



Q4 2023

SATS

The Group, through our brands and concepts SATS, ELIXIA, Fresh Fitness, SATS Yoga, and SATS Online, is the leading provider of fitness and training services in the Nordics with 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 membership package to address their individual needs. We offer cutting-edge studio facilities for individual training, the broadest selection of group training with superior programming, and highly qualified personal trainers for specialized training and individual coaching. We also have a strong focus on supporting our members through online training and digital tools for when they are not able to physically visit our club facilities. We are also constantly working with trend research and innovation to be the industry's best and most forward-looking fitness chain.

THIS IS SATS

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WORDS FROM THE CEO

"2023 has set a new standard for SATS with record-high activity levels among our members, resulting in the best financial result ever and fulfilling our vision of making people healthier and happier."

As 2023 has come to an end, we are proud to present significantly improved financial results both for Q4 and the full-year 2023. Following the positive development post the pandemic, SATS report record-high revenues of NOK 1,227 million for Q4 2023, while EBITDA before IFRS 16 ended at NOK 128 million.

Our total revenue growth of 13% compared to Q4 2022 is driven by an increased average revenue per member (ARPM). Despite a challenging macroeconomic environment with higher interest rates and inflation, our members continue to invest in their health & wellness. ARPM grew by 11% compared to Q4 2022, driven by product innovations and improvements.

We are also delighted to leverage the enhanced revenue performance, contributing to a substantial boost in our profitability. EBITDA before IFRS 16 was 10x higher in Q4 2023 compared to Q4 2022, while the FY results demonstrated growth from NOK 145 million in 2022 to NOK 614 million in 2023. This translates to a margin of 13% for the year, and we see potential for further margin improvements coming into 2024.

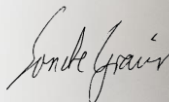
SATS' overarching strategy has remained consistent since our Capital Markets Day (CMD) in Q4 2022. This involves boosting

the utilization of the existing club portfolio by expanding the membership base, enhancing revenue per member and maintaining strict cost discipline. The member base grew by 10,000 members since last year, as a result of continued strong sales, and churn levels somewhat better than historical levels.

We will persist in our commitment to execute the plan laid out during our CMD. Key elements in this strategy include membership growth, ongoing optimization of our product offerings, and member activation. The number of workouts is the most important operational KPI for us in SATS – as it is the best indicator of the public health footprint our members are making, and it is the best predictor of how long they are staying with us. Thus, we are pleased to see that our members have worked out 11.1 million times during Q4 2023, an increase of 8% compared to Q4 2022. Active members are happy and healthy members!

The start of 2024 has seen record-high visits at our clubs. The enthusiasm and energy from our members have been remarkable both throughout Q4 2023 and in the initial weeks of the new year. We have done several new product launches which are very well received, and we will continue to invest and improve the total product offering to our members. A big thank you to the 9 500 SATS employees delivering inspirational member experiences every day throughout 2023!

Sondre Gravir
CEO




Clubs

0%



Members

'000

1%



Revenues

NOK million

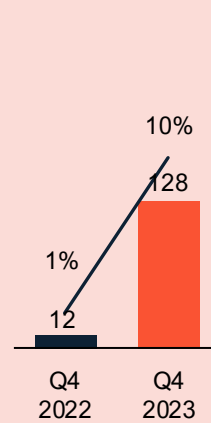
13%



EBITDA^{1,2}

NOK million / margin

964%



1) EBITDA before impact of IFRS 16. For further information regarding definitions and Alternative Performance Measures, please see Appendix.
2) EBITDA before IFRS 16 2022, excluding extraordinary items

HIGHLIGHTS

- Record-high Q4 2023 total revenues of NOK 1 227 million, driven by yield increase as a result of product improvements and price adjustments
- Q4 2023 EBITDA before IFRS 16 reached NOK 128 million, up from NOK 12 million in Q4 2022, resulting in a Q4 EBITDA margin of 10%, 9 p.p. higher than in Q4 2022
- Deleveraging at a high pace, reporting a leverage ratio of 2.3x net debt to EBITDA before IFRS 16, compared to 11.2x at the end of 2022
- The total number of workouts at SATS' clubs increased by 8% in Q4 2023 compared to Q4 2022, driven by member growth and higher activity per member
- Total revenues for FY 2023 summed up to NOK 4 734 million, up 11% (curr. adj.) from FY 2022
- FY 2023 EBITDA before IFRS 16 reached NOK 614 million, significantly lifted from NOK 145 million in FY 2022, resulting in a FY EBITDA margin of 13%, 9 p.p. higher than in FY 2022
- The average revenue per member (ARPM) increased by 7% (curr. adj.) for FY 2023 compared to FY 2022
- The member base increased by 10 000 members from year-end 2022, reaching 731 000 members by the end of 2023

Key Financial Figures and Alternative Performance Measures (APM)¹

	Q4 2023	Q4 2022	FY 2023	FY 2022
<i>Amounts in NOK million (unless otherwise stated)</i>				
Membership revenue	1 004	862	3 870	3 246
Other revenues	222	219	864	836
Total revenues	1 227	1 082	4 734	4 082
EBITDA	425	230	1 784	1 140
Margin (%)	35%	21%	38%	28%
Operating profit	123	-66	607	20
Profit/loss for the period	35	-150	224	-246
Earnings per share (NOK)	0,17	-0,74	1,10	-1,25
Total overhead costs	-157	-148	-551	-556
EBITDA before impact of IFRS 16 ²	128	12	614	145
Margin (%)	10%	1%	13%	4%
Maintenance Capex	66	60	120	176
Total Capex	83	76	167	304
Net debt	1 439	1 625	1 439	1 625
Operating cash flow	161	96	473	-74
Clubs	276	275	276	275
Members ('000)	731	721	731	721
ARPM (NOK/month)	559	505	543	490

1) As defined in Appendix under Alternative Performance Measures

2) EBITDA before IFRS 16 2022, excluding extraordinary items

BOARD OF DIRECTORS' REPORT

ANALYSIS OF THE Q4 2023 FINANCIAL STATEMENTS

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

Statement of comprehensive income

Total revenues increased by 13% (8% currency adjusted) to NOK 1 227 million in Q4 2023, compared to NOK 1 082 million in Q4 2022, mainly due to higher membership revenues. Membership revenues increased in all countries in Q4 2023 compared to Q4 2022. Maintaining a stable member base during the quarter, the total member base ended 1.4% above last year. ARPM increased by 11%, as a result of price increases in Q4 2022 and Q1 2023.

