SATS Q1 2022

THIS IS SATS

The Group, through our brands and concepts SATS, ELIXIA, Fresh Fitness, HiYoga and Mentra by SATS, is the leading provider of fitness and training services in the Nordics with 267 clubs, close to 9 000 employees and almost 690 000 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.

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WORDS FROM THE CEO

Finally, we are now leaving the pandemic behind us. We have seen significant financial losses, but the member base has been recovered, member satisfaction is improved, and we have implemented many operational learnings. We have opened 35 new clubs and significantly improved our digital offering through the launch of Mentra by SATS, addressing the hybrid future of fitness. Looking ahead, we will accelerate the growth in SATS to make even more people healthier and happier.

The member growth in Q1 was 18 000. In January, we had restrictions on our operations, with reduced capacity and closed clubs. Hence, January sales was low compared to normal. When restrictions were removed, we had strong sales in February and March, well above pre-pandemic levels compared to same months in 2019. In addition to a recovered member base, we also see increasing activity levels. In February and March, visits per paying member were well above 2019 levels, clearly showing that our members are eager to visit our clubs.

SATS is accelerating growth through multiple levers. We have capacity in our existing clubs for continued membership growth. New members to existing clubs bring a very high margin contribution. We also have an ambitious roll-out plan with 22 new clubs to be opened in 2022 and 2023. We will continue to establish new clubs, and also do selected acquisitions, further accelerating new club openings. In addition, we are upgrading several clubs in our portfolio. We expect the average revenue per member to increase both through membership yield measures and increasing other revenues like PT, retail and treatments.

We also continue the development of Mentra by SATS, which will further increase our digital presence both in new and existing target groups.

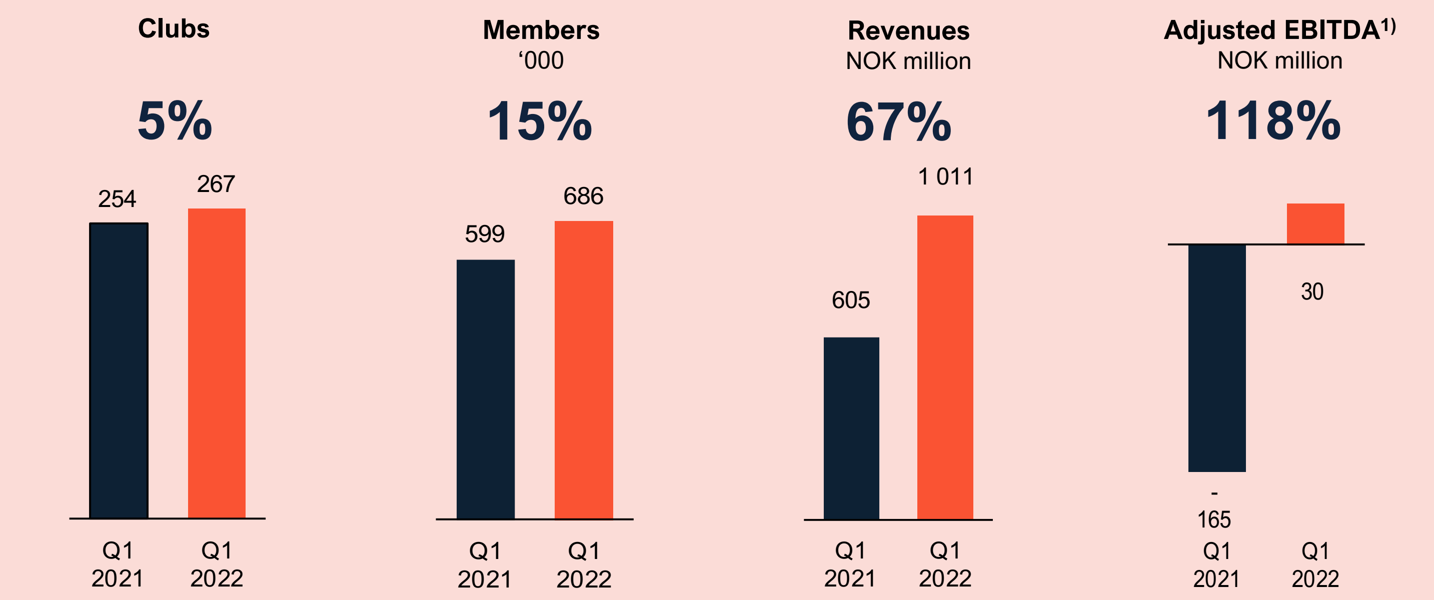
Mentra by SATS will from April serve as the new digital offering for SATS members in all four Nordic markets, and Rflex will soon be available for purchase in Finland and Denmark. We also celebrate that Mentra by SATS reached a milestone of 10 000 registered users by the end of the quarter.

SATS completed an equity raise in the quarter with gross proceeds of NOK 600 million to ensure sufficient strategic flexibility to act on potential organic and in-organic growth opportunities. The Nordic markets are still fragmented with small chains and independent clubs comprising a significant share of the market. This represents opportunities for SATS. We have during the quarter acquired Gym Gruppen and Bare Trening Sør, strengthening the Oslo cluster and increasing the presence in Southern Norway, coupled with initiated several new M&A dialogues and greenfield opportunities.

We are welcoming all our new members, and existing members back to their activity routines. I also want to thank all the dedicated employees for the great efforts during the quarter coming out of the pandemic and ramping up our operations. We will continue to inspire our members to succeed with their training!

Sondre Gravir
CEO

Sondre Gravir



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

HIGHLIGHTS

- *Q1 2022 was significantly affected by the pandemic, including club closures in Finland and capacity restrictions across the Nordics in January and early February*
- *After the lifting of restrictions and leaving the pandemic behind us, members are back at the clubs with a higher activity level than prior to the pandemic*
- *Continued strong member growth of 18 000, representing 3% since Q4 2021. Total member base of 686 000 at the end of the quarter, up 15% from Q1 2021*
- *Member revenues increased by 118% compared to last year due to the significant ramp-up in members and reduction in freeze levels*
- *Total revenues in the quarter increased 67% to NOK 1 011 million, driven by increased member revenues, increased retail and PT revenues*
- *Adjusted EBITDA[1] improved from NOK -165 million in Q1 2021 when imposed club closures were widespread to NOK 30 million in the quarter*
- *SATS announced a successful equity raise in February, with gross proceeds of NOK 600.6 million. The net proceeds will predominately be used to ensure sufficient strategic flexibility for the company to act on potential organic and in-organic growth opportunities in the short to medium term and to ensure a more robust liquidity position in order to exploit opportunities in the longer run*
- *Three new clubs were opened in the quarter, coupled with the acquisition of Gym Gruppen. Additionally, seven clubs are acquired from Bare Trening Sør, closing in June*
- *SATS has ambitious plans for the future including accelerated growth supported by new clubs, strengthening member base in existing clubs, yield improvements, and increased revenues from other services like personal training and retail*
- *Fragmented markets support continued opportunities for numerous smaller M&As and greenfields*

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

	Q1 2022	Q1 2021	**Year 2021**
Amounts in NOK million (unless otherwise stated)			
Membership revenue	775	356	2 301
Other revenues	236	248	946
Total revenues	1 011	605	3 247
EBITDA	287	80	818
Margin (%)	*28%*	*13%*	*25%*
Operating profit	14	-175	-224
Profit/loss for the period	-56	-221	-452
Earnings per share (NOK)	-0.31	-1.29	-2.64
Adjusted Country EBITDA before impact of IFRS 16	118	-95	132
Margin (%)	*12%*	*-16%*	*4%*
Adjusted EBITDA before impact of IFRS 16	30	-165	-170
Margin (%)	*3%*	*-27%*	*-5%*
Maintenance Capex	17	25	126
Total Capex	46	37	247
Net debt	1 365	1 615	1 822
Operating cash flow	-90	-124	-164
Clubs	267	254	262
Members (‘000)	686	599	669
ARPM (NOK/month)	498	329	417

1) As defined in Appendix under Alternative Performance Measures

BOARD OF DIRECTORS' REPORT

ANALYSIS OF THE Q1 2022 FINANCIAL STATEMENTS

All financial statements show the period 1 January 2022 to 31 March 2022, compared to the accounts for the period 1 January 2021 to 31 March 2021.

