December 31)			
Revenue	6, 7, 10	**4,734**	**4,082**
Operating expenses			
Cost of goods sold[1]		-137	-162
Personnel expenses[1]	8	-1,677	-1,572
Other operating expenses	9, 10, 14	-1,136	-1,208
Depreciation and amortization	13, 14, 15	-1,178	-1,120
Total operating expenses		**-4,127**	**-4,062**
Operating profit		**607**	**20**
Interest income		50	12
Financial income		106	80
Interest expense	23	-395	-300
Financial expense		-55	-73
Net financial items	11	**-293**	**-281**
Profit/loss before tax		**313**	**-261**
Income tax	12	-89	15
Profit/loss for the year		**224**	**-246**
Profit/loss for the year is attributable to:			
Equity holders of the parent company	22	224	-246
Total allocation		**224**	**-246**
Earnings per share in NOK			
Basic earnings per share attributable to the ordinary equity	22	1.10	-1.25
Diluted earnings per share attributable to the ordinary equity	22	1.10	-1.25

[1)] A reclassification between Cost of goods sold and Personnel expenses of NOK 15 million is recognized in 2022.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2023	2022
(Amounts in NOK million for the period ended December 31)		
Profit/loss for the year	**224**	**-246**
Other comprehensive income		
Foreign exchange rate changes - may be reclassified to profit or loss	-62	28
Other comprehensive income, net of tax	**-62**	**28**
Total comprehensive income	**162**	**-219**
Total comprehensive income is attributable to:		
Equity holders of the parent company	162	-219
Total comprehensive income	**162**	**-219**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Amounts in NOK million at December 31)	Notes	2023	2022
NON-CURRENT ASSETS			
Intangible assets			
Goodwill	13	2,535	2,478
Customer relations	13	15	25
Trademark	13	1	1
Internally developed software	13	77	84
Total non-current intangible assets		**2,628**	**2,588**
Property, plant and equipment			
Right-of-use assets	14	4,570	4,161
Leasehold improvements	15	411	431
Fitness equipment	15	240	233
Other equipment, fixtures and fittings	15	54	59
Total non-current property, plant and equipment		**5,275**	**4,884**
Financial assets			
Derivative financial instruments	25, 26	36	47
Other non-current receivables	16, 28	63	50
Total non-current financial assets		**100**	**96**
Deferred tax asset	12	178	239
Total non-current assets		**8,181**	**7,806**
CURRENT ASSETS			
Inventories	18	55	57
Other current receivables	19	86	54
Accounts receivables	19	136	126
Prepaid expenses and accrued income	19	237	287
Derivative financial instruments	25, 26	6	0
Cash and cash equivalents	20, 24	282	345
Total current assets		**802**	**868**
Total assets		**8,983**	**8,675**

(Amounts in NOK million at December 31)	Notes	2023	2022
EQUITY			
Share capital	21	435	431
Share premium		3,050	3,045
Treasury shares		-24	-14
Other reserves		-1	65
Retained earnings		-2,441	-2,668
Total equity		**1,020**	**860**
LIABILITIES			
Non-current liabilities			
Deferred tax liability	12	78	71
Borrowings	23, 24	1,721	1,970
Lease liability	14, 23, 24	4,009	3,666
Total non-current liabilities		**5,808**	**5,707**
Current liabilities			
Borrowings	23, 24	17	19
Lease liability	14, 23, 24	929	869
Contract liability	27	548	584
Trade and other payables		130	116
Current tax liabilities	12	2	6
Public fees and charges payable		115	91
Other current liabilities	27	415	423
Total current liabilities		**2,155**	**2,108**
Total liabilities		**7,963**	**7,815**
Total equity and liabilities		**8,983**	**8,675**

Oslo, March 22, 2024
Signed electronically

Hugo Lund Maurstad	**Martin Folke Tiveus**	**Maria Tallaksen**	**Andreas Høgdall Holm**	**Lisa Åberg**	**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, 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**
Equity January 1, 2023		**431**	**3,045**	**-14**	**58**	**6**	**-2,668**	**860**	**860**
Profit for the year							224	224	224
OCI for the year					-62			-62	-62
Total comprehensive income for the year		**0**	**0**	**0**	**-62**	**0**	**224**	**162**	**162**
Investment program				4		-4	4	4	4
Share issues and capital increase expenses	22	4	5					8	8
Proceeds from sale of own shares				6				6	6
Repurchase of shares				-21				-21	-21
Equity December 31, 2023		**435**	**3,050**	**-24**	**-3**	**2**	**-2,441**	**1,020**	**1,020**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2023	2022
(Amounts in NOK million for the period ended December 31)			
Cash flow from operating activities			
Profit/loss before tax		313	-261
Adjustment for:			
Taxes paid in the period	12	-4	-23
Profit/loss from sale of gym equipment	15	-1	9
Depreciation, amortization and impairment	13, 14, 15	1,178	1,120
Net financial items	11	293	281
Change in inventory	18	2	0
Change in accounts receivables	19	-11	-8
Change in trade payables		13	-21
Change in other receivables and accruals	27	-26	-15
Net cash flow from operations		**1,758**	**1,082**
Cash flow from investing			
Purchase of property, plant and equipment and intangible assets	13, 15	-167	-256
Loan to related parties	28	-6	-10
Proceeds from property, plant and equipment		1	1
Acquisition of subsidiary, net of cash acquired		0	-49
Net cash flow from investing		**-172**	**-313**
Cash flow from financing			
Repayments of borrowings	23	-288	-309
Proceeds from borrowings	23	0	200
Installments on lease liabilities	14	-947	-852
Paid interest on borrowings	23	-123	-120
Interest on lease liabilities	14	-224	-189
Proceeds from issues of shares	22	8	601
Purchase of own shares	21	-21	0
Proceeds from sale of own shares	21, 22	6	3
Transaction costs from issues of new shares		0	-13
Other financial items	11	1	-1
Net cash flow from financing		**-1,587**	**-681**
Net increase/decrease in cash and cash equivalents		**-1**	**88**
Effect of foreign exchange rate changes on cash and cash equivalents		-63	-24
Cash and cash equivalents at the beginning of the period		345	281
Cash and cash equivalents at the end of the period	20	**282**	**345**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 General information

SATS ASA (parent) and subsidiaries represent the leading fitness club operator in the Nordic region with 276 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, 2023 are available at our website.

The Group ownership is as follows: 27.4% by TG Nordic Invest, 23.9% by AF III Holdco AS, 6.4% by Canica AS, 3.9% by Maaseide Promotion AS, 3.7% by SATS Management Invest AS and 34.7% 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 March 22, 2024.

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 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 club membership is recognized over the subscription period

- 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 2023 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 2 535 million as at the balance sheet date. The Group tests whether goodwill has suffered any impairment on an annual basis. For the 2023 and 2022 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 77 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
Deferred tax assets recognized as at December 31, 2023 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 club 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 club memberships, personal trainer sessions and retail sales through the fitness clubs' stores and the Group's website. The Group's sales are made primarily from fitness clubs in Norway, Sweden, Finland and Denmark.

The Group's chief operating decision maker is the Nordic Management Group, consisting of the CEO, Group functions (CFO, Chief Digital Officer, Chief Marketing Officer, Chief Product Officer 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] and Country EBITDA before impact of IFRS 16[1] to assess the performance of the operating segments. However, the Nordic Management Group also receives information about the segments' revenue and the consolidated balance sheet of the Group on a monthly basis.

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

[1)] *For further information about definitions, please see Alternative Performance Measures.*

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.

Operating segment information

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

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

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

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:

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**

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 2023						
Total non-current intangible assets	1,673	225	642	10	78	2,628
Non-current tangible assets[1]	2,015	2,015	618	627	0	5,275
Total non-current financial assets	0	1	0	46	53	100
Deferred tax asset	58	64	23	1	31	178
Current assets	723	309	150	-8	-371	802
Total assets	**4,468**	**2,613**	**1,434**	**676**	**-208**	**8,983**
Total liabilities	**2,221**	**2,477**	**794**	**1,347**	**1,124**	**7,963**
Investments	53	44	15	15	39	167
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

1) Non-current tangible assets consist mainly of right-of-use assets, capitalized improvements on the leased fitness club 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 club memberships, where customers get access to one or more of the Group's fitness club 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 club 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 club, or through customer service 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 club 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 club 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 club 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	**2023**
(Amounts in NOK million)			
Norway	1,763	389	2,153
Sweden	1,281	315	1,597
Finland	390	76	466
Denmark	436	80	516
Group functions and other	0	3	3
Revenue from contracts with customers	**3,870**	**864**	**4,734**

Point-of-time revenue recognition	
Other revenue	864
Membership revenue[1]	41
Total point-of-time revenue recognition	**905**
Period-of-time revenue recognition	
Membership revenue	3,829
Total period-of-time revenue recognition	**3,829**

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

(Amounts in NOK million)	Membership revenue	Other revenue	**2022**
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.*

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, 2023, 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 2023 that relates to advance payments from customers.