Total operating expenses decreased by 4% (-8% currency adjusted) to NOK 1 104 million in Q4 2023, while operating expenses excluding depreciation and amortization decreased by 6% to NOK 802 million. The decrease in operating expenses from last year is mainly due to lower electricity prices, lower overhead costs and a more restrictive marketing spend, outweighing increase in rent and price levels in general.

The operating profit increased from a loss of NOK 66 million in Q4 2022 to NOK 123 million in profit in the quarter. Operating profit increased in all countries except for Finland compared to Q4 2022.

Net financial items in Q4 2023 was negative NOK 67 million, an improvement of NOK 43 million compared to Q4 2022. The improvement was mainly driven by increased unrealized currency effects. Income tax expense in Q4 2023 was negative by NOK 21 million.

Profit before tax was NOK 57 million in Q4 2023, compared to a loss of NOK 175 million in Q4 2022. Profit for the period was NOK 35 million in Q4 2023, compared to a loss NOK 150 million in Q4 2022. The total comprehensive loss was NOK 3 million, compared to a loss of NOK 128 million in Q4 2022.

Statement of financial position

Consolidated assets increased by NOK 308 million to NOK 8 983 million in Q4 2023, compared to Q4 2022. A significant driver of the increased consolidated assets was the increase in rights-of-use assets and intangible assets. Right-of-use assets and intangible assets were the most significant components of consolidated assets, amounting to NOK 4 570 million and NOK 2 628 million, respectively, on 31 December 2023. Non-current assets increased by NOK 374 million, while current assets decreased by NOK 66 million. The increase in non-current assets was mainly driven by the increase in rights-of-use and intangible assets. The decrease in current assets was primarily driven by a decrease in cash and cash equivalents and prepaid expenses and accrued income.

Total liabilities increased from NOK 7 815 million as of 31 December 2022, to NOK 7 963 million as of 31 December 2023, primarily due to increased lease liability and public fees and charges payable.

As of 31 December 2023, consolidated equity amounted to NOK 1 020 million, representing an equity ratio of 11.4%, compared to NOK 860 million and 9.9% at year-end 2022.

Statement of cash flows

In Q4 2023, consolidated cash and cash equivalents decreased net by NOK 149 million, compared to an increase of NOK 211 million in Q4 2022.

As of the balance sheet date, the Group had cash and cash equivalents of NOK 282 million as of 31 December 2023. In addition, the Group had NOK 656 million available in undrawn amount on the rolling credit facility.

Net cash flow from the Group's operations was NOK 543 million in Q4 2023, compared to NOK 392 million in Q4 2022. The increased cash flow from operations of NOK 151 million was mainly due to increased profit before tax. The net working capital has high seasonal fluctuations, typically being lower in Nov-May and higher in Jun-Oct. In the quarter, the net working capital effect was positive by NOK 99 million (compared to 145 million in Q4 2022), mainly driven by change in other receivables and accruals and trade payables.

Net cash outflow from investing activities amounted to NOK 80 million in Q4 2023, compared to an outflow of NOK 86 million in Q4 2022.

Net cash outflow from financing was NOK 612 million in Q4 2023, compared to a cash outflow of NOK 95 million in Q4 2022, mainly explained by repayments of borrowings.

Segment development

The following sections of this report review each operating segment. Unless otherwise stated, comments regarding development reflect a comparison between Q4 2023 and Q4 2022.

Norway is the largest operating segment in the Group, with 45% of the consolidated total revenues in FY 2023. SATS Norway had 326 000 members at the end of 2023. SATS is a well-known brand in Norway and the largest operator of fitness clubs.

SATS Norway, including both the SATS and the Fresh Fitness brand, counted 119 clubs by the end of 2023. The member base has grown by 0.3% since year-end 2022, despite a 2% reduction in the number of clubs, after closing selected clubs as a part of the club portfolio optimization.

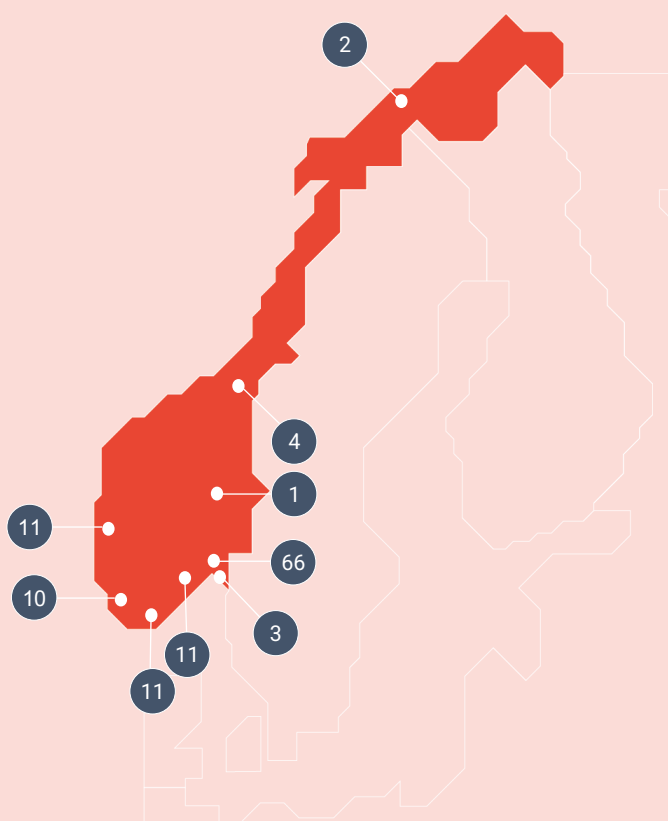
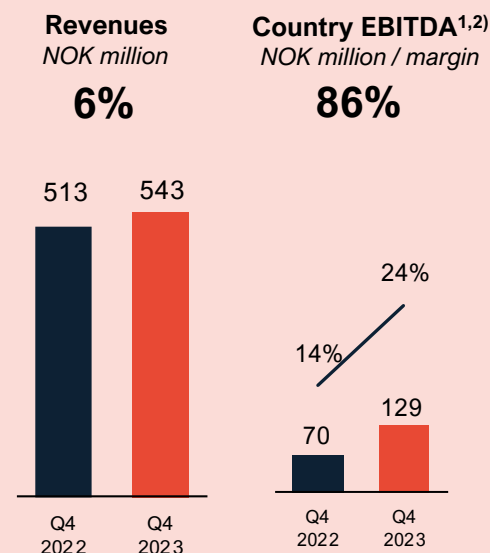
The average revenue per member (ARPM) was lifted by 5% to NOK 555 in Q4 2023, as a result of successful product improvements and price adjustments, as well as members continuing to invest in their personal health.