Statement of comprehensive income

Total revenues increased by 67% to NOK 1 011 million in Q1 2022, compared to NOK 605 million in Q1 2021, mainly as a consequence of closed clubs in Q1 2021. The company experienced imposed club closures in Finland and capacity restrictions across the Nordics in January and early February. All clubs were open without restrictions from early February. Revenues in all countries increased in Q1 2022 compared to Q1 2021. After a net member growth development during the quarter (~3%), total member base ended 15% above last year, mainly as a result of strong membership sales. Reported ARPM increased by 51% compared to Q1 2021, mainly driven by significantly lower freeze levels.

Total operating expenses increased by 28% to NOK 998 million in Q1 2022, while operating expenses excluding depreciation and amortization increased by 38% to NOK 724 million. The increase in operating expenses is mainly due to the imposed club closure in Norway and Denmark last year, as well as adding 14 new clubs to the portfolio.

The operating profit increased from NOK -175 million to NOK 14 million. Operating profit increased in all countries compared to Q1 2021.

Net financial expense in Q1 2022 was NOK 67 million, a decrease of NOK 23 million compared to Q1 2021. The decrease was driven by a higher value adjustment on derivatives and lower unrealized currency effect on loans. Income tax expense in Q1 2022 was negative by NOK 2 million.

Loss before tax was NOK 54 million in Q1 2022, compared to a loss of NOK 265 million in Q1 2021. Loss for the period was NOK 56 million in Q1 2022, compared to a loss of NOK 221 million in Q1 2021, while total comprehensive loss was NOK 32 million, compared to a loss of NOK 190 million in Q1 2021.

Statement of financial position

Consolidated assets decreased by NOK 89 million to NOK 8 548 million in Q1 2022. A major driver of the decreased consolidated assets was the reduction in cash and cash equivalents. Right-of-use assets and intangible assets were the largest components of consolidated assets, amounting to NOK 4 198 million and NOK 2 540 million, respectively, on 31 March 2022. Non-current assets increased by NOK 3 million, while current assets decreased by NOK 92 million. The increase in non-current assets was driven by the increase in deferred tax assets, offset by the decrease in property, plant and equipment, compared to Q1 2021. The decrease in current assets was primarily driven by a decrease in cash and cash equivalents, and prepaid expenses.

Total liabilities decreased from NOK 7 939 million as of 31 March 2021 to NOK 7 506 million as of 31 March 2022, primarily due to decreased borrowings, lease liabilities, and other current liabilities.

SATS announced a successful equity raise on 16 February 2022, through an allocation of 30.8 million new shares at a subscription price of NOK 19.5 per share, with gross proceeds of NOK 600.6 million. The net proceeds from the equity raise will predominately be used to ensure sufficient strategic flexibility for the company to act on potential organic and in-organic growth opportunities in the short to medium term and to ensure a more robust liquidity position in order to exploit opportunities in the longer run.

As of 31 March 2022, consolidated equity amounted to NOK 1 042 million, representing an equity ratio of 12%, compared to NOK 698 million and 8% in Q1 2021.

Statement of cash flows

In Q1 2022, consolidated cash and cash equivalents increased net by NOK 102 million, compared to an increase of NOK 18 million in Q1 2021.

As at the balance sheet date, the Group had cash and cash equivalents of NOK 403 million, compared to NOK 488 million as of the balance sheet date of 31 March 2021. In addition, the Group had NOK 613 million available in un-drawn amount on the rolling credit facility after a down payment of NOK 309 million in the quarter.

Net cash flow from the Group's operations was NOK 162 million in Q1 2022, compared to NOK 123 million in Q1 2021. The increased cash flow from operations of NOK 39 million was mainly due to improved profit before tax, somewhat offset by changes in net working capital. The net working capital effect of the quarter was negative by NOK 103 million, mainly driven by payment of deferred taxes.

Net cash outflow from investing activities amounted to NOK 46 million in Q1 2022, compared to an outflow of NOK 38 million in Q1 2021.

Net cash outflow from financing was NOK 14 million in Q1 2022, compared to a cash outflow of NOK 67 million in Q1 2021.

Segment development

The following sections of this report review each operating segment. Unless otherwise stated, comments regarding development reflect a comparison between Q1 2022 and Q1 2021.

NORWAY

Norway is the largest operating segment in the Group with 42% of the consolidated total revenues. SATS Norway had 310 000 members at the end of Q1 2022. SATS is a well-known brand in Norway and the largest operator of fitness clubs.

Restrictions on visits capacity and no group training classes were re-introduced in December 2021 due to the outbreak of Omicron. All clubs in Norway were open through Q1 2022, and without restrictions from early February.

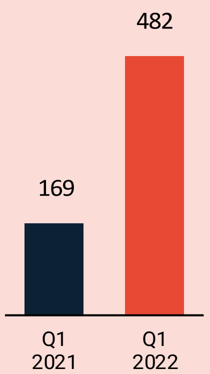
The member base ended 16% higher than last year. The extensive periods of club closures during the pandemic have restrained the sales of new memberships, but the quarter has shown a continued strong development. Total revenues amounted to NOK 482 million in Q1 2022, representing an increase of 185% compared to the same quarter last year. The main driver for the increase in membership revenues was the higher member base and imposed club closures in Q1 2021.

Country EBITDA increased by NOK 174 million to NOK 82 million, resulting in a quarterly Country EBITDA margin of 17%, 71 p.p. higher than in Q1 2021.

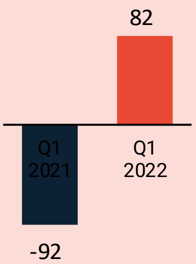
Key Financial figures and Alternative Performance Measures (APM)

	Q1 2022	Q1 2021	**Year 2021**
Amounts in NOK million (unless otherwise stated)			
Membership revenue	372	76	933
Other revenues	110	93	432
Total revenues	482	169	1 366
EBITDA	145	-24	353
Margin (%)	*30 %*	*-14 %*	*26 %*
Operating profit	40	-121	-42
Profit/loss for the period	12	-115	-115
Adjusted Country EBITDA before impact of IFRS 16	82	-92	97
Margin (%)	*17 %*	*-54 %*	*7 %*
Adjusted EBITDA before impact of IFRS 16	33	-127	-68
Margin (%)	*7 %*	*-75 %*	*-5 %*
Clubs	115	109	112
Members ('000)	310	268	302
ARPM (NOK/month)	525	206	391