Contract liabilities	**2023**
(Amounts in NOK million at December 31)	
Contract liabilities as at the balance sheet date	
Membership subscriptions	379
Gift cards	1
PT sessions	182

Revenue recognized from contract liabilities	**2023**
(Amounts in NOK million)	
Revenue recognized in this period that was included in the contract liability balance at the beginning of the period	
Membership subscriptions	348
Gift cards	3
PT sessions	253

Compensation packages related to COVID-19
Compensation packages related to COVID-19 and club closure across the club network are recorded as other revenue. No COVID compensation was received in 2023. In 2022, there was compensation received amounting to 15 MNOK.

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	**2023**	2022
(Amounts in NOK million)		
Salary expenses including bonuses, holiday pay and other costs	-1,422	-1,342
Social security contributions	-179	-160
Pension costs	-77	-69
Total personnel expenses	**-1,677**	**-1,572**

Full-time equivalents	**2023**	2022
Norway	894	1,068
Sweden	841	901
Finland	289	281
Denmark	237	212
Total	**2,261**	**2,462**

Personnel expenses increased while full-time equivalents decreased in 2023 compared to 2022. The increase in personnel expenses is primarily attributed to higher salaries and a weaker NOK, leading to higher personnel expenses when reconsolidating.

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, 2023, the Group had obligations of NOK 10 million (NOK 15 million as at December 31, 2022). As at December 31, 2023 and December 31, 2022, the scheme covered 6,932 (6,488) employees.

The Group recognized an expense of NOK 77 million in 2023 (NOK 69 million in 2022) related to defined contribution plans.

Employee share purchase program (ESPP)

A share-based investment programme was approved at the Company's annual general meeting held on May 26, 2020. All the employees of the Group, were offered to purchase shares in the Company for a maximum amount, which depended on position, with a 15-25 percent discount on the share price. The size of the discount depended on the duration of the lock-up obligation. Since the first initiation, the programme has been offered on an annual basis and in total 357 employees have applied for shares in the company.

As part of the Share Investment Program, certain senior executives and other key employees, may be rewarded additional shares in the Company without consideration (Matching Shares) in the ratio 0.33:1 based on the number of shares acquired under the program, subject to certain conditions being fulfilled. The conditions for awarding Matching Shares acquired in 2020 have been fulfilled, and the board of directors has therefore during 2023 resolved to award a total of 507,316 shares to 15 Participants in the 2020 Share Investment Program (see Note 22 Earnings per share for further details).

Management and Board remuneration
Compensation to senior executives is detailed below.

	2023	2022
(Amounts in NOK million)		
Salary	16	14
Other benefits	1	1
Pension benefits	2	3
Performance based bonus	8	18
Share Based Renumeration	3	1
Total remunination for Senior executives	**31**	**37**

Remuneration to the members of the Board is summarized below.

	2023	2022
(Amounts in NOK million)		
Total fees for Board of Directors	**2**	**2**

More detailed information on the compensation to the Group's Senior executives and members of the Board of Directors is provided in a separate remuneration report prepared in accordance with the Norwegian Public Limited Liability Companies Act § 6-16b. The report for the financial year 2023 is published on SATS' website www.satsgroup.com under 'General meetings'.

NOTE 9 Other operating expenses

Other operating expenses	**2023**	2022
(Amounts in NOK million)		
Property expenses[1]	-657	-682
Marketing expenses	-110	-167
IT expenses	-133	-135
Other operating expenses	-236	-223
Total other operating expenses	**-1,136**	**-1,208**

[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	**2023**	2022
(Amounts in NOK million)		
Expensed auditor fees:		
Statutory audit (including technical assistance - annual accounts)	-5.1	-3.9
Other attestation and assurance services	-0.3	-0.2
Tax advice (including technical assistance corporate tax papers)	0	-0.1
Total auditor's remuneration	**-5.3**	**-4.2**

NOTE 10 Realized net gain/loss

Net gain/loss	**2023**	2022
(Amounts in NOK million)		
Net gain/loss on disposal of property, plant and equipment	0	-9
Net foreign exchange gains/losses	17	-2
Total net gain/loss	**17**	**-12**

NOTE 11 Net financial items

Interest and other financial income	**2023**	2022
(Amounts in NOK million)		
Interest income financial institutions	50	12
Foreign exchange gains unrealized	35	0
Foreign exchange gains realized	20	0
Net gain derivatives unrealized	43	77
Other financial income	8	3
Total interest and other financial income	**156**	**92**

Interest and other financial expenses	**2023**	2022
(Amounts in NOK million)		
Interest expense financial institutions	-171	-111
Interest on lease liabilities	-224	-189
Foreign exchange losses unrealized	0	-12
Net loss derivatives unrealized	-47	-30
Other financial expenses	-8	-32
Total interest and other financial expenses	**-450**	**-373**
Net financial items	**-293**	**-281**

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	**2023**	2022
(Amounts in NOK million)		
Tax payable	-18	-6
Adjustment deferred tax prior year	0	2
Change in deferred tax	-72	19
Total tax income	**-89**	**15**

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

Deferred tax liabilities	**2023**	2022
(Amounts in NOK million at December 31)		
Intangible assets	27	28
Gain and loss account	7	8
Financial instruments	9	10
Untaxed reserves	29	21
Revenues	2	2
Other items	3	2
Total deferred tax liabilities relating to temporary differences	**78**	**71**
Carrying amount deferred tax liabilities	**78**	**71**

Deferred tax assets	**2023**	2022
(Amounts in NOK million at December 31)		
Fixed assets	50	47
Leasing	73	75
Receivables	11	22
Losses carried forward	19	78
Interest	26	17
Total deferred tax assets relating to temporary differences and losses carried forward	**178**	**239**
Carrying amount deferred tax assets	**178**	**239**

Explanation of the change in the deferred tax assets and liabilities:	**2023**	2022
(Amounts in NOK million)		
Net carrying amount deferred tax at January 1	168	141
Charge to profit or loss	-72	19
Charge direct to equity	-1	2
Acquisition of subsidiary	0	6
Exchange differences	5	0
Net carrying amount deferred tax at December 31	**100**	**168**

Losses carried forward as at December 31	**2023**	2022
(Amounts in NOK million)		
Tax jurisdiction:		
Norway (unlimited expiration)	0	276
Finland	222	226
Denmark (unlimited expiration)	947	818
Sweden (unlimited expiration)	93	86
Total losses carried forward	**1,262**	**1,406**

Losses carried forward as at December 31, 2023 - Finland

Unused tax losses incurred	Expiration year	Unused tax losses
(Amounts in NOK million)		
2014	2024	27
2016	2026	14
2017	2027	22
2018	2028	0
2020	2030	36
2021	2031	88
2022	2032	35
Total losses carried forward as at December 31, 2023		**222**

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 uncertainty whether future taxable profits will be available to offset the unused tax losses within a reasonable time frame. 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. Finland has in 2023 utilized losses carried forward from previous years, and indicates that they will be able to continue using them in the coming years. The tax losses must be utilized according to the table above.

The recognized deferred tax asset of NOK 23 million in Finland as at the balance sheet date of December 31, 2023 is related to depreciation differences on fixed assets.

At the balance sheet date of December 31, 2023, 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 93 million that are recognized in the balance sheet as at December 31, 2023. 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 361 million not recognized in the balance sheet as at December 31, 2023, 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.

Reconciliation of tax expense	**2023**	2022
(Amounts in NOK million)		
Profit/loss before tax		
Norway	341	23
Sweden	68	-98
Finland	3	-43
Denmark	-98	-144
Corporate tax rates		
Norway, 22%	-75	-5
Sweden, 20.6%	-14	20
Finland, 20%	-1	9
Denmark, 22%	22	32
Reconciling items:		
Non-deductible expenses	-4	-3
Unused tax losses not recognized as deferred tax assets	-20	-39
Foreign currency effects	2	0
Corrections of prior year tax assessments	0	2
Others	1	-1
Calculated tax income	**-89**	**15**
Weighted average tax rate	28.5%	5.7%

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, 2022					
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**
Year ended December 31, 2023					
Opening net book value	1,669	209	601	0	2,478
Effect of changes in foreign exchange cost	0	15	42	0	56
Closing Net book value	**1,669**	**223**	**642**	**0**	**2,535**
At December 31, 2023					
Cost	1,868	223	652	0	2,744
Accumulated impairment	-199	0	-10	0	-209
Net book value	**1,669**	**223**	**642**	**0**	**2,535**
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, 2022					
Cost	59	268	420	4	750
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**
Year ended December 31, 2023					
Opening net book value	25	1	84	0	109
Effect of changes in foreign exchange cost	3	0	32	0	36
Effect of changes in foreign exchange accumulated depreciation	-2	0	-27	0	-29
Additions	0	0	39	0	39
Amortization charge	-11	0	-52	0	-62
Closing Net book value	**15**	**1**	**77**	**0**	**93**
At December 31, 2023					
Cost	72	267	519	0	857
Accumulated amortization and impairment	-56	-266	-442	0	-764
Net book value	**15**	**1**	**77**	**0**	**93**
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. All relevant CGUs have satisfactory headroom. 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 continue to 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. There are still no signs of members trading down due to lower purchasing power. With a combination of the underlying health and fitness wave and SATS' strong market position, the member base per club is also expected to develop 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. 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 2024 and business plans (2024-2026) 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 (2025-2026) 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

For 2024, 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 2023), both for revenues and cost. For 2025-2028, 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%). 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 2023.