The result of the positive volume and price development was a 6% increase in total revenues to NOK 543 million in Q4 2023 compared to Q4 2022.

Country EBITDA increased by 86% to NOK 129 million, resulting in a quarterly Country EBITDA margin of 24%, 10 p.p. higher than in Q4 2022.

Key Financial Figures and Alternative Performance Measures (APM)

	Q4 2023	Q4 2022	FY 2023	FY 2022
<i>Amounts in NOK million (unless otherwise stated)</i>				
Membership revenue	446	407	1 763	1 543
Other revenues	96	105	389	397
Total revenues	543	513	2 153	1 940
EBITDA	197	112	859	574
Margin (%)	36%	22%	40%	30%
Operating profit	91	-9	437	136
Profit/loss for the period	85	-29	301	25
Country EBITDA before impact of IFRS 16 ²	129	70	560	337
Margin (%)	24%	14%	26%	17%
EBITDA before impact of IFRS 16	80	23	387	147
Margin (%)	15%	4%	18%	8%
Clubs	119	122	119	122
Members ('000)	326	325	326	325
ARPM (NOK/month)	555	528	551	515



¹⁾ Country EBITDA before impact of IFRS 16

²⁾ EBITDA before IFRS 16 2022, excluding extraordinary items

Sweden is the second-largest segment in the Group, with 34% of the total consolidated revenues in FY 2023. SATS Sweden had 249 000 members at the end of 2023. SATS has maintained a strong position in Sweden over many years.

The number of clubs increased by 3% during 2023, up to 95 clubs across Sweden. This contributed to the number of members increasing by 2% compared to the end of 2022.

The Q4 average revenue per member (ARPM) was lifted through price initiatives, leading to an 13% increase (6% curr. adj.) to NOK 564 as a result of successful product improvements and price adjustments.

Total revenues increased by 17% (9% curr. adj.) to NOK 422 million in the quarter, primarily driven by increased membership revenue.

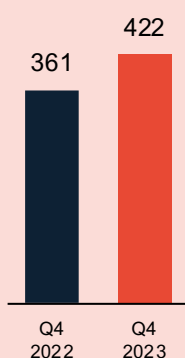
Country EBITDA increased by 125% (118% curr. adj.) to NOK 83 million, resulting in a quarterly Country EBITDA margin of 20%, 9 p.p. up from Q4 2022.

Key Financial Figures and Alternative Performance Measures (APM)

	Q4 2023	Q4 2022	FY 2023	FY 2022
<i>Amounts in NOK million (unless otherwise stated)</i>				
Membership revenue	337	282	1 281	1 088
Other revenues	85	78	315	289
Total revenues	422	361	1 597	1 377
EBITDA	151	69	605	369
<i>Margin (%)</i>	36%	19%	38%	27%
Operating profit	44	-22	193	11
Profit/loss for the period	23	-32	95	-42
Country EBITDA before impact of IFRS 16 ²	83	37	330	192
<i>Margin (%)</i>	20%	10%	21%	14%
EBITDA before impact of IFRS 16	41	-3	185	32
<i>Margin (%)</i>	10%	-1%	12%	2%
Clubs	95	92	95	92
Members ('000)	249	244	249	244
ARPM (NOK/month)	564	499	540	485

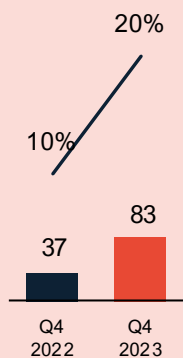
Revenues NOK million

17%



Country EBITDA^{1,2} NOK million / margin

125%



¹⁾ Country EBITDA before impact of IFRS 16

²⁾ EBITDA before IFRS 16 2022, excluding extraordinary items

In Finland, the business is operated under the brand ELIXIA, and the Finnish operations constituted 10% of consolidated total revenues in FY 2023. At the end of 2023, ELIXIA Finland had 71 000 members. The Finnish fitness market is highly fragmented, and ELIXIA is the market leader.

The number of clubs has been fairly stable in Finland, up 3% year-on-year, with the main focus of club optimization being on relocations. The member base increased by 2% since Q4 2022.

Adding on to the volume growth, the Q4 average revenue per member (ARPM) is up 16% (3% curr. adj.) to NOK 569 as a result of successful product improvements and price adjustments.

Total revenues for the quarter increased by 20% (7% curr. adj.) to NOK 121 million. The increase was mainly driven by membership revenues.

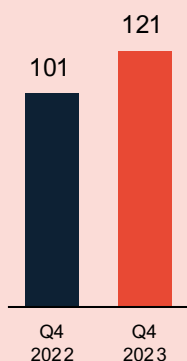
Country EBITDA decreased by 46% to NOK 2 million in the quarter. Quarterly Country EBITDA margin was consequently 2%, down 2 p.p. from Q4 2022. The decline is due to a one-off adjustment and periodization effect between quarters related to salaries, resulting in an adjusted Country EBITDA for Q4 2023 of NOK 9 million.