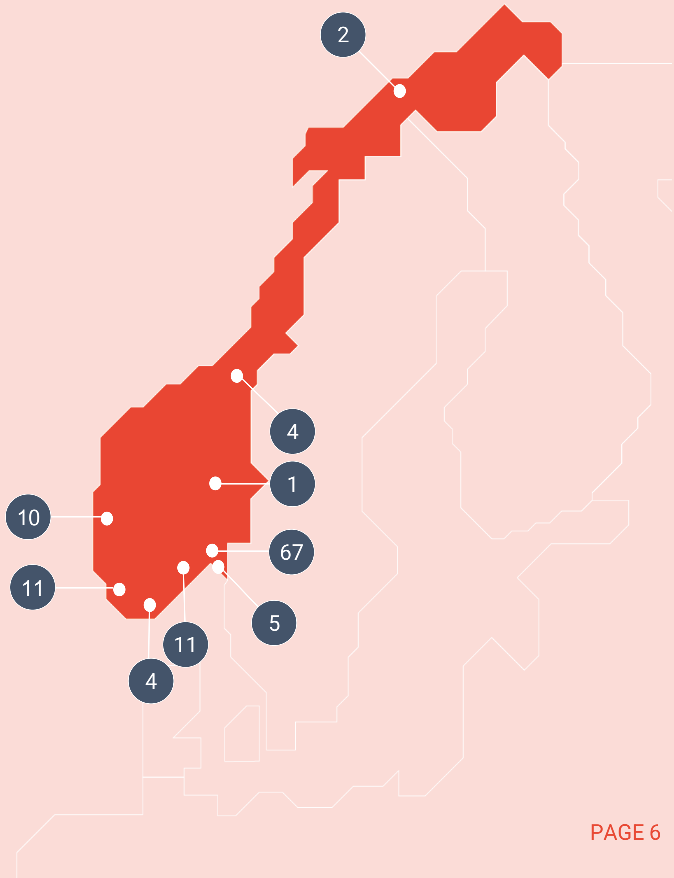
Revenues
NOK million
185%



Country EBITDA[1)]
NOK million
189%



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



SWEDEN

Sweden is the second-largest operating segment in the Group, with 39% of consolidated total revenues. SATS Sweden had 231 000 members at the end of Q1 2022. SATS has maintained a strong position in Sweden over the course of many years and is the largest operator of fitness clubs in terms of revenue.

Restrictions on visits capacity were re-introduced in December 2021 due to the outbreak of Omicron. All clubs in Sweden were open through the quarter, and without restrictions from early February.

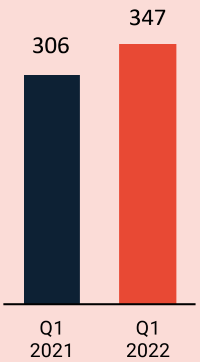
The overall covid infection situation and strong governmental recommendations to reduce social mobility in many quarters have negatively impacted membership sales. However, on back of strong sales efforts, the member base ended 12% ahead of Q1 2021. Total revenues increased by 13% to NOK 347 million in the quarter, driven by higher membership revenues.

Country EBITDA increased by NOK 18 million to NOK 51 million, resulting in quarterly Country EBITDA margin of 15%, 4 p.p. up from Q1 2021.

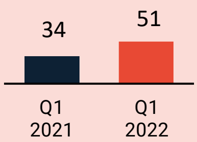
Key Financial Figures and Alternative Performance Measures (APM)

	Q1 2022	Q1 2021	**Year 2021**
Amounts in NOK million (unless otherwise stated)			
Membership revenue	269	228	961
Other revenues	78	78	295
Total revenues	347	306	1 256
EBITDA	97	89	333
Margin (%)	*28 %*	*29 %*	*27 %*
Operating profit	9	3	-9
Profit/loss for the period	-2	0	-41
Adjusted Country EBITDA before impact of IFRS 16	51	34	133
Margin (%)	*15 %*	*11 %*	*11 %*
Adjusted EBITDA before impact of IFRS 16	10	5	-2
Margin (%)	*3 %*	*2 %*	*0 %*
Clubs	90	84	88
Members ('000)	231	206	229
ARPM (NOK/month)	503	485	470

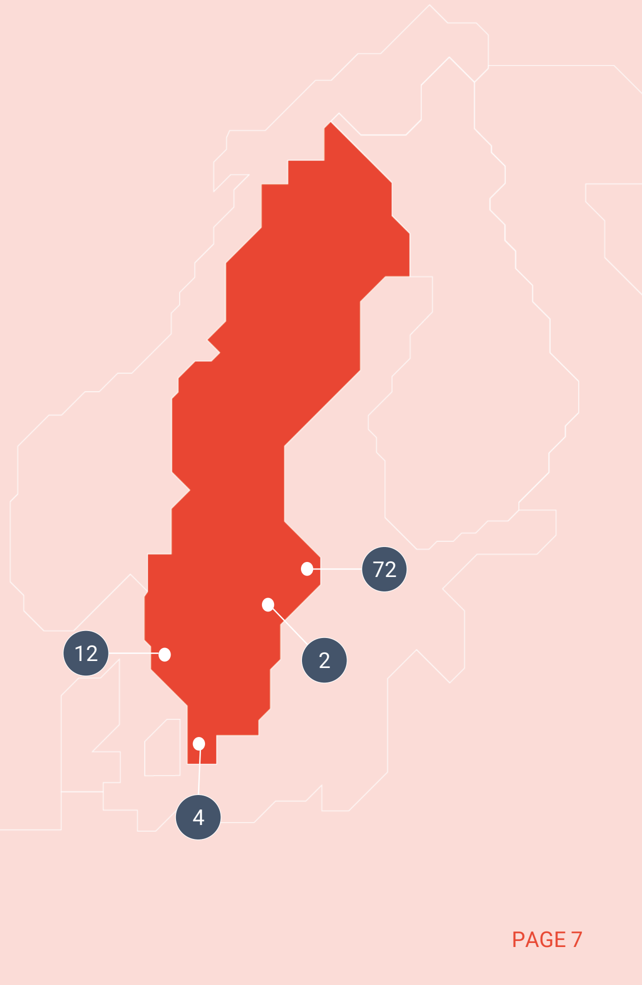
Revenues
NOK million
13%



Country EBITDA[1)]
NOK million
51%



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



FINLAND

In Finland, the business is operated under the brand ELIXIA, and the Finnish operations, constituted 9% of consolidated total revenues. At the end of Q1 2022 ELIXIA Finland had 64 000 members. The Finnish fitness market is highly fragmented, and ELIXIA is the market leader.

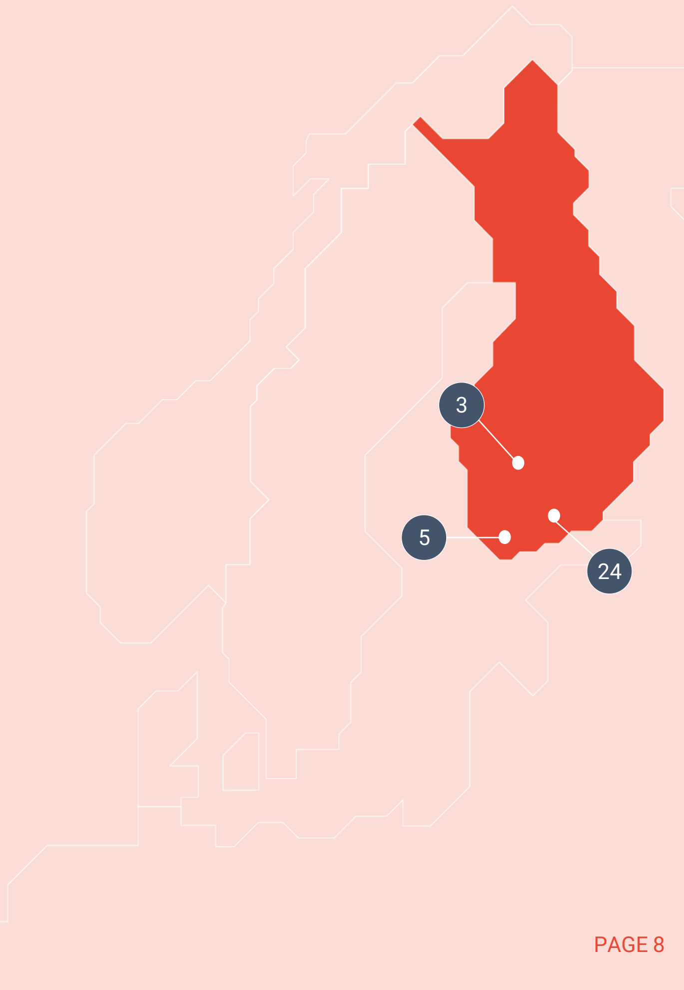
From late December to early February clubs in Helsinki and Tampere were closed. In February and March there were recommended restrictions regarding club capacity and use of face masks.