Sensitivity

At December 31, 2023, 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, headroom has significantly improved, and an increase in WACC of approximately 2.0% point, all else being equal, would make the estimated recoverable amount equal to the carrying amount. A reduction in terminal value growth of approximately 2.5% point would, all else being equal, make the estimated recoverable amount equal to the carrying amount.

WACC	**2023**	2022
Norway	7.4%	8.2%
Sweden	7.4%	8.2%
Finland	7.8%	8.7%
Denmark	7.4%	8.2%

NOTE 14 Leases

The Group's leasing activities
The Group leases fitness club 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 251 million as at December 31, 2023 (NOK 263 million as at December 31, 2022). The guarantees are provided by SATS Holding AB. In addition, there is one club as at December 31, 2023 where the lease contract does not specify the guarantee amount.

Several of the lease agreements for the fitness clubs 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 club 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 club 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, club 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:	**2023**	2022
(Amounts in NOK million at December 31)		
Less than 1 year	1,145	1,044
1–2 years	1,014	924
2–3 years	871	802
3–4 years	763	667
4–5 years	608	568
More than 5 years	1,374	1,186
Minimum lease payments	**5,775**	**5,190**
Future finance charges	-837	-655
Recognized as a liability	**4,938**	**4,535**

The present value of lease liabilities are as follows:	**2023**	2022
(Amounts in NOK million at December 31)		
Less than 1 year	929	869
1–2 years	849	810
2–3 years	747	724
3–4 years	674	619
4–5 years	549	545
More than 5 years	1,190	969
Present value of lease payments	**4,938**	**4,535**

Cash flows from lease agreements	**2023**	2022
Property lease agreements	1,178	1,055
Short-term lease agreements and leases of assets of low value	20	22
Total cash flows from lease agreements	**1,198**	**1,077**

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, 2022	**4,535**
Year ended December 31, 2023	
Effect of changes in foreign exchange	181
Additions new lease	219
Effects from exercise of extension options	699
Modification of contractual lease terms	-11
Amortizations	-1,177
Interest expense on lease liabilites	224
Disposals sold clubs	-44
CPI index adjustments	312
Closing Net book value December 31, 2023	**4,938**

Options to extend but not yet started, amounts to NOK 277 million as at the balance sheet date (NOK 421 as at December 31, 2022) and are included in the total lease liability of NOK 4,938 million (NOK 4,535 million as at December 31, 2022).

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	**2023**	2022
(Amounts in NOK million at December 31)		
Options to extend, not yet committed to	1,484	1,139
Leases not yet commenced, to which the lessee is committed	94	299

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 94 million includes three clubs in Sweden.

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 2023, 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, 2022			
Cost	9,904	82	9,986
Accumulated depreciation	-5,841	-68	-5,909
Net book value	**4,063**	**15**	**4,077**
Year ended December 31, 2022			
At January 1, 2022	4,063	15	4,077
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**
Year ended December 31, 2023			
At 1 January 2023	4,152	9	4,161
Additions/disposals	1,175	5	1,180
Effect of changes in foreign exchange cost	298	4	302
Depreciation charge	-933	-8	-940
Effect of changes in foreign exchange accumulated depreciation	-129	-4	-133
Closing Net book value	**4,563**	**7**	**4,570**
At December 31, 2023			
Cost	12,212	97	12,309
Accumulated depreciation	-7,649	-90	-7,739
Net book value	**4,563**	**7**	**4,570**
Useful life	1–15 years	1–5 years	
Depreciation method	Straight-line	Straight-line	

Amounts recognized in profit and loss	**2023**	2022
(Amounts in NOK million)		
Depreciation expense on right-of-use assets	-940	-860
Interest expense on lease liabilities	-224	-189
Expense relating to short-term leases and leases of low value	-17	-16

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, 2022				
Cost	1,421	851	477	2,749
Accumulated depreciation and impairment	-991	-651	-416	-2,058
Net book value	**431**	**200**	**61**	**691**
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**

[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, 2023				
Opening net book value	431	233	59	723
Effect of changes in foreign exchange cost	63	34	16	114
Effect of changes in foreign exchange accumulated depreciation	-44	-24	-14	-82
Additions	49	57	21	127
Disposals cost	-42	-13	-31	-86
Disposals accumulated depreciation	41	12	31	84
Depreciation charge	-88	-59	-28	-175
Closing Net book value	**411**	**240**	**54**	**705**
At December 31, 2023				
Cost	1,502	1,013	509	3,024
Accumulated depreciation and impairment	-1,091	-773	-455	-2,319
Net book value	**411**	**240**	**54**	**705**
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.

(Amounts in NOK million at December 31)	**2023**	2022
Deposits	46	40
Loan to related parties	17	10
Total other non-current receivables	**63**	**50**

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%

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.

(Amounts in NOK million at December 31)	**2023**	2022
Inventories at cost	54,951	62,340
Impairment	-412	-5,750
Total inventories	**54,539**	**56,590**

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	**2023**	2022
(Amounts in NOK million)		
Accounts receivables	318	379
Loss allowance	-181	-253
Total	**136**	**126**

Age of trade receivables	**2023**
Not due	61
30–60 days	45
60–90 days	16
90–120 days	6
120–365 days	45
>365 days	145
Total accounts receivables, gross	**318**
Total accounts receivables, net	**136**
Loss allowance at December 31, 2022	-253
Reversals during the year	2
Provisions during the year	69
Loss allowance at December 31, 2023	**-181**

Other current receivables	**2023**	2022
(Amounts in NOK million at December 31)		
Credit cards	7	5
VAT receivables	20	9
Prepaid taxes	22	22
Other current receivables	37	19
Total other current receivables	**86**	**54**

Prepaid expenses and accrued income	**2023**	2022
(Amounts in NOK million at December 31)		
Prepaid rent	26	29
Prepaid property expenses	31	27
Prepaid marketing expenses	30	27
Prepaid websale expenses	0	48
Contract asset	71	110
Other prepaid expenses	80	45
Total prepaid expenses and accrued income	**237**	**287**

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.

	2023	2022
(Amounts in NOK million at December 31)		
Cash and cash equivalents	282	345
Of which are restricted cash:		
Restricted bank deposits for employee tax withholdings	23	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, 2023, share capital amounted to NOK 435 million consisting of 204,694,588 ordinary shares at a face value of NOK 2.1250 per share.

Overview of the shareholders as at December 31, 2023

Shareholder	Number of ordinary shares	Ownership percentage	Voting percentage
TG Nordic Invest	56,103,145	27.4%	27.4%
AF III HOLDCO AS	48,988,455	23.9%	23.9%
Canica AS	13,172,428	6.4%	6.4%
Maaseide Promotion AS	7,990,976	3.9%	3.9%
Sats Management Invest AS	7,591,213	3.7%	3.7%
Salt Value AS	5,761,330	2.8%	2.8%
Funkybiz AS	5,000,000	2.4%	2.4%
Velven Gård AS	3,822,251	1.9%	1.9%
Verdipapirfondet KLP Aksjenorge	3,801,073	1.9%	1.9%
J.P. Morgan SE	3,496,228	1.7%	1.7%
Ingvarda AS	2,000,000	1.0%	1.0%
Avanza Bank AB	1,925,685	0.9%	0.9%
Wenaasgruppen AS	1,364,000	0.7%	0.7%
State Street Bank and Trust Comp	1,361,967	0.7%	0.7%
HFN Group AS	1,107,806	0.5%	0.5%
Alcancia Capital AS	1,044,179	0.5%	0.5%
J.P. Morgan SE	1,013,144	0.5%	0.5%
Nordnet Bank AB	1,005,489	0.5%	0.5%
VPF Sparebank 1 Norge Verdi	990,000	0.5%	0.5%
J.P. Morgan SE	970,000	0.5%	0.5%
Other	36,185,219	17.7%	17.7%
Total	**204,694,588**	**100.0%**	**100.0%**

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

Repurchase program
On March 30, 2023, SATS announced a share repurchase program under which the company repurchased 2,000,000 own shares, representing 0.98% of the total number of shares in the company. The repurchased shares was and will be used for the following two purposes under the share investment program:

1. Delivery of matching shares to the relevant employees in accordance with the terms and conditions of the Share Investment Program. As of the balance sheet date of December 31, 2023, the company will deliver 74,851 matching shares to employees in 2024, 155,656 shares in 2025 and 969,381 shares in 2026.
2. Delivery of shares to new employees who was offered to participate in the Share Investment Program.