Key Financial Figures and Alternative Performance Measures (APM)

	Q4 2023	Q4 2022	FY 2023	FY 2022
<i>Amounts in NOK million (unless otherwise stated)</i>				
Membership revenue	102	83	390	280
Other revenues	19	18	76	81
Total revenues	121	101	466	361
EBITDA	30	26	159	89
Margin (%)	25%	25%	34%	25%
Operating profit	-5	-2	27	-22
Profit/loss for the period	-11	-7	3	-43
Country EBITDA before impact of IFRS 16 ²	2	4	48	1
Margin (%)	2%	3%	10%	0%
EBITDA before impact of IFRS 16	-5	-2	25	-19
Margin (%)	-4%	-2%	5%	-5%
Clubs	33	32	33	32
Members ('000)	71	70	71	70
ARPM (NOK/month)	569	490	550	448

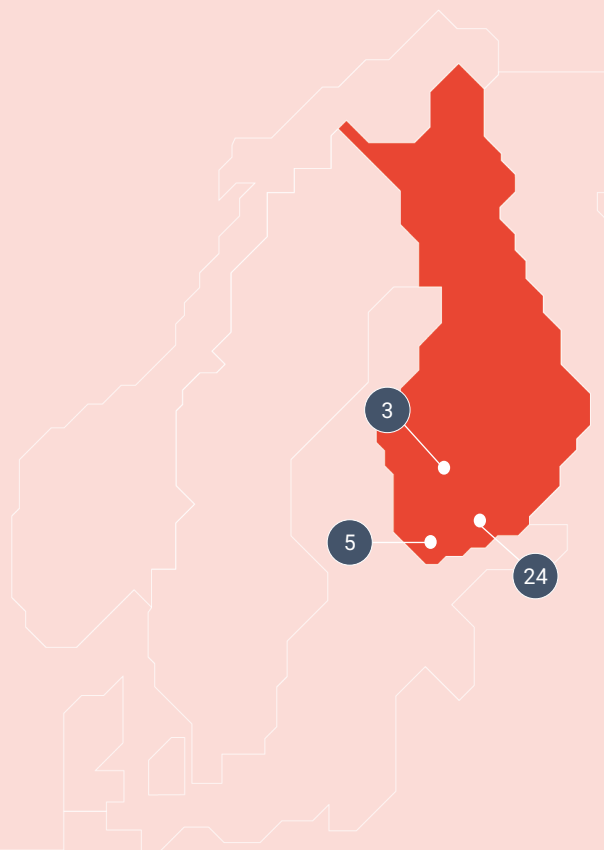
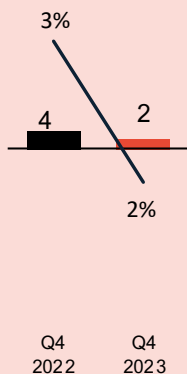
Revenues
NOK million

20%



Country EBITDA^{1,2}
NOK million / margin

-46%



¹⁾ Country EBITDA before impact of IFRS 16

²⁾ EBITDA before IFRS 16 2022, excluding extraordinary items

The Danish operation constituted 11% of consolidated total revenues in FY 2023. SATS Denmark, with 85 000 members at the end of 2023, is one of the largest fitness operators in the Greater Copenhagen area, and the number two operator in the Danish fitness club market.

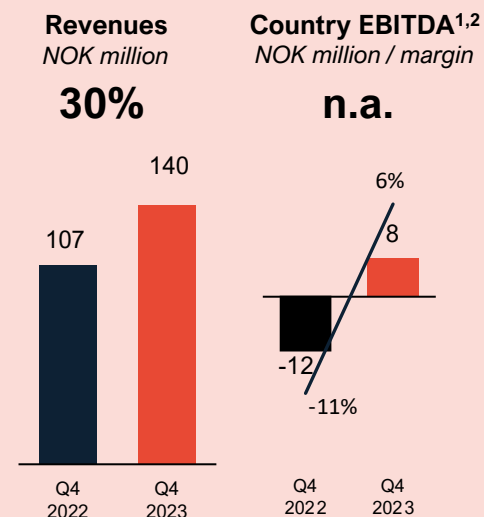
SATS Denmark ended the fourth quarter with 29 clubs, unchanged from last year. However, the member base grew by 4% in the same period.

On top of the member base increase, the Q4 revenue per member (ARPM) increased by 25% (12% curr. adj.), reaching NOK 551. As a result, total revenues in Q4 2023 increased by 30% (16% curr. adj.) to NOK 140 million.

Country EBITDA improved by NOK 20 million to a positive NOK 8 million, resulting in a quarterly Country EBITDA margin of 6%, 17 p.p. higher than in Q4 2022.

Key Financial Figures and Alternative Performance Measures (APM)

	Q4 2023	Q4 2022	FY 2023	FY 2022
<i>Amounts in NOK million (unless otherwise stated)</i>				
Membership revenue	119	90	436	335
Other revenues	21	18	80	67
Total revenues	140	107	516	403
EBITDA	37	12	132	53
Margin (%)	26%	11%	26%	13%
Operating profit	-3	-24	-29	-90
Profit/loss for the period	-21	-45	-98	-143
Country EBITDA before impact of IFRS 16 ²	8	-12	15	-46
Margin (%)	6%	-11%	3%	-11%
EBITDA before impact of IFRS 16	0	-18	-13	-71
Margin (%)	0%	-16%	-3%	-18%
Clubs	29	29	29	29
Members ('000)	85	82	85	82
ARPM (NOK/month)	551	440	517	433



¹⁾ Country EBITDA before impact of IFRS 16

²⁾ EBITDA before IFRS 16 2022, excluding extraordinary items

BUSINESS AND INDUSTRY OUTLOOK

The 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.

There are currently no significant indications of members downgrading their memberships due to reduced purchasing power as a consequence of the current macroeconomic environment. SATS expects positive development in its member base per club over time, fueled by the ongoing societal focus on health and the Company's strong market position. SATS will focus on offering a comprehensive and high-quality equipment park, leading personal training, and a range of highly regarded niche concepts. The Company will continue to offer flexible memberships ensuring that SATS is relevant for everyone.

SHAREHOLDER INFORMATION

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

FINANCIAL POLICY AND DIVIDEND

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

RISK AND UNCERTAINTY FACTORS

SATS operates in a broad range of geographical markets in the highly competitive health and fitness industry. In achieving its long-term strategic objectives, SATS is inherently involved in taking risks. Please see the Group's 2022 Annual Report (Board of Directors' Report and Note 25), for a detailed description of the Group's risk factors and risk management policies and procedures.

EVENTS AFTER THE BALANCE SHEET DATE

There have been no material events subsequent to the reporting period that might significantly affect the consolidated interim financial statements for the fourth quarter of 2023.