The member base ended 9% higher than last year. Total revenues summed up to NOK 83 million in the quarter, an 18% increase compared to NOK 70 million in the corresponding quarter last year. Revenues in Q1 2022 were significantly impacted by imposed club closures in January, partly compensated by receiving governmental compensation of NOK 15 million, recognised as other revenues.

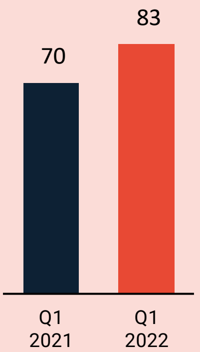
Country EBITDA increased by NOK 14 million to NOK -3 million and quarterly Country EBITDA margin was negative by 3%, up 22 p.p. compared to Q1 2021.

Key Financial Figures and Alternative Performance Measures (APM)

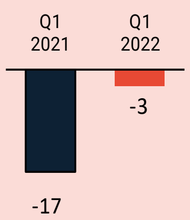
	Q1 2022	Q1 2021	**Year 2021**
Amounts in NOK million (unless otherwise stated)			
Membership revenue	53	52	211
Other revenues	31	19	81
Total revenues	83	70	292
EBITDA	19	3	35
Margin (%)	*23 %*	*5 %*	*12 %*
Operating profit	-9	-23	-68
Profit/loss for the period	-14	-28	-87
Adjusted Country EBITDA before impact of IFRS 16	-3	-17	-48
Margin (%)	*-3 %*	*-25 %*	*-16 %*
Adjusted EBITDA before impact of IFRS 16	-8	-22	-67
Margin (%)	*-9 %*	*-31 %*	*-23 %*
Clubs	32	30	32
Members ('000)	64	59	64
ARPM (NOK/month)	431	395	391



Revenues
NOK million
18%



Country EBITDA[1)]
NOK million
85%



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

DENMARK

The Danish operation contributed with 10% of consolidated total revenues in Q1 2022. SATS Denmark had 80 000 members at the end of the quarter, is one of the largest fitness operator in the Greater Copenhagen area.

Restrictions on visits capacity were re-introduced in December due to the outbreak Omicron. All clubs in Denmark were open through Q1 2022, and without restrictions from early February.

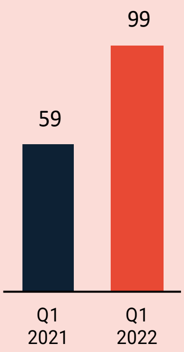
The member base ended 22% higher than last year. Total revenues in Denmark increased to NOK 99 million in the quarter, up 68% compared to Q1 2021. The increase was largely driven by open clubs in the quarter compared to imposed club closures in Q1 2021.

Country EBITDA increased by NOK 8 million to NOK -12 million, resulting in quarterly Country EBITDA margin of -13%, 20 p.p. up from Q1 2021.

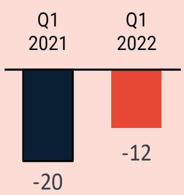
Key Financial Figures and Alternative Performance Measures (APM)

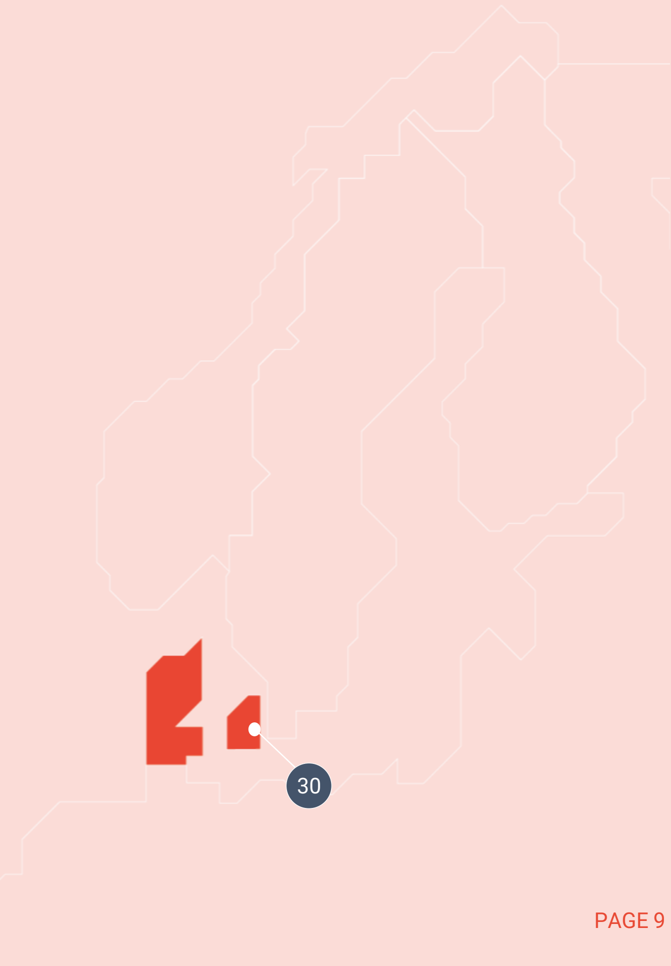
	Q1 2022	Q1 2021	**Year 2021**
Amounts in NOK million (unless otherwise stated)			
Membership revenue	82	0	195
Other revenues	17	59	138
Total revenues	99	59	333
EBITDA	13	7	53
Margin (%)	*13 %*	*12 %*	*16 %*
Operating profit	-23	-29	-92
Profit/loss for the period	-36	-36	-122
Adjusted Country EBITDA before impact of IFRS 16	-12	-20	-51
Margin (%)	*-13 %*	*-33 %*	*-15 %*
Adjusted EBITDA before impact of IFRS 16	-19	-25	-75
Margin (%)	*-19 %*	*-43 %*	*-23 %*
Clubs	30	30	30
Members ('000)	80	66	73
ARPM (NOK/month)	429	285	382

Revenues
NOK million
68%



Country EBITDA[1)]
NOK million
37%





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

BUSINESS AND INDUSTRY OUTLOOK

Restrictions introduced with the Omicron wave were mainly lifted in early February across the Nordics. The removal of restrictions had an immediate positive effect on visits. All clubs are currently open with normal operations.

The company believes the megatrend around health and well-being has been strengthened during the pandemic, as people more than ever see the benefits of staying healthy.

SATS will continue to take part in the digitalization of the fitness industry as there are interesting opportunities to expand the product offering. SATS is committed in taking a part in this trend and to develop an attractive, high-quality hybrid offering. The Company expects the digital expansion to provide an opportunity to grow at a higher pace than only through physical clubs. Mentra by SATS has received impressive reviews and positive user feedback since the commercial launch in late 2021. Supported by the positive reception and expected market trends, the company sees a large potential for Mentra by SATS. However, ramp-up is expected to develop gradually over time. SATS will continue to strive for a full-service and broad product offering in a hybrid format. We 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. SATS will continue to offer flexible memberships ensuring that SATS is relevant for everyone.

Visit levels per paying members improved materially from January to February and March on back of restrictions being removed. Visits per paying members in February and March were well above comparable months in 2019.

SATS aims to continue to expand through acquisitions, greenfields and through new product launches. 22 new club openings are announced for the remaining 2022 and 2023, and further openings are expected to be announced.

SHAREHOLDER INFORMATION

SATS ASA's share capital was NOK 431 million as of 31 March 2022, divided into 203 046 142 ordinary shares, each with a par value of NOK 2.125. All the shares have been fully paid and have equal rights. SATS owned 910 769 treasury shares as of the balance sheet date. The number of shareholders as of 31 March 2022 was 5 990.