As at the balance sheet date of December 31, 2023, the company holds 618,461 treasury shares.

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

	Ownership percentage
Executive management including CEO	26.18%

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 March 30, 2023, SATS announced a share repurchase program under which the company repurchased 2,000,000 own shares in 2023. As at the balance sheet date of December 31, 2023, the company holds 618,461 treasury shares.

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. Additionally, SATS announced another successful equity raise on June 15, 2023, through an allocation of 1,648,466 new shares at a subscription price of NOK 5.08 per share, with gross proceeds of NOK 8,374,961. The share capital increase pertaining to the issuance of shares was registered with the Norwegian Register of Business Enterprises (Nw. Foretaksregisteret) on March 15, 2022 and June 24, 2023, respectively.

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. In 2023, a total of 393,660 shares were aquired by Sondre Gravir and 2,524,339 by other key employees. The price paid per share was NOK 5.08, 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 14.8 million. The number of outstanding shares have therefore been adjusted as a weighted average for 2023 and 2022.

On July 2, 2023, the board of directors resolved to award a total of 475,157 matching shares to 15 participants as a part of the share investment program implemented in 2020. The value of the matching shares is NOK 8.10 each, representing the trading price of the company's shares at the close of trading on June 30, 2023, with a 19% discount to reflect the one-year lock-up obligation. Additionally, on October 2, 2023, the board of directors resolved to award a total of 32,157 matching shares to the CEO Sondre Gravir as a part of the share investment program implemented in 2020. The value of the matching shares is NOK 9.85 each, representing the trading price of the company's shares at the close of trading on September 29, 2023, with a 17.65% discount to reflect the one-year lock-up obligation.

The company's new share capital is NOK 434,975,999.50, comprising in total 204,694,588 shares, each with a nominal value of NOK 2.125. The denominator for 2023 is calculated as a weighted average.

The Share Investment Program implies that the company on the balance sheet date of December 31, 2023 will deliver 74,851 matching shares to employees in 2024, 155,656 shares in 2025 and 969,381 shares in 2026. The denominator for diluted earnings per share has therefore been adjusted as a weighted average for 2023. Allocation of matching shares is further contingent upon the company's performance over time.

Basic earnings per share	**2023**	2022
(Amounts in NOK)		
From continuing operations attributable to the ordinary equity	1.10	-1.25
Total basic earnings per share attributable to the ordinary equity	**1.10**	**-1.25**
Total number of outstanding shares	203,103,000	196,915,471

Diluted earnings per share	**2023**	2022
(Amounts in NOK per share)		
From continuing operations attributable to the ordinary equity	1.10	-1.25
Total diluted earnings per share attributable to the ordinary equity	**1.10**	**-1.25**
Total number of outstanding shares	204,069,165	196,915,471

Reconciliation of earnings used in calculating earnings per share	**2023**	2022
(Amounts in NOK million)		
Basic earnings per share		
Profit/loss attributable to equity holders of the Group	224	-246
Profit/loss attributable to the ordinary equity used in calculating basic earnings per share	**224**	**-246**
Diluted earnings per share		
Profit/loss used in calculating diluted earnings per share	224	-246
Profit/loss attributable to the ordinary equity used in calculating diluted earnings per share	**224**	**-246**

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	**2023**	2022
(Amounts in NOK million at December 31)		
Current		
Accrued interest cost	17	19
Leases	929	869
Total current interest-bearing liabilities	**946**	**888**
Non-current		
Bank borrowings	1,721	1,970
Leases	4,009	3,666
Total non-current interest-bearing liabilities	**5,730**	**5,636**
Total interest-bearing liabilities	**6,676**	**6,524**

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. With the aim of achieving a more balanced internal and external exchange rate exposure, a redistribution of loans in different currencies has taken place in 2023. The bank facility in NOK has decreased by 691 million, while in DKK, it has increased by 450 million. The Group has bank facilities in NOK, SEK, EUR and DKK. As at the balance sheet date of December 31, 2023, the bank facility in SEK amounts to 650 million, in EUR amount to 6 million and the bank facility in DKK amounts to 450 million, which corresponds to NOK 658 million, NOK 71 million and NOK 679 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, 2023, the remaining undrawn amount amounted up to approximately NOK 656 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 1,844 million as at the balance sheet date of December 31, 2023, the annual interest payment is expected to be in the range of NOK 86 to 117 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	117
1–2 years	1,809
2–3 years	0
3–5 years	0
More than 5 years	0
Payment profile for borrowings	**1,926**

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

Compliance with financial borrowing covenants
SATS ASA executes the financing functions within the Group, holds the long-term financing agreement with the Group's long-term lenders, and provides long-term financing to other Group entities. SATS ASA has complied with the financial covenants related to its borrowing facility throughout 2022 and 2023.

NOTE 24 Reconciliation of cash and cash equivalents and borrowings

Liabilities arising from financing activities	Cash and cash equivalents	Borrowings	Leases	Total
(Amounts in NOK million)				
Net debt January 1, 2022	**-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**
Cash flows				
Net cash flow from operations	-1,758	0	0	-1,758
Net cash flow from investing	172	0	0	172
Net cash flow from financing	1,587	0	0	1,587
Repayments of borrowings	0	-288	0	-288
Installments on lease liabilities	0	0	-947	-947
Interest on lease liabilities	0	0	-224	-224
Non-cash changes				
Net additions – leases	0	0	1,393	1,393
Depreciation bank costs	0	3	0	3
Foreign exchange rate changes	63	36	180	279
Other changes	0	-2	0	-2
Net debt December 31, 2023	**-282**	**1,738**	**4,938**	**6,394**

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	**2023**	2022	**2023**	2022
(Amounts in million at December 31)				
SEK	**177**	733	**650**	651
EUR	**5**	14	**6**	6
DKK	**511**	-1	**450**	0

The following significant exchange rates have been applied.

	Year-end spot rate	
	2023	2022
SEK	1,013	0,945
EUR	11,241	10,514
DKK	1,508	1,414

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	**2023**	2022
(Amounts in NOK million)		
SEK/NOK exchange rate - increase 10%[1]	51	50
EUR/NOK exchange rate - increase 10%[1]	-1	3
DKK/NOK exchange rate - increase 10%[1]	-1	-14
Impact on Profit/loss after tax	**49**	**38**

[1)] *Holding all other variables constant.*

Profit/loss after tax is less sensitive to changes in EUR/NOK and DKK/NOK in 2023 than in 2022 and equally sensitive to changes in SEK/NOK. Net income has improved in all segments leading to a less negative effect when reconsolidating. In 2023, an amortization of an internal loan in SEK was made with the aim to have a more balanced internal and external exchange rate exposure. This results in less positive effect when reconsolidating and neturalize the effect from improved net income.

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/loss after tax[2]	
Interest rate - sensitivity analysis	**2023**	2022
(Amounts in NOK million)		
Interest rates - increase 100 basis points[1]	-15	-16
Interest rates - decrease 100 basis points[1]	15	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 2023 as in 2022 because of the same level of borrowings in 2023 and 2022.

Overview of non-overdue interest rate swaps per December 31, 2023

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	6
Fair value of the Group's interest rate swaps as at December 31, 2023 in NOK million				**43**

Overview of non-overdue interest rate swaps per December 31, 2022

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	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**

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 239 million. The Group does usually not demand collateral for receivables. The bad debt provision for accounts receivables was NOK 181 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, 2023 (NOK 2,500 million as at December 31, 2022) of which 656 million has not been drawn down as at the balance sheet date. In addition, the Group has cash and cash equivalents of NOK 282 million as at December 31, 2023 (NOK 345 million as at December 31, 2022).

Net presentation of financial assets and liabilities as at December 31, 2023

Maturity profile	1–3 months	3–12 months	1–5 years	More than 5 years	**Total**
(Amounts in NOK million)					
Accounts receivables	121	51	145	0	318
Other current receivables	86	0	0	0	86
Cash and cash equivalents	282	0	0	0	282
Financial assets	**489**	**51**	**145**	**0**	**685**
Borrowings	0	0	1,724	0	1,724
Lease liabilities	297	847	3,256	1,374	5,775
Trade payables	130	0	0	0	130
Other current liabilities	415	0	0	0	415
Payment of interest	30	87	86	0	202
Financial liabilities	**871**	**934**	**5,066**	**1,374**	**8,245**
Net financial liabilities	**-383**	**-883**	**-4,920**	**-1,374**	**-7,560**

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, 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	**838**	**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.