DISCLAIMER

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

Oslo, 12 February 2024

The Board of Directors

CONSOLIDATED INCOME STATEMENT

	Notes	Q4 2023	Q4 2022	2023	2022
<i>(Amounts in NOK million)</i>					
Revenue	2	1 227	1 082	4 734	4 082
Operating expenses					
Cost of goods sold ¹⁾		-35	-50	-137	-162
Personnel expenses ¹⁾		-476	-442	-1 677	-1 572
Other operating expenses		-291	-359	-1 136	-1 208
Depreciation and amortization	6, 7, 8	-302	-296	-1 178	-1 120
Total operating expenses		-1 104	-1 147	-4 127	-4 062
Operating profit		123	-66	607	20
Interest income		13	7	50	12
Finance income		38	7	106	80
Interest expense		-94	-83	-395	-300
Finance expense		-23	-41	-55	-73
Net financial items		-67	-109	-293	-281
Profit/loss before tax		57	-175	313	-261
Income tax expense	3	-21	25	-89	15
Profit/loss for the period		35	-150	224	-246
Profit/loss for the year is attributable to:					
Equity holders of the Group		35	-150	224	-246
Total allocation		35	-150	224	-246
Earnings per share in NOK					
Basic earnings per share attributable to equity holders of the company	4	0.17	-0.74	1.10	-1.25
Diluted earnings per share attributable to equity holders of the company	4	0.17	-0.74	1.10	-1.25

¹⁾ A reclassification between Cost of goods sold and Personnel expenses of NOK 4 million and NOK 15 million is recognized in Q4 2022 and in 2022, respectively.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q4 2023	Q4 2022	2023	2022
<i>(Amounts in NOK million)</i>				
Profit/loss for the period	35	-150	224	-246
Other comprehensive income				
Currency translation adjustment - may be reclassified to profit or loss	-38	22	-62	28
Other comprehensive income, net of tax	-38	22	-62	28
Total comprehensive income for the period	-3	-128	162	-219
Total comprehensive income is attributable to:				
Equity holders of the Group	-3	-128	162	-219
Total comprehensive income for the period	-3	-128	162	-219

CONSOLIDATED BALANCE SHEET

	Notes	December 31 2023	December 31 2022
<i>(Amounts in NOK million)</i>			
ASSETS			
Non-current assets			
Intangible assets	6	2 628	2 588
Right-of-use assets	8	4 570	4 161
Property, plant and equipment	7	705	723
Other non-current receivables		63	50
Derivative financial instruments	9	36	47
Deferred tax assets	3	178	239
Total non-current assets		8 181	7 806
Current assets			
Inventories		55	57
Accounts receivables		136	126
Other current receivables		86	54
Prepaid expenses and accrued income		237	287
Derivative financial instruments	9	6	0
Cash and cash equivalents		282	345
Total current assets		802	868
Total assets		8 983	8 675
EQUITY			
Share capital		435	431
Share premium ¹⁾		3 050	3 045
Treasury shares		-24	-14
Other reserves		-1	65
Retained earnings ¹⁾		-2 441	-2 668
Total equity		1 020	860
LIABILITIES			
Non-current liabilities			
Deferred tax liability	3	78	71
Borrowings	5	1 721	1 970
Lease liability	5	4 009	3 666
Total non-current liabilities		5 808	5 707
Current liabilities			
Borrowings	5	17	19
Lease liability	5	929	869
Contract liability		548	584
Trade and other payables		130	116
Current tax liabilities		2	6
Public fees and charges payable		115	91
Other current liabilities		415	423
Total current liabilities		2 155	2 108
Total liabilities		7 963	7 815
Total equity and liabilities		8 983	8 675

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Share premium ¹⁾	Treasury shares	Foreign exchange translation reserve	Share-based payments reserve	Retained earnings ¹⁾	Total attributable to owners of the Group	Total equity
<i>(Amounts in NOK million)</i>									
Equity January 1, 2022		366	2 521	-17	30	4	-2 421	483	483
Loss for the period							-246	-246	-246
OCI for the period					28			28	28
Total comprehensive income for the period		0	0	0	28	0	-246	-219	-219
Investment program						2		2	2
Share issues and capital increase expenses		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 period							224	224	224
OCI for the period					-62			-62	-62
Total comprehensive income for the period		0	0	0	-62	0	224	162	162
Investment program				4		-4	4	4	4
Share issues and capital increase expenses	4	4	5					8	8
Repurchase of shares				-21				-21	-21
Proceeds from sale of own shares				6				6	6
Equity December 31, 2023		435	3 050	-24	-3	2	-2 441	1 020	1 020

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Q4 2023	Q4 2022	2023	2022
<i>(Amounts in NOK million)</i>					
Cash flow from operations					
Profit/loss before tax		57	-175	313	-261
Adjustment for:					
Taxes paid in the period		18	8	-4	-23
Gain/loss from disposal or sale of equipment		1	9	-1	9
Depreciation, amortization and impairment	6, 7, 8	302	296	1 178	1 120
Net financial items		67	109	293	281
Change in inventory		3	12	2	0
Change in accounts receivables		-18	-7	-11	-8
Change in trade payables		13	-14	13	-21
Change in other receivables and accruals		101	154	-26	-15
Net cash flow from operations		543	392	1 758	1 082
Cash flow from investing					
Purchase of property, plant and equipment and intangible assets	6, 7	-80	-76	-167	-256
Loan to related parties	10	0	-10	-6	-10
Proceeds from property, plant and equipment		0	0	1	1
Acquisition of subsidiary, net of cash acquired		0	0	0	-49
Net cash flow from investing		-80	-86	-172	-313
Cash flow from financing					
Repayments of borrowings	5	-288	0	-288	-309
Proceeds from borrowings	5	0	200	0	200
Installments on lease liabilities	5	-238	-217	-947	-852
Paid interests on borrowings	5	-28	-34	-123	-120
Interests on lease liabilities	5	-59	-47	-224	-189
Proceeds from issues of shares	4	0	0	8	601
Purchase of own shares	4	0	0	-21	0
Proceeds from sale of own shares	4	0	3	6	3
Transaction costs from issues of new shares	4	0	0	0	-13
Other financial items		2	-1	1	-1
Net cash flow from financing		-612	-95	-1 587	-681
Net increase/decrease in cash and cash equivalents		-149	211	-1	88
Effect of foreign exchange rate changes on cash and cash equivalents		-11	9	-63	-24
Cash and cash equivalents at the beginning of the period		442	125	345	281
Cash and cash equivalents at the end of period		282	345	282	345

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

General information

SATS (the "Group") consists of SATS ASA (the "Company") and its subsidiaries. The accompanying consolidated interim financial statements include the financial statements of SATS ASA and its subsidiaries. The consolidated financial statements of the Group for the year ended December 31, 2022 are available at www.satsgroup.com.