FINANCIAL POLICY AND DIVIDEND

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

On 15 March 2022, the company signed a one-year extension of the RCF agreement until September 2025. The adjusted covenants are applicable to and including 31 December 2023. The adjusted covenants set out quarterly minimum levels for liquidity and reported EBITDA, with the latter entering into force from Q1 2023. SATS cannot distribute any dividend during the amendment period and shall be compliant with the original covenants once the amendment period expires.

RISK AND UNCERTAINTY FACTORS

SATS operates in a broad range of geographical markets in the highly competitive health and fitness industry. In achieving its long-term strategic objectives, SATS is inherently involved in taking risks. Please see the Group's 2021 Annual Report (Board of Directors' Report and Note 22) 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 have a significant effect on the consolidated interim financial statements for the first quarter of 2022.

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.

Oslo, 2 May 2022
The Board of Directors

CONSOLIDATED INCOME STATEMENT

(Amounts in NOK million)	Notes	Q1 2022	Q1 2021	2021
Revenue	2	**1 011**	**605**	**3 247**
Operating expenses				
Cost of goods sold		-38	-14	-106
Personnel expenses		-403	-316	-1 399
Other operating expenses		-283	-194	-925
Depreciation and amortization	6, 7, 8	-274	-255	-1 042
Total operating expenses		**-998**	**-780**	**-3 472**
Operating profit		**14**	**-175**	**-224**
Finance income		33	21	54
Interest expense		-72	-73	-284
Finance expense		-29	-38	-68
Net financial items		**-67**	**-90**	**-298**
Profit/loss before tax		**-54**	**-265**	**-522**
Income tax expense	3	-2	44	70
Profit/loss for the period		**-56**	**-221**	**-452**
Profit/loss for the year is attributable to:				
Equity holders of the Group		-56	-221	-452
Total allocation		-56	**-221**	**-452**
Earnings per share in NOK				
Basic earnings per share attributable to equity holders of the company	4	-0.31	-1.29	-2.65
Diluted earnings per share attributable to equity holders of the company	4	-0.31	-1.29	-2.65

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q1 2022	Q1 2021	2021
(Amounts in NOK million)			
Profit/loss for the period	**-56**	**-221**	**-452**
Other comprehensive income			
Currency translation adjustment - may be reclassified to profit or loss	24	31	36
Other comprehensive income, net of tax	**24**	**31**	**36**
Total comprehensive income for the period	**-32**	**-190**	**-416**
Total comprehensive income is attributable to:			
Equity holders of the Group	-32	-190	-416
Total comprehensive income for the period	**-32**	**-190**	**-416**

CONSOLIDATED BALANCE SHEET

(Amounts in NOK million)	Notes	31.03.2022	31.03.2021	31.12.2021
ASSETS				
Non-current assets				
Intangible assets	6	2 540	2 540	2 569
Right-of-use assets	8	4 198	4 230	4 077
Property, plant and equipment	7	660	702	691
Other non-current receivables		33	36	34
Derivative financial instruments	9	32	0	0
Deferred tax assets	3	210	161	213
Total non-current assets		**7 673**	**7 670**	**7 584**
Current assets				
Inventories		61	48	57
Accounts receivables		107	80	117
Other current receivables		65	35	59
Prepaid expenses and accrued income		239	317	237
Cash and cash equivalents		403	488	281
Total current assets		**875**	**967**	**751**
Total assets		**8 548**	**8 637**	**8 336**
EQUITY				
Share capital		431	365	366
Share premium[1)]		3 056	2 513	2 521
Treasury shares		-17	-17	-17
Other reserves		59	27	34
Retained earnings[1)]		-2 487	-2 190	-2 421
Total equity		**1 042**	**698**	**483**
LIABILITIES				
Non-current liabilities				
Deferred tax liability	3	73	49	72
Borrowings	5	1 759	2 091	2 090
Lease liability	5	3 730	3 834	3 632
Derivative financial instruments	9	0	16	1
Other non-current liabilities		4	0	4
Total non-current liabilities		**5 566**	**5 990**	**5 798**
Current liabilities				
Borrowings	5	10	11	12
Lease liability	5	834	780	820
Contract liability		478	415	487
Trade and other payables		144	102	138
Current tax liabilities		0	14	4
Public fees and charges payable		120	182	225
Other current liabilities		355	444	369
Total current liabilities		**1 941**	**1 949**	**2 055**
Total liabilities		**7 506**	**7 939**	**7 853**
Total equity and liabilities		**8 548**	**8 637**	**8 336**

[1)] *A reclassification between Share premium and Retained earnings of NOK 1 500 million is recognized as of 31 March 2021.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts in NOK million)	Share capital	Share premium	Treasury shares	Other reserves[1)]	Retained earnings	**Total attributable to owners of the Group**	**Total equity**
Equity 1 January 2021	**365**	**2 513**	**-19**	**-4**	**-1 969**	**885**	**885**
Profit/loss for the period					-221	-221	-221
OCI for the period				31		31	31
Total comprehensive income for the period	**0**	**0**	**0**	**31**	**-221**	**-190**	**-190**
Investment program				1		1	1
Proceeds from sale of own shares			2			2	2
Equity 31 March 2021	**365**	**2 513**	**-17**	**27**	**-2 190**	**698**	**698**
Equity 1 January 2022	**366**	**2 521**	**-17**	**34**	**-2 421**	**483**	**483**
Profit/loss for the period					-56	-56	-56
OCI for the period				24		24	24
Total comprehensive income for the period	**0**	**0**	**0**	**24**	**-56**	**-32**	**-32**
Investment program				1		1	1
Share issues and capital increase expenses	65	535			-10	590	590
Equity 31 March 2022	**431**	**3 056**	**-17**	**59**	**-2 487**	**1 042**	**1 042**

[1)] *Other reserves consist of currency translation adjustments and share investment program according to IFRS 2.*

CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts in NOK million)	Notes	Q1 2022	Q1 2021	2021
Cash flow from operations				
Profit before tax		-54	-265	-522
Adjustment for:				
Taxes paid in the period		-22	-23	-32
Gain/loss from disposal or sale of equipment		0	0	3
Depreciation, amortization and impairment	6, 7, 8	274	255	1 042
Net financial items		67	90	298
Change in inventory		-4	0	-9
Change in accounts receivables		11	40	3
Change in trade payables		7	-17	18
Change in other receivables and accruals		-116	43	119
Net cash flow from operations		**162**	**123**	**920**
Cash flow from investing				
Purchase of property, plant and equipment	6, 7	-46	-38	-232
Proceeds from property, plant and equipment		0	0	1
Acquisition of subsidiary, net of cash acquired		0	0	-9
Net cash flow from investing		**-46**	**-38**	**-240**
Cash flow from financing				
Repayments of borrowings	5	-309	0	-2
Proceeds from borrowings	5	0	200	200
Installments on lease liabilities	5	-210	-195	-800
Paid interests on borrowings	5	-36	-24	-109
Interests on lease liabilities	5	-47	-50	-187
Proceeds from issues of shares	4	601	0	9
Proceeds from sale of own shares		0	2	2
Transaction costs from issues of new shares	4	-13	0	0
Other financial items		1	1	10
Net cash flow from financing		**-14**	**-67**	**-877**
Net increase/decrease in cash and cash equivalents		**102**	**18**	**-197**
Effect of foreign exchange changes on cash and cash equivalents		21	14	22
Cash and cash equivalents at the beginning of the period		281	456	456
Cash and cash equivalents at the end of period		**403**	**488**	**281**

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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 31 December 2021 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 31 December 2021.

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 31 December 2021. 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 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.