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:	**2023**	20221
(Amounts in NOK million at December 31)		
Non-current assets		
Interest rate swap contracts	36	47
Total non-current derivative financial instrument assets	**36**	**47**
Current assets		
Interest rate swap contracts	6	0
Total current derivative financial instrument assets	**6**	**0**

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:
- he 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, 2023

Assets	Assets measured at amortized cost	Fair value through profit and loss	**Total**
(Amounts in NOK million)			
Other non-current receivables	63	0	63
Accounts receivable	136	0	136
Other current receivables	86	0	86
Derivatives	0	43	43
Cash and cash equivalents	282	0	282
Total financial assets	**567**	**43**	**610**

Liabilities	Liabilities measured at amortized cost	Fair value through profit and loss	**Total**
(Amounts in NOK million)			
Borrowings	1,738	0	1,738
Leases	4,938	0	4,938
Trade and other payables	130	0	130
Other current liabilities	415	0	415
Total financial liabilities	**7,220**	**0**	**7,220**

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**

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.

	2023	2022
(Amounts in NOK million at December 31)		
Contract liabilities	548	584
Total deferred revenue	**548**	**584**

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	**2023**	2022
(Amounts in NOK million at December 31)		
Accrued employee benefit expenses	85	83
Accrued vacation pay	91	89
Accrued rent	18	5
Accrued rent discounts	40	44
Customer liabilities	51	41
Other current liabilities	129	161
Total other current liabilities	**415**	**423**

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:

Balance sheet items

Related party	Relationship	Type of services	2023	2022
(Amounts in NOK million)				
Key employees	Employees	Loan	17	10
Total related party profit or loss items			**17**	**10**

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 and March 2023, total loans of NOK 9.7 million and NOK 6.5 million, respectively, were 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 New IFRS standards

New standards and amendments – applicable January 1, 2023
The following standards and interpretations apply for the first time to financial reporting periods commencing on or after January 1, 2023. SATS has not identified any significant impact to the Group's consolidated financial statements as a result of the mentioned amendments:

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.

No changes have been made to any of the current accounting standards.

Accounting Policies, Changes in Accounting Estimates and Errors - Amendments to IAS 8
The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

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
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.

Lease Liability in a Sale and Leaseback – Amendment to IFRS 16 Leases
The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

NOTE 30 Events after the balance sheet date

On January 10, 2024, SATS announced a share investment program for certain senior executives and certain other key employees who were employed by the SATS Group following completion of the 2023 share investment program, with the results announced on January 11, 2024. Nine employees applied for a total of 372,223 shares. The Shares allocated in the Share Investment Program will be settled through the Company's sale of existing shares in the Company listed on the Oslo Stock Exchange, held in treasury.

The Board of Directors is not aware of any events that occurred after the balance sheet date, or any new information regarding existing matters, that can have a material effect on the 2023 consolidated financial statements.

FINANCIAL STATEMENTS PARENT COMPANY

STATEMENT OF PROFIT OR LOSS

	Notes	2023	2022
(Amounts in NOK million for the period ended December 31)			
Other operating expenses	3	-27	-18
Total operating expenses		**-27**	**-18**
Operating loss		**-27**	**-18**
Group contributions	6	148	0
Interest income from Group companies	5, 6	182	83
Other interest income		51	12
Other financial income		544	193
Net gain derivatives unrealized	13	-4	47
Interest expense to Group companies	6	-62	-7
Other interest expense	9	-171	-111
Other financial expenses		-518	-212
Net financial items	4	**171**	**5**
Profit/loss before tax		**145**	**-13**
Income tax	10	-34	5
Profit/loss for the year		**111**	**-8**
Allocation of profit/loss for the year			
Retained earnings/accumulated losses	8	111	-8
Total allocation		**111**	**-8**

STATEMENT OF FINANCIAL POSITION

	Notes	**2023**	2022
(Amounts in NOK million at December 31)			
NON-CURRENT ASSETS			
Intangible assets			
Deferred tax asset	10	0	35
Total non-current intangible assets		**0**	**35**
Financial assets			
Investments in subsidiaries	5	2,956	2,606
Loans to Group companies	6	1,491	1,707
Derivative financial instruments	13	36	47
Other non-current receivables	6	17	10
Total non-current financial assets		**4,500**	**4,369**
Total non-current assets		**4,500**	**4,404**
CURRENT ASSETS			
Receivables from Group companies	6	149	0
Other receivables		9	3
Derivative financial instruments	13	6	0
Cash and cash equivalents	7	136	888
Total current assets		**299**	**891**
Total assets		**4,799**	**5,295**

STATEMENT OF FINANCIAL POSITION

	Notes	2023	2022
(Amounts in NOK million at December 31)			
EQUITY			
Share capital	8	435	431
Share premium	8	3,050	3,045
Treasury shares	8	-24	-14
Retained earnings/accumulated losses	8	-708	-815
Total equity		**2,754**	**2,649**
LIABILITIES			
Non-current liabilities			
Deferred tax liability	10	10	11
Borrowings	9	1,721	1,970
Total non-current liabilities		**1,731**	**1,981**
Current liabilities			
Borrowings	9	17	19
Borrowings from Group companies	6	295	640
Trade and other payables		1	1
Other current liabilities		2	5
Total current liabilities		**315**	**665**
Total liabilities		**2,046**	**2,646**
Total equity and liabilities		**4,799**	**5,295**

Oslo, March 22, 2024

Signed electronically

Hugo Lund Maurstad	**Martin Folke Tiveus**	**Maria Tallaksen**	**Andreas Høgdall Holm**	**Lisa Åberg**	**Sondre Gravir**
Chair of the Board	*Board Member*	*Board Member*	*Board Member*	*Board Member*	*CEO*

STATEMENT OF CASH FLOWS

	Notes	2023	2022
(Amounts in NOK million for the period ended December 31)			
Cash flow from operating activities			
Profit/loss before tax		145	-13
Adjustment for:			
Taxes paid in the period	10	0	2
Net gain/loss from fair value on derivatives		4	-47
Proceeds from interest income		-50	-12
Proceeds from other financial income		-35	0
Payments of interest income		171	111
Payments of other financial expense		8	19
Change in intercompany receivables and payables		-614	555
Change in trade payables and other accruals		-6	3
Net cash flow from operations		**-379**	**618**
Cash flow from investing			
Loan to related parties		-6	-10
Loan to Group companies		0	-629
Interest on Group loans		98	35
Net cash flow from investing		**92**	**-603**
Cash flow from financing			
Repayments of borrowings	9	-288	-300
Proceeds from borrowings	9	0	200
Interest on borrowings		-119	-70
Transaction costs from issues of new shares		0	-13
Proceeds from issues of shares		8	601
Purchase of own shares		-21	0
Proceeds from sale of own shares		6	3
Net cash flow from financing		**-413**	**420**
Net increase/decrease in cash and cash equivalents	7	**-700**	**435**
Effect of foreign exchange rate changes on cash and cash equivalents		-53	-7
Cash and cash equivalents at the beginning of the period		888	459
Cash and cash equivalents at the end of period	7	**136**	**888**

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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: 27.4% by TG Nordic Invest, 23.9% by AF III Holdco AS, 6.4% by Canica AS, 3.9% by Maaseide Promotion AS, 3.7% by SATS Management Invest AS and 34.7% by other shareholders. The company was incorporated on March 11, 2011.

The Board of Directors approved the financial statements on March 22, 2024.

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 2023 financial statements. For new standards, please see Note 29 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
IIn 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

	2023	2022
(Amounts in NOK million)		
Consultant services	-24	-15
Other operating expenses	-3	-3
Total operating expenses	**-27**	**-18**

The company has no employees.

The Board of Directors received NOK 2,077 thousand in remuneration in 2023 (NOK 1,990 thousand in 2022). The remuneration to the Board members is included in Other operating expenses.

Auditor's remuneration	**2023**	2022
(Amounts in NOK thousand)		
Expensed auditor incl. VAT:		
Statutory audit (including technical assistance - annual accounts)	-2,174	-1,488
Other attestation and assurance services	-124	-106
Total auditor's remuneration	**-2,298**	**-1,594**

NOTE 4 Net financial items

Interest and other financial income	**2023**	2022
(Amounts in NOK million)		
Dividends from subsidiaries and Group contributions	148	0
Interest income from Group companies	182	83
Interest income financial institutions	51	12
Foreign exchange gain	544	193
Net gain derivatives unrealized	0	47
Total interest and other financial income	**925**	**335**

Interest and other financial expenses	**2023**	2022
(Amounts in NOK million)		
Interest expense to Group companies	-62	-7
Interest expense financial institutions	-171	-111
Foreign exchange loss	-510	-199
Net loss derivatives unrealized	-4	0
Other financial expenses	-8	-13
Total interest and other financial expenses	**-754**	**-330**
Net financial items	**171**	**5**

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.