Basis for preparation

These consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the European Union (the "EU") and additional requirements in the Norwegian Securities Trading Act. This interim financial report does not include all information and disclosures required by International Financial Accounting Standards ("IFRS") for a complete set of annual financial statements. Accordingly, this report should be read in conjunction with the annual report for the year ended December 31, 2022.

These consolidated interim financial statements are unaudited.

The accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended December 31, 2022. Because of rounding differences, numbers or percentages may not add up to the sum totals. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to or has rights to variable returns from its involvement with the entity and can affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.

Significant changes in the current reporting period

The financial position and the performance of the Group was not, other than mentioned above, mainly affected by any events or transactions during 2023.

General

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

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

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

The Nordic Management Group primarily uses EBITDA¹⁾, EBITDA before impact of IFRS 16¹⁾ and Country EBITDA before impact of IFRS 16¹⁾ to assess the performance of the operating segments. However, the Nordic Management Group also receives information about the segments' revenue and the consolidated balance sheet of the Group on a monthly basis.

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

Operating segment information

The segment information provided to the Nordic Management Group for the reportable segments for Q4 2023, Q4 2022 and the years ended December 31, 2022 and 2023 is as follows:

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

Q4 2023**Revenue**

Membership revenue	446	337	102	119	0	1 004
Other revenues	96	85	19	21	1	222
Total revenues	543	422	121	140	1	1 227

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

EBITDA before impact of IFRS 16¹⁾	80	41	-5	0	11	128
Impact of IFRS 16	116	110	35	36	0	297
EBITDA¹⁾	197	151	30	37	11	425
Depreciation and amortization	-105	-107	-35	-40	-15	-302
Operating profit/loss	91	44	-5	-3	-4	123
Net financial items ²⁾	-22	-16	-6	-18	-5	-67
Income tax expense	16	-4	0	0	-33	-21
Profit/loss for the period	85	23	-11	-21	-42	35

Q4 2022**Revenue**

Membership revenue	407	282	83	90	0	862
Other revenues	105	78	18	18	0	219
Total revenues	513	361	101	107	0	1 082

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

EBITDA before impact of IFRS 16¹⁾	-2	-21	-3	-20	11	-34
Impact of IFRS 16	114	90	28	32	0	264
EBITDA¹⁾	112	69	26	12	11	230
Depreciation and amortization	-121	-91	-28	-36	-19	-296
Operating loss	-9	-22	-2	-24	-8	-66
Net financial items ²⁾	-24	-16	-5	-21	-42	-109
Income tax expense	4	6	0	1	14	25
Loss for the period	-29	-32	-7	-45	-37	-150

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

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

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

2023

Revenue

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

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

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

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

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

EBITDA before impact of IFRS 16¹⁾	123	14	-20	-74	56	99
Impact of IFRS 16	451	355	109	126	0	1 041
EBITDA¹⁾	574	369	89	53	56	1 140
Depreciation and amortization	-438	-358	-111	-142	-72	-1 120
Operating profit/loss	136	11	-22	-90	-16	20
Net financial items ²⁾	-100	-62	-21	-54	-44	-281
Income tax expense	-11	9	0	1	15	15
Profit/loss for the year	25	-42	-43	-143	-45	-246

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

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

NOTE 3 Profit and loss information

Income tax expense

The actual tax expense is used as basis for the fourth quarter, 2023 and 2022 full year income tax recognition. Deferred tax assets for Finland and Denmark from losses carried forward are not recognized in 2023 due to uncertainty that future taxable profits will be available against the unused tax losses within a reasonable time frame.

Definitions

In the interim financial statements, Q4 is the reporting period from October 1 to December 31.

NOTE 4 Earnings per share

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

On March 30, 2023, SATS announced a share repurchase program under which the company repurchased 2 000 000 own shares in Q2 2023.

On the basis of the resolution by the general meeting of SATS ASA on May 31, 2023, senior executives and certain other key employees of the company were invited to apply for shares under a share investment program for the purpose of seeking to align the interests of the employees with those of the shareholders of the company. The share capital increase pertaining to the issuance of shares was registered with the Norwegian Register of Business Enterprises (Nw. Foretaksregisteret) on June 24, 2023. 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 Q4 2023 and full year 2023 is calculated as a weighted average.

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 share investment programs for employees in the SATS ASA Group imply 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. Allocation of matching shares is further contingent upon the company's performance over time.

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

Basic earnings per share attributable to equity holders of the company

<i>(NOK per share)</i>	Q4 2023	Q4 2022	2023	2022
Basic earnings	0.17	-0.74	1.10	-1.25
Total basic earnings per share	0.17	-0.74	1.10	-1.25
Total number of outstanding shares	204 075 774	202 689 325	203 103 000	196 915 471

Diluted earnings per share attributable to equity holders of the company

<i>(NOK per share)</i>	Q4 2023	Q4 2022	2023	2022
Diluted earnings	0.17	-0.74	1.10	-1.25
Total diluted earnings per share	0.17	-0.74	1.10	-1.25
Total number of outstanding shares	205 275 662	202 689 325	204 069 165	196 915 471

Reconciliation of earnings used in calculating earnings per share

<i>(Amounts in NOK million)</i>	Q4 2023	Q4 2022	2023	2022
Basic earnings per share				
Profit/loss attributable to equity holders of the Group	35	-150	224	-246
Profit/loss used in calculating basic earnings per share	35	-150	224	-246
Diluted earnings per share				
Profit/loss used in calculating diluted earnings per share	35	-150	224	-246
Profit/loss used in calculating diluted earnings per share	35	-150	224	-246

NOTE 5 Interest-bearing liabilities

	December 31 2023	December 31 2022
Overview of interest-bearing liabilities		
<i>(Amounts in NOK million)</i>		
Current		
Accrued interest cost	17	19
Lease liabilities	929	869
Total current interest-bearing liabilities	946	888
Non-current		
Bank borrowings	1 721	1 970
Lease liabilities	4 009	3 666
Total non-current interest-bearing liabilities	5 730	5 636
Total interest-bearing liabilities	6 676	6 524
Total bank borrowings	1 721	1 970
Cash and cash equivalents	282	345
Net debt¹⁾	1 439	1 625

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

The long-term loan facility agreement

The company has an unsecured revolving credit facility (RCF) agreement, consisting of a multicurrency RCF with a maximum principal amount of NOK 2 500 million. At the end of the third quarter, the remaining undrawn credit amounted to NOK 656 million.