Significant changes in the current reporting period
The financial position and the performance of the Group was not, other than mentioned above, particularly affected by any events or transactions during the three first months of 2022.

NOTE 2 Segment information

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

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

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

The Nordic Management Group primarily uses EBITDA[1)], EBITDA before impact of IFRS 16[1)], Adjusted EBITDA before impact of IFRS 16[1)] and Adjusted Country EBITDA before impact of IFRS 16[1)] to assess the performance of the operating segments. However, the Nordic Management Group also receives information about the segments' revenue and the consolidated balance sheet of the Group on a monthly basis.

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

Operating segment information
The segment information provided to the Nordic Management Group for the reportable segments for Q1 2022, Q1 2021 and the year ended 31 December 2021 is as follows:

SATS Group	Norway	Sweden	Finland	Denmark	Group functions and other	**Total**
(Amounts in NOK million)						
Q1 2022						
Revenue						
Membership revenue	372	269	53	82	0	775
Other revenues	110	78	31	17	0	236
Total revenues	**482**	**347**	**83**	**99**	**0**	**1 011**
EBITDA[1)] and EBITDA before impact of IFRS 16[1)] reconcile to profit/loss for the period as follows:						
EBITDA before impact of IFRS 16[1)]	**33**	**10**	**-8**	**-19**	**13**	**30**
Impact of IFRS 16	112	87	27	32	0	257
EBITDA[1)]	**145**	**97**	**19**	**13**	**13**	**287**
Depreciation and amortization	-105	-88	-28	-36	-17	-274
Operating profit	**40**	**9**	**-9**	**-23**	**-4**	**14**
Net financial items[2)]	-25	-12	-5	-14	-11	-67
Income tax expense	-3	1	0	0	0	-2
Profit/loss for the period	**12**	**-2**	**-14**	**-36**	**-15**	**-56**
Q1 2021						
Revenue						
Membership revenue	76	228	52	0	0	356
Other revenues	93	78	19	59	0	248
Total revenues	**169**	**306**	**70**	**59**	**0**	**605**
EBITDA[1)] and EBITDA before impact of IFRS 16[1)] reconcile to profit/loss for the period as follows:						
EBITDA before impact of IFRS 16[1)]	**-127**	**5**	**-22**	**-25**	**5**	**-165**
Impact of IFRS 16	104	84	25	33	0	245
EBITDA[1)]	**-24**	**89**	**3**	**7**	**5**	**80**
Depreciation and amortization	-97	-86	-26	-36	-10	-255
Operating profit	**-121**	**3**	**-23**	**-29**	**-5**	**-175**
Net financial items[2)]	-27	-3	-5	-7	-49	-90
Income tax expense	33	0	0	0	11	44
Profit/loss for the period	**-115**	**0**	**-28**	**-36**	**-42**	**-221**

1) For further information about definitions, please see the appendix Alternative Performance Measures.
2) Finance income and expenses are allocated to Group functions and other, as this type of activity is derived by the central treasury function, which manages the cash position of the Group.

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

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

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

[1] For further information about definitions, please see the appendix Alternative Performance Measures.
[2] Finance income and expenses are allocated to Group functions and other, as this type of activity is derived by the central treasury function, which manages the cash position of the Group.

NOTE 3 Profit and loss information

Income tax expense
Standardized tax rates are used for tax reporting purposes for Norway and Sweden for Q1 2022, whereas there are not recognized any deferred tax assets in Finland and Denmark due to uncertainty that future taxable profits will be available against the unused tax losses within a reasonable time frame. The actual tax expense is used as basis for the 2021 full year income tax recognition.

Definitions
In the interim financial statements, Q1 is defined as the reporting period from 1 January to 31 March.

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 of the number of shares outstanding, adjusted for the dilution effect of shares from share investment programs delivering matching shares.

SATS announced a successful equity raise on 16 February 2022, through an allocation of 30.8 million new shares at a subscription price of NOK 19.5 per share, with gross proceeds of NOK 600.6 million. The net proceeds from the equity raise will predominately be used to ensure sufficient strategic flexibility for the company to act on potential organic and in-organic growth opportunities in the short to medium term and to ensure a more robust liquidity position in order to exploit opportunities in the longer run.

The share investment programs for employees in the SATS ASA Group imply that the company on the balance sheet date of 31 March 2022 will deliver 525 463 matching shares to employees in 2023 and 107 425 shares in 2024. Allocation of matching shares is further contingent upon the company's performance over time.

As at the balance sheet date of 31 March 2022, the company holds 910 769 treasury shares.

Basic earnings per share attributable to equity holders of the company

(NOK per share)	**Q1 2022**	Q1 2021	2021
Basic earnings	-0.31	-1.29	-2.65
Total basic earnings per share	**-0.31**	**-1.29**	**-2.65**
Total number of outstanding shares	180 397 570	170 760 716	170 851 309

Diluted earnings per share attributable to equity holders of the company

(NOK per share)	**Q1 2022**	Q1 2021	2021
Diluted earnings	-0.31	-1.29	-2.65
Total diluted earnings per share	**-0.31**	**-1.29**	**-2.65**
Total number of outstanding shares	180 397 570	171 286 179	170 851 309

Reconciliation of earnings used in calculating earnings per share

(Amounts in NOK million)	**Q1 2022**	Q1 2021	2021
Basic earnings per share			
Profit/loss attributable to equity holders of the Group	-56	-221	-452
Profit/loss used in calculating basic earnings per share	**-56**	**-221**	**-452**
Diluted earnings per share			
Profit/loss used in calculating diluted earnings per share	-56	-221	-452
Profit/loss used in calculating diluted earnings per share	**-56**	**-221**	**-452**

NOTE 5 Interest-bearing liabilities

Overview of interest-bearing liabilities	**31.03.2022**	31.03.2021	31.12.2021
(Amounts in NOK million)			
Current			
Bank borrowings	10	11	12
Lease liabilities	834	780	820
Total current interest-bearing liabilities	**844**	**791**	**833**
Non-current			
Bank borrowings	1 759	2 091	2 090
Lease liabilities	3 730	3 834	3 632
Total non-current interest-bearing liabilities	**5 489**	**5 925**	**5 722**
Total interest-bearing liabilities	**6 333**	**6 716**	**6 555**
Total bank borrowings	1 769	2 102	2 103
Cash and cash equivalents	403	488	281
Net debt[1)]	**1 365**	**1 615**	**1 822**

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

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 per the end of the first quarter, the remaining undrawn amount summed up to approximately NOK 613 million after the company chose to repay NOK 300 million on 21 March 2022. An amendment to the agreement, extending the RCF with one year until September 2025, was signed in February 2022.

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 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 1 767 million as of the balance sheet date of 31 March 2022, the annual interest payment is expected to be in the range of NOK 46 to 69 million.

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

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

Compliance with financial borrowing covenants
SATS ASA executes the financing functions within the Group, holds the long term financing agreement with the Group's long term lenders, and provides long term financing to other Group entities. SATS ASA has complied with the financial covenants related to its borrowing facility throughout 2021 and 2022.