SATS ASA has, in 2023, provided a shareholder contribution of NOK 350 million to SATS Holding AB.

Subsidiaries	Business office	Ownership percentage	Equity	Gain after tax	**Carrying amount 2023**
(Amounts in NOK million)					
SATS Holding AB	Stockholm	100%	1,957	14	2,956

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:

Balance sheet items

Related party/type	Relationship	Financial statement line item	**2023**	2022
(Amounts in NOK million at December 31)				
Financing through SATS ASA	Subsidiaries	Loans to Group companies	1,490,999	1,707,006
Group contribution	Subsidiaries	Receivables from Group companies	148,296	0
Cash pool	Subsidiaries	Borrowings from Group companies	-291,616	-640,443
SATS Sports Club Sweden AB	Subsidiaries	Investment program	135	70
SATS Finland OY	Subsidiaries	Investment program	131	65
Key employees	Employees	Loan	16,936	9,719
SATS Sports Club Sweden AB	Subsidiaries	Other current liabilities	-1,523	0
SATS Norway AS	Subsidiaries	Other current liabilities	-926	0
SATS Vest AS	Subsidiaries	Other current liabilities	-267	0
Fresh Fitness AS	Subsidiaries	Other current liabilities	-396	0
Total related party balance sheet items			**1,361,769**	**1,076,416**

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, 2023.

In December 2022 and March 2023, total loans of NOK 9.7 million and NOK 6.5 million, respectively, were issued to key employees participating in a partly debt-financed share investment program. The terms are regulated according to the arm's length principle. 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)	**2023**	2022
Cash and cash equivalents	**136**	**888**

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, 2023, share capital amounts to NOK 435 million consisting of 204,694,588 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, 2023

Shareholder	Number of ordinary shares	Ownership percentage	Voting percentage
TG Nordic Invest	56,103,145	27.4%	27.4%
AF III HOLDCO AS	48,988,455	23.9%	23.9%
Canica AS	13,172,428	6.4%	6.4%
Maaseide Promotion AS	7,990,976	3.9%	3.9%
Sats Management Invest AS	7,591,213	3.7%	3.7%
Salt Value AS	5,761,330	2.8%	2.8%
Funkybiz AS	5,000,000	2.4%	2.4%
Velven Gård AS	3,822,251	1.9%	1.9%
Verdipapirfondet KLP Aksjenorge	3,801,073	1.9%	1.9%
J.P. Morgan SE	3,496,228	1.7%	1.7%
Ingvarda AS	2,000,000	1.0%	1.0%
Avanza Bank AB	1,925,685	0.9%	0.9%
Wenaasgruppen AS	1,364,000	0.7%	0.7%
State Street Bank and Trust Comp	1,361,967	0.7%	0.7%
HFN Group AS	1,107,806	0.5%	0.5%
Alcancia Capital AS	1,044,179	0.5%	0.5%
J.P. Morgan SE	1,013,144	0.5%	0.5%
Nordnet Bank AB	1,005,489	0.5%	0.5%
VPF Sparebank 1 Norge Verdi	990,000	0.5%	0.5%
J.P. Morgan SE	970,000	0.5%	0.5%
Other	36,185,219	17.7%	17.7%
Total	**204,694,588**	**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	26.18%

Equity	Share capital	Share premium	Other paid in capital	Treasury shares	Retained earnings (acc. losses)	**Total equity**
(Amounts in NOK thousand)						
Equity January 1, 2023	431,473	3,045,494	353	-13,816	-814,752	2,648,753
Share issues and capital increase expenses	3,503	4,776				8,279
Proceeds from sale of treasury shares				6,450		6,450
Repurchase of shares				-20,585		-20,585
Investment program			-346	4,223	-3,774	103
Profit for the year					110,796	110,796
Equity December 31, 2023	**434,976**	**3,050,270**	**6**	**-23,728**	**-707,729**	**2,753,795**

NOTE 9 Borrowings

	2023		2022	
Overview of interest-bearing liabilities	Current	Non-current	Current	Non-current
(Amounts in NOK million at December 31)				
Bank borrowings	0	1,721	0	1,970
Accrued interest cost	17	0	19	0
Total interest-bearing liabilities	**17**	**1,721**	**19**	**1,970**

Please see Note 23 Borrowings in the consolidated financial statement for further disclosures.

Covenants, payment profile and effective interest rates
As at December 31, 2023 and December 31, 2022, 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 22 Borrowings in the consolidated financial statement.

NOTE 10 Tax

Tax income	**2023**	2022
(Amounts in NOK million)		
Adjustment deferred tax prior year	0	2
Change in deferred tax assets	-34	3
Total tax income	**-34**	**5**

Reconciliation of the nominal statutory tax rate to the effective tax rate:	**2023**	2022
Profit/loss before tax	145	-13
Expected taxes at nominal tax rate of 22%	-32	3
Reconciling items:		
Non-deductible expenses	-2	0
Corrections of prior year tax assessments	0	2
Income tax income	**-34**	**5**
Effective tax rate	**24%**	**41%**

Movement in deferred tax assets and deferred tax liabilities	**2023**	2022
(Amounts in NOK million at December 31)		
Fair value financial instruments	-43	-47
Amortized borrowing cost	-3	-6
Losses carried forward	0	162
Basis deferred tax liabilities	**-45**	**109**
Carrying value deferred tax asset/tax liabilities	**-10**	**24**

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 29 New IFRS standards in the consolidated financial statements.

NOTE 12 Events after the balance sheet date

On January 10, 2024, SATS announced a share investment program for certain senior executives and certain other key employees who were employed by the SATS Group following completion of the 2023 share investment program, with the results announced on January 11, 2024. Nine employees applied for a total of 372,223 shares. The Shares allocated in the Share Investment Program will be settled through the Company's sale of existing shares in the Company listed on the Oslo Stock Exchange, held in treasury.

The Board of Directors is not aware of any events that occurred after the balance sheet date, or any new information regarding existing matters, that can have a material effect on the 2023 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:

	2023	2022
(Amounts in NOK million at December 31)		
Non-current assets		
Interest rate swap contracts	36	47
Total non-current derivative financial instrument assets	**36**	**47**
Current assets		
Interest rate swap contracts	6	0
Total current derivative financial instrument assets	**6**	**0**

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
NO-0103 Oslo
Norway

+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 statement of financial position as at 31 December 2023, statement of profit or loss and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.
- The consolidated financial statements of SATS ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2023, statement of profit or loss, 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 material accounting policy information.

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 2023, and its financial performance and its cash flows for the year then ended in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting 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 5 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 2023. 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

Description of the 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 4 for a description of related estimates and assumptions. As disclosed in note 13 the Group has recognized goodwill of NOK 2.535 million per 31 December 2023. 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 2023. 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 growth 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.

Our opinion on the Board of Directors' 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 of the Company 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 of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible 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 Company or 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 scepticism 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's 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.

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-2023-12-31-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, 22 March 2023
Deloitte AS

Mats Nordal
State Authorised Public Accountant

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 below.

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

EBITDA before impact of IFRS 16 Margin
EBITDA before impact of IFRS 16 divided by total revenue.

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

TOTAL	**2023**	2022
(Amounts in NOK million)		
EBITDA before impact of IFRS 16	**614**	**99**
Extraordinary items	0	46
EBITDA before impact of IFRS 16 excluding extraordinary items	**614**	**145**
Group overhead and cost allocation	339	338
Country EBITDA before impact of IFRS 16	**953**	**484**

NORWAY	**2023**	2022
(Amounts in NOK million)		
EBITDA before impact of IFRS 16	**387**	**123**
Extraordinary items	0	24
EBITDA before impact of IFRS 16 excluding extraordinary items	**387**	**147**
Group overhead and cost allocation	-173	-190
Country EBITDA before impact of IFRS 16	**560**	**337**

SWEDEN	**2023**	2022
(Amounts in NOK million)		
EBITDA before impact of IFRS 16	**185**	**14**
Extraordinary items	0	18
EBITDA before impact of IFRS 16 excluding extraordinary items	**185**	**32**
Group overhead and cost allocation	-145	-160
Country EBITDA before impact of IFRS 16	**330**	**192**

FINLAND	**2023**	2022
(Amounts in NOK million)		
EBITDA before impact of IFRS 16	**25**	**-20**
Extraordinary items	0	1
EBITDA before impact of IFRS 16 excluding extraordinary items	**25**	**-19**
Group overhead and cost allocation	-23	-20
Country EBITDA before impact of IFRS 16	**48**	**1**

DENMARK *(Amounts in NOK million)*	2023	2022
EBITDA before impact of IFRS 16	**-13**	**-74**
Extraordinary items	0	2
EBITDA before impact of IFRS 16 excluding extraordinary items	**-13**	**-72**
Group overhead and cost allocation	-28	-25
Country EBITDA before impact of IFRS 16	**15**	**-46**

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 EBITDA before impact of IFRS 16.