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

The facility will fully mature in September 2025, and no installment payments are due before this time. Interest payable will depend on the principal amount of the facility at any given time. However, based on the current draw-down, IBOR and margin, the interest payment for the next twelve months is expected to be at 117 million before any gains or losses from the swap, please see note 9 for details.

Covenants

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

Compliance with financial borrowing covenants

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

Payment profile

The following table shows the undiscounted payment profile of the Group's interest-bearing liabilities, based on the remaining period as of December 31, 2023:

Bank borrowings	Total	Lease liabilities	Total
<i>(Amounts in NOK million)</i>		<i>(Amounts in NOK million)</i>	
Less than 1 year	117	Less than 1 year	1 145
1–2 years	1 809	1–2 years	1 014
2–3 years	0	2–3 years	871
3–5 years	0	3–5 years	1 371
More than 5 years	0	More than 5 years	1 374
Total payments	1 926	Total payments	5 775

NOTE 6 Intangible assets

Goodwill	Norway	Sweden	Finland	Denmark	Total goodwill
<i>(Amounts in NOK million)</i>					
At December 31, 2022					
Cost	1 868	209	611	0	2 687
Accumulated impairment	-199	0	-10	0	-209
Net book value	1 669	209	601	0	2 478
Period ended December 31, 2023					
Opening net book amount	1 669	209	601	0	2 478
Net effect of changes in foreign exchange	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		
Amortization method	Not amortized	Not amortized	Not amortized		

Other intangible assets	Trademark	Internally developed software ¹⁾	Customer list	Other	Total other intangible assets
<i>(Amounts in NOK million)</i>					
At December 31, 2022					
Cost	267	447	68	4	785
Accumulated amortization and impairment	-266	-363	-44	-4	-676
Net book value	1	84	25	0	109
Period ended December 31, 2023					
Opening net book amount	1	84	25	0	109
Effect of changes in foreign exchange cost	0	32	3	0	36
Effect of changes in foreign exchange accumulated amortization	0	-27	-2	0	-29
Additions	0	39	0	0	39
Amortization charge	0	-52	-11	0	-62
Closing Net book value	1	77	15	0	93
At December 31, 2023					
Cost	267	519	72	0	857
Accumulated amortization and impairment	-266	-442	-56	0	-764
Net book value	1	77	15	0	93
Useful life	10 years	3 years	3–7 years	1–10 years	
Amortization method	Straight-line	Straight-line	Straight-line	Straight-line	

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

NOTE 7 Property, plant and equipment

Property, plant and equipment <i>(Amounts in NOK million)</i>	Capitalized leasehold improvements	Fitness equipment	Other fixtures and equipment	Total tangible fixed assets
At December 31, 2022				
Cost	1 431	937	503	2 870
Accumulated depreciation	-1 001	-704	-443	-2 148
Net book value	431	233	59	723
Period ended December 31, 2023				
Opening net book amount	431	233	59	723
Additions	49	57	21	127
Effect of changes in foreign exchange cost	63	34	16	114
Depreciation charge	-88	-59	-28	-175
Effect of changes in foreign exchange accumulated depreciation	-44	-24	-14	-82
Disposals costs	-42	-13	-31	-86
Disposals costs accumulated depreciations	41	12	31	84
Closing Net book value	411	240	54	705
At December 31, 2023				
Cost	1 502	1 013	509	3 024
Accumulated depreciation	-1 091	-773	-455	-2 319
Net book value	411	240	54	705
Useful life	10 years	5–9 years	3–7 years	
Depreciation method	Straight-line	Straight-line	Straight-line	

NOTE 8 Right of use ("RoU") assets

RoU assets	Premise rental	Other leases	Total RoU assets
<i>(Amounts in NOK million)</i>			
At January 1, 2022			
Cost	9 904	82	9 986
Accumulated depreciation	-5 841	-68	-5 909
Net book value	4 063	15	4 077
Period ended December 31, 2022			
At January 1, 2022	4 063	15	4 077
Effect of changes in foreign exchange cost	24	2	26
Additions/disposals	932	4	936
Depreciation charge	-851	-9	-860
Effect of changes in foreign exchange accumulated depreciation	-16	-2	-18
Closing Net book value	4 152	9	4 161
At December 31, 2022			
Cost	10 815	87	10 903
Accumulated depreciation	-6 663	-78	-6 741
Net book value	4 152	9	4 161
Period ended December 31, 2023			
At January 1, 2023	4 152	9	4 161
Effect of changes in foreign exchange cost	298	4	302
Additions/disposals	1 175	5	1 180
Depreciation charge	-933	-8	-940
Effect of changes in foreign exchange accumulated depreciation	-129	-4	-133
Closing Net book value	4 563	7	4 570
At December 31, 2023			
Cost	12 212	97	12 309
Accumulated depreciation	-7 649	-90	-7 739
Net book value	4 563	7	4 570
Useful life	1–15 years	1–5 years	
Depreciation method	Straight-line	Straight-line	

Overview

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

Exchange rate – sensitivity analysis

The Group is primarily exposed to changes in the SEK/NOK, EUR/NOK, and DKK/NOK exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from the profit or loss in the Group's foreign subsidiaries, borrowings, intercompany loans, and bank accounts in currencies other than where the legal entity is located. The sensitivity analysis below illustrates the impact of EUR, SEK, and DKK strengthened by 10% against NOK. A 10% weaker NOK against SEK/EUR/DKK results in a negative effect of NOK 3 million on Profit/loss before tax when consolidating the last twelve months. Reconsolidating borrowings, intercompany loans, and bank accounts in foreign currency as of December 31, 2023 with a weaker NOK results in a positive effect of NOK 49 million.

	Loss in foreign currency	Borrowings, intercompany loans and bank accounts in foreign currency	Total
<i>(Amounts in NOK million)</i>			
SEK/NOK exchange rate - increase 10% ¹⁾	7	44	51
EUR/NOK exchange rate - increase 10% ¹⁾	0	-1	-1
DKK/NOK exchange rate - increase 10% ¹⁾	-10	9	-1
Effect on profit/loss before tax	-3	52	49

¹⁾ Holding all other variables constant.