Payment profile
The following table shows the undiscounted payment profile of the Group's interest bearing liabilities, based on the remaining period as of 31 March 2022:

Bank borrowings	**Total**
(Amounts in NOK million)	
Less than 1 year	69
1-2 years	49
2-3 years	46
3-5 years	1 794
More than 5 years	0
Total payments	**1 957**

Lease liabilities	**Total**
(Amounts in NOK million)	
Less than 1 year	1 004
1-2 years	915
2-3 years	809
3-5 years	1 231
More than 5 years	1 236
Total payments	**5 194**

NOTE 6 Intangible assets

Goodwill	Norway	Sweden	Finland	Denmark	Total goodwill
(Amounts in NOK million)					
At 31 December 2021					
Cost	1 838	215	581	0	2 634
Accumulated impairment	-199	0	-10	0	-209
Net book value	**1 640**	**215**	**571**	**0**	**2 425**
Period ended 31 March 2022					
Opening net book amount	1 640	215	571	0	2 425
Net effect of changes in foreign exchange	0	-8	-16	0	-24
Net additions/disposals	2	0	0	0	2
Closing net book value	**1 641**	**207**	**555**	**0**	**2 403**
At 31 March 2022					
Cost	1 840	207	565	0	2 612
Accumulated impairment	-199	0	-10	0	-209
Net book value	**1 641**	**207**	**555**	**0**	**2 403**
Useful life	Indefinite	Indefinite	Indefinite		
Amortization method	Not amortized	Not amortized	Not amortized		

Other intangible assets	Trademark	Internally developed software[1]	Customer list	Other	Total other intangible assets
(Amounts in NOK million)					
At 31 December 2021					
Cost	268	420	59	4	751
Accumulated amortization and impairment	-266	-308	-31	-4	-608
Net book value	**2**	**113**	**29**	**0**	**143**
Period ended 31 March 2022					
Opening net book amount	2	113	29	0	143
Effect of changes in foreign exchange cost	0	-15	-1	0	-16
Effect of changes in foreign exchange accumulated amortization	0	11	0	0	12
Additions	0	16	2	0	18
Amortization charge	0	-17	-3	0	-21
Closing net book value	**2**	**107**	**27**	**0**	**136**
At 31 March 2022					
Cost	268	421	60	4	753
Accumulated amortization and impairment	-266	-313	-34	-4	-617
Net book value	**2**	**107**	**27**	**0**	**136**
Useful life	10 years	3 years	3 - 7 years	1 - 10 years	
Amortization method	Straight-line	Straight-line	Straight-line	Straight-line	

[1] *Software consists of capitalized development expenditure being an internally generated intangible asset.*

NOTE 7 Property, plant and equipment

Property, plant and equipment	Capitalized leasehold improvements	Fitness equipment	Other fixtures and equipment	**Total tangible fixed assets**
(Amounts in NOK million)				
At 31 December 2021				
Cost	1 421	851	477	2 749
Accumulated depreciation	-991	-651	-416	-2 058
Net book value	**431**	**200**	**61**	**691**
Period ended 31 March 2022				
Opening net book amount	431	200	61	691
Additions	3	16	7	26
Effect of changes in foreign exchange cost	-29	-15	-7	-51
Depreciation charge	-23	-13	-7	-43
Effect of changes in foreign exchange accumulated depreciation	20	11	6	37
Disposals costs	-30	-1	0	-32
Disposals costs accumulated depreciations	30	1	0	32
Closing net book value	**402**	**199**	**59**	**660**
At 31 March 2022				
Cost	1 365	851	476	2 692
Accumulated depreciation	-963	-652	-417	-2 032
Net book value	**402**	**199**	**59**	**660**

Useful life	10 years	5 - 9 years	3 - 7 years	
Depreciation method	Straight-line	Straight-line	Straight-line	

NOTE 8 Right of use ("RoU") assets

RoU assets	Premise rental	Other leases	**Total RoU assets**
(Amounts in NOK million)			
At 1 January 2021			
Cost	9 659	79	9 737
Accumulated depreciation	-5 113	-57	-5 170
Net book value	**4 546**	**22**	**4 568**
Year ended 31 December 2021			
At 1 January 2021	4 546	22	4 568
Additions/disposals	445	7	452
Effect of changes in foreign exchange cost	-200	-3	-203
Depreciation charge	-792	-13	-805
Effect of changes in foreign exchange accumulated depreciation	64	2	66
Closing net book value	**4 063**	**15**	**4 077**
At 31 December 2021			
Cost	9 904	82	9 986
Accumulated depreciation	-5 841	-68	-5 909
Net book value	**4 063**	**15**	**4 077**
Period ended 31 March 2022			
At 1 January 2022	4 063	15	4 077
Effect of changes in foreign exchange cost	-119	-2	-120
Additions/disposals	404	0	404
Depreciation charge	-208	-2	-210
Effect of changes in foreign exchange accumulated depreciation	45	2	47
Closing net book value	**4 186**	**12**	**4 198**
At 31 March 2022			
Cost	10 189	81	10 270
Accumulated depreciation	-6 003	-69	-6 072
Net book value	**4 186**	**12**	**4 198**
Useful life	1 - 15 years	1 - 5 years	
Depreciation method	Straight-line	Straight-line	

NOTE 9 Financial instruments

Overwiew
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. 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
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 currencies other than where the legal entity is located. EUR, SEK and DKK are strengthened by 10% against NOK in the sensitivity analysis below. A 10% weaker NOK against SEK/EUR/DKK results in a negative effect of NOK 29 million on Profit/loss before tax when re-consolidating the last 12 months. Re-consolidating borrowings, intercompany loans and bank accounts in foreign currency as of 31 March 2022 with a weaker NOK results in a positive effect of NOK 46 million.

Sensitivity analysis

	Profit in foreign currency	Borrowings, intercompany loans and bank accounts in foreign currency	**Total**
(Amounts in NOK million)			
SEK/NOK exchange rate - increase 10%[1)]	-9	40	31
EUR/NOK exchange rate - increase 10%[1)]	-7	6	-1
DKK/NOK exchange rate - increase 10%[1)]	-12	0	-13
Effect on profit/loss before tax	**-29**	**46**	**17**

[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 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 12 months from the balance sheet date and there is no intention to close the position within 12 months from the balance sheet date.

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

	31.03.2022		31.03.2021		31.12.2021	
Financial instruments - Assets	**Assets measured at amortized cost**	**Fair value through profit and loss**	Assets measured at amortized cost	Fair value through profit and loss	Assets measured at amortized cost	Fair value through profit and loss
(Amounts in NOK million)						
Other non-current receivables	33	0	36	0	34	0
Accounts receivables	107	0	80	0	117	0
Other current receivables	65	0	35	0	59	0
Derivatives	0	32	0	0	0	0
Cash and cash equivalents	403	0	488	0	281	0
Total financial assets	**608**	**32**	**638**	**0**	**491**	**0**

	31.03.2022		31.03.2021		31.12.2021	
Financial instruments - Liabilities	**Assets measured at amortized cost**	**Fair value through profit and loss**	Assets measured at amortized cost	Fair value through profit and loss	Assets measured at amortized cost	Fair value through profit and loss
(Amounts in NOK million)						
Borrowings	1 769	0	2 102	0	2 103	0
Lease liabilities	4 564	0	4 614	0	4 452	0
Trade and other payables	144	0	102	0	138	0
Derivatives	0	0	0	16	0	1
Other current liabilities	355	0	444	0	369	0
Total financial liabilities	**6 832**	**0**	**7 263**	**16**	**7 061**	**1**

Financial derivative instruments
The Group has the following derivative financial instruments:

	31.03.2022	31.03.2021	31.12.2021
(Amounts in NOK million)			
Non-current assets			
Interest rate swap contracts	32	0	0
Total non-current derivative financial instrument assets	**32**	**0**	**0**
Non-current liabilities			
Interest rate swap contracts	0	16	1
Total non-current derivative financial instrument liabilities	**0**	**16**	**1**

Overview of interest swaps per 31 March 2022

Interest rate swaps	Notional in currency million	Maturity	Fixed rate	**Unrealized gain/loss 31.03.2022**
IRS NOK	694	28.10.2026	1.751	27
IRS SEK	200	28.10.2024	0.430	5
Fair value of the Group`s interest rate swaps as of 31 March 2022 in NOK million				**32**

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

NOTE 10 Related parties

The company has only related party transactions with the shareholder Altor, of which the transactions are of not significant character either in Q1 2022, Q1 2021 nor full year 2021. There are no related party balance sheet items as at 31 March 2022, 31 March 2021 or 31 December 2021.