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

Upgrades and maintenance CAPEX
Upgrades and maintenance capital expenditures are a measure of investments made in the operations and 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. Upgrades and maintenance CAPEX can be divided into IT CAPEX and Club portfolio CAPEX where IT CAPEX is investments and development of common software programs used by the whole Group and Club portfolio CAPEX is physical investments at the clubs.

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

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

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

APPENDIX

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES REPORT

Introduction

SATS has conducted a review of climate-related risks and opportunities relevant for its organization. The review has been 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 summarizes key findings and recommendations for SATS.

The main input has been identified using the double materiality assessment carried out during the fall of 2023, which included climate-related risks and opportunities as part of the assessment, and the TCFD review initially carried out in November 2020 by the Governance Group, which to a large extent is still accurate for SATS and its operations. Climate-related risks and opportunities related to the eleven disclosure items put forward by the TCFD have been considered.

Key findings

SATS places high value on ESG and is continuously working to meet market and stakeholder expectations. SATS has conducted a double materiality assessment in accordance with the requirements pursuant to the Corporate Sustainability Reporting Directive (CSRD).

As part of the double materiality assessment, Climate mitigation, Energy management and Circular economy were considered to be material topics for SATS. Although these topics are material, they have a relatively low score when considering both impact materiality and financial materiality. Overall, climate-related risks are considered to be low for SATS.

SATS' increasingly formalized and organized focus on ESG within its organization shows that SATS is well-positioned to respond to climate changes and stricter climate-related regulations and requirements. The Board of Directors has climate risks on its agenda. From a management perspective, ESG matters, including climate risks, are integrated into SATS' risk management system and three-year strategy.

Recommendations

SATS has noted the following priority actions within the area of climate risks:

1. Communicate and disclose SATS' systematic approach to climate risk management and ESG to the market. This will help attract talent, investors and customers, and ensure compliance with upcoming reporting requirements for listed companies.

The most relevant climate-related risks identified in this assessment relate to renting non-energy-efficient buildings and facilities and the circular economy. In order to mitigate these risks, the following key actions are recommended:

2. Include 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 efficient energy management systems in at least new clubs and clubs subject to renovation.
4. Consider becoming climate neutral by lowering our emissions and offsetting (high-quality CO2-certificates). Carbon neutrality is essentially a financial commitment to offset unavoidable emissions, whereas we should aim for climate neutrality.
5. Reduce pressure on natural resources, particularly in connection with opening new clubs and renovating existing clubs, and use recycled materials and consider circularity in our retail operations.

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 members may not be able to get to some of the clubs and internal logistics might be impacted due to regional weather and temperature changes. Being positioned in the Nordics, the risks related to disruptions due to natural disasters are more limited than for businesses operating in higher-risk areas. With more than 276 clubs, downtime on some clubs and/or transportation routes will not significantly impact SATS. Members nevertheless have monthly subscriptions, which ensures stable income for SATS despite minor and temporary disruptions. **Increased costs of input factors:** Extreme weather events, such as droughts, might have direct consequences for SATS' energy consumption. SATS could be affected both when considering energy prices and costs related to energy efficiency initiatives required as a consequence of energy shortage. SATS is working to reduce its energy consumption and will continue initiating relevant measures. **Inbound supply of equipment and retail goods:** Extreme weather events might impact parts of the supply chain, in particular the production and transport of training equipment, retail goods and materials required for opening new clubs or renovating existing clubs. SATS does, however, have a network of clubs that can supply impacted areas if there are any delays in production or delivery. **Chronic changes to the environment:** Changes in temperature or to sea levels might impact SATS, but not more than it would impact other companies operating in the Nordics. All buildings are leased, which means that SATS has flexibility when it comes to location should there be any permanent changes in the nearby environment.
Regulatory risks	**Regulations related to CO2-emissions:** The GHG emissions from SATS' operations are limited. The majority of SATS' GHG emissions are related to Scope 3, which implies that the direct control over reducing them is quite limited, and that regulations addressing GHG emissions will hit suppliers in the first instance. When considering the climate accounts as a whole, Scope 1 only relates to SATS' use of fossil cars, which are mainly service cars. Being located in the Nordics, SATS also has access to and uses renewable energy in its operations. **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. Although SATS' clubs are not very energy intensive when it comes to power use, especially when comparing SATS with production companies, requirements may urge SATS to further plan and control our energy consumption. An example is the need to transition to LED lights in all clubs due to regulatory requirements for light bulb producers, which makes it impossible for SATS to acquire non-LED light bulbs going forward. Furthermore, SATS should be more conscious of energy classifications and climate issues when choosing new premises for clubs and long-term leasing contracts.
Market and technology risks	**Changes in customer behavior:** SATS' members are becoming increasingly environmentally conscious and may want to exercise more outdoors than in physical clubs, which could result in lower membership growth. SATS' experience is nevertheless that the weather conditions in the Nordics make it less attractive for people to work out outdoors, particularly year-round. Furthermore, members might have higher expectations when it comes to circularity, requiring that SATS to a larger extent uses recycled materials when renovating its clubs, in training equipment, retail, etc. **Investor preference for environmentally certified buildings:** Increased environmental interest among investors may ensure that building characteristics such as BREEAM certifications becomes a requirement. This is not expected to be a significant issue for SATS, as we only lease 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) might impact SATS. Most machines/equipment are used for up to ten years, meaning that innovative trends could make our machines/equipment dated. It is, however, more likely that SATS' equipment will be scrapped before any such new trend has gained a foothold in the industry, and in any case, SATS' CAPEX base ensures that the company could turn around quickly if there are any significant trends in the market that we need to follow. When considering this more wholistic approach, it is more likely that any such innovative initiatives that we do not follow in a timely manner (or at all) could have reputational consequences for a smaller group of passionate members.
Reputational risks	**Goodwill and brand value:** When it comes to reputational risks relating to climate and the environment, our assessment is that SATS is not very impacted. This is primarily related to our relatively low GHG emissions, which also means that SATS is not a key part of the solution to climate related challenges, although we will contribute our part to making the planet better. For SATS, it is therefore important to make smaller changes, such as when it comes to the use of recycled materials in our SATS branded apparel, use less plastic and/or paper towels in our operations, and prolong the lifespan of our equipment and machines. **Recruit and retain employees:** SATS' employees are young and concerned about the environment. However, because the company, as a service provider, is not associated directly with environmental harms, environmental performance is more likely to become a reputational opportunity rather than a risk.
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). We are a service company first and foremost, using renewable energy and with the majority of our GHG emissions in our supply chain, where we have little to no influence as a small player in a global market. Therefore, it is not very likely that SATS will be punished for not committing to climate neutrality. **Benefitting from changing customer behavior:** The demand for sustainable products is increasing across the Nordics, affecting which products/services they choose. Because SATS' environmental impacts are low, we may be perceived by members as an attractive brand to be associated with. Moreover, by having our main cluster of clubs near larger public transportation hubs in the Nordic cities, members do not need to rely on their own car to use our services or spend much time in transit to visit our clubs. **Attracting employees:** SATS' employees are young and concerned about the environment. Having relatively limited GHG emissions compared to certain other businesses, in combination with a sustainability strategy and focus on improving public health and members' individual health and well-being, might make SATS an attractive employer for many people. Profiling SATS as an environmentally conscious company and a company that takes all sustainability matters seriously could be key when recruiting and retaining talented employees. **Benefitting from changes in investor behavior:** There is an opportunity to gain access to lower cost capital by branding SATS as an environmentally friendly and a socially responsible company. Although SATS will not qualify as a green company (providing a green solution, given that the majority of our GHG emissions are Scope 3), building a more visible greener profile could still attract investors.