Financial instruments by category

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

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

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

	December 31 2023		December 31 2022	
Financial instruments - Assets	Assets measured at amortized cost	Fair value through profit and loss	Assets measured at amortized cost	Fair value through profit and loss
<i>(Amounts in NOK million)</i>				
Other non-current receivables	63	0	50	0
Accounts receivables	136	0	126	0
Other current receivables	86	0	54	0
Derivatives	0	43	0	47
Cash and cash equivalents	282	0	345	0
Total financial assets	567	43	574	47

	December 31 2023		December 31 2022	
Financial instruments - Liabilities	Liabilities measured at amortized cost	Fair value through profit and loss	Liabilities measured at amortized cost	Fair value through profit and loss
<i>(Amounts in NOK million)</i>				
Borrowings	1 738	0	1 989	0
Lease liabilities	4 938	0	4 535	0
Trade and other payables	130	0	116	0
Other current liabilities	415	0	423	0
Total financial liabilities	7 220	0	7 063	0

Financial derivative instruments

The Group has the following derivative financial instruments:

	December 31 2023	December 31 2022
<i>(Amounts in NOK million)</i>		
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

Overview of interest rate swaps per December 31, 2023

Interest rate swaps	Notional in currency million	Maturity	Fixed rate	Unrealized gain
IRS NOK	694	28.10.2026	1.751	36
IRS SEK	200	28.10.2024	0.430	6
Fair value of the Group's interest rate swaps as of December 31, 2023 in NOK million				43

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

NOTE 10 Related parties

The company has related party transactions with the shareholder Altor, of which the transactions are of no significant character either in 2023 nor 2022.

In December 2022 and March 2023, total loans of NOK 9.7 million and 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.

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

NOTE 11 Events after the balance sheet date

There have been no material events subsequent to the reporting period that might significantly affect the consolidated interim financial statements for the fourth quarter of 2023.

NOTE 12 New IFRS standards

New standards adopted by the Group

No standards or amendments have been adopted by SATS Group for the first time for the financial year beginning on January 1, 2023.

NOTE 13 Critical estimates and judgements

Critical estimates

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

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

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

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

Goodwill

Goodwill is recognized at NOK 2 535 million per the balance sheet date. Goodwill is not amortized, but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. The recoverable amount of the cash-generating units (CGUs) is determined based on value-in-use calculations, which require several assumptions. The calculations use cash flow projections based on financial budgets and prognoses approved by management covering five years for all segments. Cash flows beyond the five years are extrapolated using the estimated growth rates stated in Note 13 Intangible assets in the Annual Report for 2022. These growth rates are consistent with forecasts included in economic outlook reports specific to the area in which each CGU operates.

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

Deferred tax assets

Deferred tax assets for Denmark and Finland are not recognized in Q4 2023 due to uncertainty that future taxable profits will be available against the unused tax losses within a reasonable time frame.

Lease

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

Fair value estimates

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

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

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

APPENDIX

ALTERNATIVE PERFORMANCE MEASURES

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

Alternative Performance Measures reflect adjustments based on the following items:

EBITDA

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

EBITDA before impact of IFRS 16

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

EBITDA before impact of IFRS 16 margin

EBITDA before impact of IFRS 16 divided by total revenue.

Net debt

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

Leverage ratio

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

Capital expenditure

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

Upgrades and maintenance CAPEX

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

Expansion CAPEX

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

Operating cash flow

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

Cash conversion

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

Reconciliation of EBITDA before impact of IFRS 16 for the period to Country EBITDA before impact of IFRS 16¹

TOTAL	Q4 2023	Q4 2022	2023	2022
<i>(Amounts in NOK million)</i>				
EBITDA before impact of IFRS 16	128	-34	614	99
Extraordinary items	0	46	0	46
EBITDA before impact of IFRS 16 excluding extraordinary items	128	12	614	145
Group overhead and cost allocation	94	86	339	338
Country EBITDA before impact of IFRS 16	222	98	953	484

NORWAY	Q4 2023	Q4 2022	2023	2022
<i>(Amounts in NOK million)</i>				
EBITDA before impact of IFRS 16	80	-2	387	123
Extraordinary items	0	24	0	24
EBITDA before impact of IFRS 16 excluding extraordinary items	80	23	387	147
Group overhead and cost allocation	-49	-47	-173	-190
Country EBITDA before impact of IFRS 16	129	70	560	337

SWEDEN	Q4 2023	Q4 2022	2023	2022
<i>(Amounts in NOK million)</i>				
EBITDA before impact of IFRS 16	41	-21	185	14
Extraordinary items	0	18	0	18
EBITDA before impact of IFRS 16 excluding extraordinary items	41	-3	185	32
Group overhead and cost allocation	-41	-40	-145	-160
Country EBITDA before impact of IFRS 16	83	37	330	192

FINLAND	Q4 2023	Q4 2022	2023	2022
<i>(Amounts in NOK million)</i>				
EBITDA before impact of IFRS 16	-5	-3	25	-20
Extraordinary items	0	1	0	1
EBITDA before impact of IFRS 16 excluding extraordinary items	-5	-2	25	-19
Group overhead and cost allocation	-7	-5	-23	-20
Country EBITDA before impact of IFRS 16	2	4	48	1

DENMARK	Q4 2023	Q4 2022	2023	2022
<i>(Amounts in NOK million)</i>				
EBITDA before impact of IFRS 16	0	-20	-13	-74
Extraordinary items	0	2	0	2
EBITDA before impact of IFRS 16 excluding extraordinary items	0	-18	-13	-71
Group overhead and cost allocation	-8	-6	-28	-25
Country EBITDA before impact of IFRS 16	8	-12	15	-46

¹⁾ The extraordinary items shown in this table do not include extraordinary items of NOK 22 million recorded as impairments and extraordinary financial costs in 2022. Total extraordinary items was NOK 68 million in 2022.

DEFINITIONS

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

Financial Calendar

13 FEB

2024

Q4 2023 Results

22 MAR

2024

Annual Report 2023

25 APR

2024

Annual General Meeting 2024

30 APR

2024

Q1 2024 Results

22 AUG

2024

Q2 2024 Results

5 NOV

2024

Q3 2024 Results

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