All transactions with related parties are priced at market conditions and there are no special conditions attached to these. 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 have a significant effect on the consolidated interim financial statements for the first quarter of 2022.

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 1 January 2022.

NOTE 13 Critical estimates and judgements

Critical estimates
The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

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

The areas involving significant estimates or judgements are 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 judgements 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 that are believed to be reasonable under the circumstances.

Goodwill
Goodwill is recognized at NOK 2 403 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 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 all segments. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated in Note 11 Intangible assets in the Annual Report for 2021. 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 of the key assumptions would cause the recoverable amount to be lower than the carrying value. For Finland, sensitivity analyses show that the headroom is limited, and the development will be monitored closely in the months to come.

Deferred tax assets
Deferred tax assets for Denmark and Finland are not recognized in Q1 2022 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 a significant change in circumstances occurs which affects this assessment. During the current financial period, there was no material financial effect of revising lease terms to reflect the effect 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 as 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
- 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 unlisted equity securities, a contingent consideration receivable and 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 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 uses 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 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 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 table below.

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

Adjusted EBITDA before impact of IFRS 16
Adjusted EBITDA before impact of IFRS 16 is a measure of EBITDA adjusted for (i) lease expenses applying IAS 17 Leases, (ii) impairment charges, (iii) revenue and costs from closed clubs, and (iiii) certain extraordinary items affecting comparability. The Group has presented this APM because it considers it to be an important supplemental measure to understand the underlying profit generation in the Group's operating activities. Please see reconciliation to profit or loss before tax in table below.

Adjusted EBITDA before impact of IFRS 16 margin
Adjusted EBITDA before impact of IFRS 16 divided by total revenue.

Adjusted Country EBITDA before impact of IFRS 16
Adjusted Country EBITDA before impact of IFRS 16 is a measure of Adjusted EBITDA before impact of IFRS 16 per segment, which is the Group's segment measure, before allocation of Group overhead and cost allocations. The Group has presented this APM because it considers it to be an important supplemental measure to understand the underlying profit generation in the Group's geographic segments without the impact of Group overhead and cost allocations. Please see reconciliation to profit or loss before tax in table below.

Adjusted Country EBITDA before impact of IFRS 16 margin
Adjusted Country EBITDA before impact of IFRS 16 divided by total revenue.

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 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 Adjusted EBITDA before impact of IFRS 16.

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

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

Expansion capex
Expansion capital expenditures is a measure of business combinations (acquisitions), investments in greenfields and digital expansion. The measure is defined as the sum of Acquisition of subsidiary from the Statement of cashflows 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 Adjusted EBITDA excluding IFRS 16 less Maintenance capex and working capital.

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

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

TOTAL	Q1 2022	Q1 2021	2021
(Amounts in NOK million)			
EBITDA before impact of IFRS 16	**30**	**-165**	**-170**
Adjusted EBITDA before impact of IFRS 16	**30**	**-165**	**-170**
Group overhead and cost allocation	88	70	301
Adjusted Country EBITDA before impact of IFRS 16	**118**	**-95**	**132**

NORWAY	Q1 2022	Q1 2021	2021
(Amounts in NOK million)			
EBITDA before impact of IFRS 16	**33**	**-127**	**-68**
Adjusted EBITDA before impact of IFRS 16	**33**	**-127**	**-68**
Group overhead and cost allocation	-48	-35	-165
Adjusted Country EBITDA before impact of IFRS 16	**82**	**-92**	**97**

SWEDEN	Q1 2022	Q1 2021	2021
(Amounts in NOK million)			
EBITDA before impact of IFRS 16	**10**	**5**	**-2**
Adjusted EBITDA before impact of IFRS 16	**10**	**5**	**-2**
Group overhead and cost allocation	-41	-29	-135
Adjusted Country EBITDA before impact of IFRS 16	**51**	**34**	**133**

FINLAND	Q1 2022	Q1 2021	2021
(Amounts in NOK million)			
EBITDA before impact of IFRS 16	**-8**	**-22**	**-67**
Adjusted EBITDA before impact of IFRS 16	**-8**	**-22**	**-67**
Group overhead and cost allocation	-5	-5	-19
Adjusted Country EBITDA before impact of IFRS 16	**-3**	**-17**	**-48**

DENMARK	Q1 2022	Q1 2021	2021
(Amounts in NOK million)			
EBITDA before impact of IFRS 16	**-19**	**-25**	**-75**
Adjusted EBITDA before impact of IFRS 16	**-19**	**-25**	**-75**
Group overhead and cost allocation	-6	-6	-24
Adjusted Country EBITDA before impact of IFRS 16	**-12**	**-20**	**-51**

DEFINITIONS

Term	Definition
Adjusted Country EBITDA before impact of IFRS 16	Adjusted EBITDA before impact of IFRS 16 less allocation of Group overhead and cost allocations
Adjusted Country EBITDA before impact of IFRS 16 margin	Adjusted Country EBITDA before impact of IFRS 16 divided by total revenue
Adjusted EBITDA before impact of IFRS 16	EBITDA adjusted for (i) closed clubs; (ii) certain items affecting comparability; and (iii) the impact of implementation of the new IFRS 16 lease standard
Adjusted EBITDA before impact of IFRS 16 margin	Adjusted EBITDA before impact of IFRS 16 divided by total revenue
Average number of members per club	Number of clubs at the end of the period divided by the average member base
Average revenue per member (ARPM)	Average revenue per member per month, calculated as total revenue divided by the average member base
Capex: Club portfolio capital expenditures	Maintenance capital expenditures less IT capital expenditures
Capex: Expansion capital expenditures	The sum of investments related to acquisitions, greenfields and digital expansion
Capex: IT capital expenditures	Capital expenditures associated with developing software programs
Capex: Maintenance capital expenditures	Total capital expenditures less expansions capital expenditures
Capex: Total capital expenditures	The sum of all capital expenditures
Cash conversion	Operating cash flow divided by adjusted EBITDA before impact of IFRS 16
Club	Number of clubs open and trading under the brands ‘SATS’, ‘ELIXIA’, ‘Fresh Fitness’ and ‘HiYoga’ as of the end of the period
EBITDA	Profit/loss before net financial items, income tax expense, depreciation and amortization
EBITDA before impact of IFRS 16	EBITDA adjusted for lease expenses applying IAS 17 Leases
EBITDA before impact of IFRS 16 Margin	EBITDA before impact of IFRS 16 divided by total revenue
Group overhead	Consists of group services such as commercial functions, IT, finance and administration
Leverage ratio	Net debt divided by last twelve months adjusted EBITDA before impact of IFRS 16
LTM EBITDA	Last twelve months EBITDA adjusted for lease expenses applying IAS 17 Leases
Member base, average	Average number of members at the beginning and in the end of the period, including frozen memberships, excluding free memberships
Member base, outgoing	Number of members at the end of the period, including frozen memberships, excluding free memberships
Net debt	Current and non-current borrowings less cash and cash equivalents
Operating cash flow	Adjusted EBITDA excluding IFRS 16 less maintenance capital expenditures and working capital
Other yield	Calculated as other revenue in the period, divided by the average member base
Underlying operating cash flow	Operating cash flow less expansion capital expenditures
Yield	Calculated as member revenue in the period, divided by the average member base

Financial Calendar

11 FEB 2022	Q4 2021 Results
3 MAY 2022	Q1 2022 Results
14 JUL 2022	Q2 2022 Results
28 OCT 2022	Q3 2022 Results

Investor Relations Contacts

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

Stine Klund
Investor Relations
+47 98 69 92 59
stine.klund@sats.no

SATS ASA
Nydalsveien 28
0484 Oslo

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