DETAILED DISCLOSURES

#	Disclosure	Summary of findings
GOVERNANCE		
1	**Describe the board's oversight of climate-related risks and opportunities.**	Sustainability matters, including climate and climate-related risks, are on the agenda for SATS' Board of Directors. One of the largest shareholders of SATS, Altor, who also is represented on the Board, has set expectations for all their portfolio companies to commit to SBTi by 2025, which SATS is exploring. Although environmental considerations were given less attention in the stakeholder dialogues than other parts of sustainability, SATS' stakeholders generally expect there to be a reduction in the company's environmental footprint. SATS' risk profile, including climate related risks, is followed up through the company's risk management system. The main risks, being risks that reach a certain threshold of materiality for the company, end up with the Board of Directors for further discussion. The Board of Directors is informed about the company's work within sustainability matters, including climate risks and opportunities identified.
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 we have since then put in considerable effort to formalize our risk management system. We report the main highlights of our risk profile to the market annually in the annual report. Since listing, an increasing number of regulatory reporting initiatives and requirements have been and are planned to be introduced for larger listed companies, covering for example the EU Taxonomy and, from the financial year 2023, the CSRD, which also addresses the subject of climate risks and opportunities. Climate risks and opportunities were relevant topics for management discussions as part of the double materiality analysis carried out in 2023. Based on the results, management will continue to consider the risks, implications and future strategies when it comes to climate related issues, including how to reduce our environmental footprint and whether to commit to SBTi in the near term. SATS prepares climate accounts that are assessed and discussed annually by the management team. Because SATS has a lower impact materiality and financial materiality within environmental matters, when comparing these to the social and governance aspects of sustainability, our core primary focus in the coming years will therefore be on members' health and well-being, public health, privacy /data management, working conditions and corporate culture. These are the most material topics for SATS within sustainability, and where we can make the most difference to our surroundings. With that said, environmental aspects of our operations are nevertheless relevant to consider, and it is important to make better choices when and where we can.
STRATEGY		
3	**Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.**	See the 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 the table Identified risks and opportunities above. SATS' material sustainability topics are well aligned with its current three-year strategy, which was revised during fall of 2023. Primary focus will be on material topics in the Social and Governance part of the E, S and Gs since these topics score the highest when considering SATS' impact materiality and financial materiality. Any major initiatives or targets related to environmental matters, such as climate risk mitigation, will not be prioritized. SATS will instead continue working on replacing its fossil service cars to electric cars where this is possible as well as optimize its energy management.
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. Several roles within the SATS organization are involved in the process to ensure that the key risks of each operative area are captured. Within the compliance category, SATS considers ESG-related risks, which includes screening for environmental issues more broadly.
7	**Describe the organisation's processes for managing climate-related risks.**	The process for managing an identified risk depends on the risk in question, including which operative area owns the risk. If the risk is considered grave, it is lifted to the Nordic management group for further discussion and for purposes of resolving which adequate mitigating actions should be implemented.
8	**Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.**	Risks related to the company's operations, including ESG risks, are part of the company's risk management system and managed as described above. With respect to risk follow-up, the group reports annually to the Board of Directors, including the Audit Committee, as well as the Nordic management group. Otherwise, ad-hoc reporting is carried out as needed if there are any material changes to the group's risk profile.

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 certain KPIs related to ESG, particularly for the five most material topics identified through the double materiality assessment carried out during fall of 2023. As this assessment showed, SATS impact materiality and financial materiality are relatively low when it comes to environmental topics. Consequently, SATS will not prioritize applying KPIs to climate-related matters as of now. However, this will be reassessed regularly. Going forward, SATS will consider developing targets directly linked to Climate change mitigation, Energy management, and/or Circular economy.
10	**Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.**	SATS' GHG emissions in Scope 1, Scope 2 and Scope 3 are presented in the 2023 Climate Accounts. The main risks within each scope include the following: • Scope 1: The infrastructure for electric cars in the Nordic countries in combination with the quality of electric cars dictates whether SATS will be able to replace all fossil service cars with electric vehicles. We are dependent on being able to drive longer distances and have heavy loads to move around (e.g., fitness equipment). • Scope 2: Implementing initiatives that further reduce our energy consumption could take time and require significant investments from SATS, given the size of our club portfolio. • Scope 3: The majority of SATS' GHG emissions are indirect through our suppliers' operations. As a third party, we do not control emissions associated with our suppliers' operations. Moreover, for global corporations, SATS also has limited negotiation power and influence. We are therefore not well-positioned to put significant pressure on our suppliers.
11	**Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.**	No specific targets related to climate risks are in place as of now, 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 and Consolidated financial statements
102-8	Information on employees and other workers	Working conditions and Diversity, equality and inclusion at SATS
102-9	Supply chain	Supplier management
102-10	Significant changes to the organization and its supply chain	N/A
102-11	Precautionary Principle or approach	Sustainability governance
102-12	External initiatives	Sustainability governance, SATS and the UN's sustainable development goals
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
GOVERNANCE		
102-18	Governance structure	Sustainability governance

Disclosure #	Disclosure name	Reference and/or response
SHAREHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	Stakeholders of SATS
102-41	Collective bargaining agreements	Employee dialogue
102-42	Identifying and selecting stakeholders	Stakeholders and stakeholder involvement
102-43	Approach to stakeholder engagement	Stakeholders and stakeholder involvement
102-44	Key topics and concerns raised	Key sustainability topics raised through stakeholder dialogue
REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	About the sustainability report, Note 17 Interest in other entities in the Group
102-46	Defining report content and topic boundaries	About the sustainability report
102-47	List of material topics	Results of the double materiality assessment – the material sustainability topics for SATS
102-48	Restatements of information	About the sustainability report
102-49	Changes in reporting	About the sustainability report, Management approach – the double materiality assessment
102-50	Reporting period	2023
102-51	Date of previous report	Published in April 2023, reporting period 2022
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 – the double materiality assessment
201-1	Direct economic value generated and distributed	SATS in short
201-2	Financial implications and other risks and opportunities due to climate change	Climate risk
201-4	Financial assistance received from government	
205-3	Confirmed incidents of corruption and actions taken	Anti-corruption
GRI 300 ENVIRONMENTAL STANDARDS		
103-1 to 103-3	Management approach for economic standards and disclosures	Management approach – the double materiality assessment
302-1	Energy consumption within the organization	Climate accounts
305-1	Direct (Scope 1) GHG emissions	Climate accounts, Scope 1 emissions
305-2	Energy indirect (Scope 2) GHG emissions	Climate accounts, Scope 2 emissions
305-3	Other indirect (Scope 3) GHG emissions	Climate accounts, Scope 2 emissions
307-1	Non-compliance with environmental laws and regulations	No incidents reported in 2023

Disclosure #	Disclosure name	Reference and/or response
GRI 400 SOCIAL STANDARDS		
103-1 to 103-3	Management approach for economic standards and disclosures	Management approach – the double materiality assessment
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 health and safety	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	Diversity, equality and inclusion at SATS (introductory part)
405-2	Ratio of basic salary and remuneration of women to men	Diversity, equality and inclusion at SATS (introductory part)
414-1	New suppliers that were screened using social criteria	Supplier management
416-1	Assessment of the health and safety impacts of product and service categories	Product safety – services
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Privacy and data management
419-1	Non-compliance with laws and regulations in the social and economic area	No incidents reported in 2023

DEFINITIONS

Term	Definition
Adjusted EBITDA before impact of IFRS 16	EBITDA adjusted for (i) closed clubs; (ii) certain comparability items; and (iii) the impact of implementation of the IFRS 16 lease standard
Average number of members per club	Outgoing member base divided by outgoing number of clubs
Average revenue per member (ARPM)	Calculated as monthly total revenue divided by the average member base
Capex: Expansion capital expenditures	The sum of investments related to acquisitions and greenfields, as well as capex related to the perfect club initiative and digital expansion
Capex: Upgrades and maintenance capital expenditures	Club upgrades and maintenance and IT capital expenditures
Cash conversion	Operating cash flow divided by EBITDA before impact of IFRS 16
Country EBITDA before impact of IFRS 16	EBITDA before impact of IFRS 16 less allocation of Group overhead and cost allocations
EBITDA	Profit/(loss) before net financial items, income tax expense, depreciation and amortization
EBITDA before impact of IFRS 16	EBITDA adjusted for the impact of implementation of the IFRS 16 lease standard
Group overhead	Consists of group services such as commercial functions, IT, finance and administration
Leverage ratio	Net debt divided by last twelve months EBITDA before impact of IFRS 16
Member base	Number of members, including frozen memberships, excluding free memberships
Operating cash flow	EBITDA before impact of IFRS 16 less upgrades and maintenance capital expenditures and working capital
Other yield	Calculated as monthly other revenue in the period, divided by the average member base
Total overhead	The sum of country overhead and group overhead
Underlying operating cash flow	Operating cash flow less expansion capital expenditures
Yield	Calculated as monthly member revenue in the period, divided by the average member base

Investor Relations Contacts

Cecilie Elde
CFO
+47 92 41 41 95
cecilie.elde@sats.no

Jonas Sortland Fougner
Investor Relations
+47 94 80 58 51
jonas.sortland.fougner@sats.no

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SATS ASA
Nydalsveien 28
0484 Oslo
Norway

Telefon +47 23 30 70 00
www.satsgroup.com

2241071 • BOLT.as