



Q3 2021

SAATS

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 over 250 clubs, close to 9 000 employees and more than 650 000 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

“The recovery has been faster than expected. The member base is fully recovered and the underlying growth in visits, yield and other revenues are all very positive. The SATS organization is full of energy and ready to make even more people healthier and happier.”

Q3 has been a record strong quarter for SATS in terms of member growth. At the end of October, the member base was fully recovered, ahead of own expectations. During the pandemic we saw concerns around changing member habits and behaviours. Would people be hesitant of going to gyms to avoid catching COVID-19? Did increased outdoor or at home training result in structural changes and reduced market opportunities for physical gyms? Now, a few months after most restrictions were lifted, the conclusion is clear: The pandemic resulted in increased focus on living a healthy lifestyle, members are eager to get back to our fitness clubs, and they are visiting us more than ever.

SATS achieved a record net member growth of 41.000 in the quarter driven by a solid sales performance and low churn. This compares to a net member growth of 1.000 in Q3 2019, which was a normal third quarter. Our members are more active than before the pandemic, with higher visits per week per member - which is an important performance indicator for our business. The freeze level is almost back to pre-pandemic levels, and we are also very satisfied with the fact that the underlying yield is increasing. Further, our personal training and retail revenues per member exceeded the pre-pandemic level in the quarter. We are ramping up our group training offering and expanding treatments to Norway.

The positive momentum is not yet fully reflected in financial results as the ramp-up in members and reduction in freeze levels are taking effect late the quarter. However, revenue run-rate at the end of the quarter is approaching pre-pandemic levels. Our liquidity position is sufficient to handle existing operations and our accelerated expansion plan, provided no material change in the current regulatory environment.

SATS has throughout the pandemic strengthened the foundation for future growth through multiple levers. We have capacity in our clusters for continued membership growth. We have an ambitious greenfield roll-out plan with 17 new clubs to be opened throughout 2023, and we see a great potential for further club expansion. We also see the potential of improving the average revenue per member by offering adjacent products and services, continued development of our personal training and retail offering and pricing optimization. We have launched Mentra by SATS which will further increase our digital presence both in new and existing target groups.

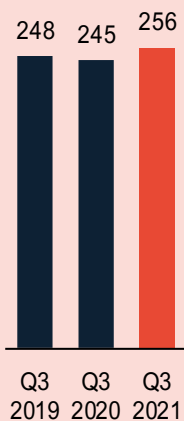
We are optimistic looking forward and focused on fulfilling our vision. We warmly welcome all the new members to the SATS community. And lastly, I would like to take the opportunity to thank all the fantastic SATS employees for the tremendous effort in delivering the strongest member growth in the history of SATS.

Sondre Gravir
CEO



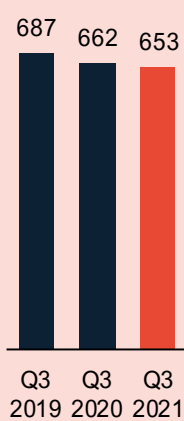

Clubs

5%



Members '000

-1%



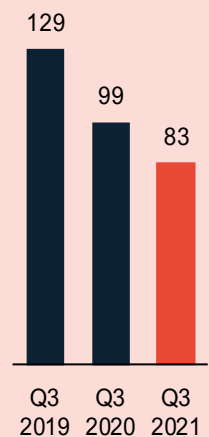
Revenues NOK million

2%



Adjusted EBITDA¹⁾ NOK million

-16%



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

HIGHLIGHTS

- Successful reactivation of the member base after reopening, as member behaviour and visits are back to pre-pandemic levels
- Various COVID-19 restrictions have been in force in parts of the quarter, but no restrictions are imposed on our clubs end of quarter
- Strong recovery in the member base with record high member growth, increasing the member base with 41 000 (+7%) during Q3 2021
- The member base end of Q3 2021 was 653 000, reducing the gap versus last year to -1%
- After October the total member base is fully back to 2019 pre-pandemic level (adjusted for nine divested Danish clubs)
- Member revenues decreased by 7% compared to last year as the ramp-up in members and reduction in freeze levels are taking effect late the quarter
- Total revenues in the quarter increased 2% to NOK 971 million, partly due to governmental compensation in Denmark and Norway related to club closures in Q2 2021
- Operating expenses increase due to 11 additional clubs and temporarily increased sales campaign costs in the quarter
- Adjusted EBITDA¹ is recovering but was down 16% to NOK 83 million in the quarter
- Two new clubs were opened in the quarter, and SATS will accelerate club growth, both in current and new clusters in the Nordics
- The foundation for future growth is strengthened as the pandemic has increased the focus on living a healthy lifestyle; demand is expected to increase and structural opportunities to arise

Key Financial Figures and Alternative Performance Measures (APM)¹

	Q3 2021	Q3 2020	YTD 2021	YTD 2020
<i>Amounts in NOK million (unless otherwise stated)</i>				
Membership revenue	715	772	1 538	2 044
Other revenues	256	182	707	644
Total revenues	971	955	2 245	2 688
EBITDA	333	344	544	919
Margin (%)	34%	36%	24%	34%
Operating profit excluding impairment	74	85	-222	134
Operating profit	74	69	-222	56
Profit/loss for the period	-2	-18	-386	-230
Earnings per share (NOK)	-0.01	-0.11	-2.26	-1.34
Adjusted Country EBITDA before impact of IFRS 16	158	162	11	367
Margin (%)	16%	17%	0%	14%
Adjusted EBITDA before impact of IFRS 16	83	99	-195	177
Margin (%)	9%	10%	-9%	7%
Maintenance Capex	26	36	72	148
Total Capex	66	48	147	187
Net debt	1 969	1 349	1 969	1 349
Operating cash flow	-13	77	-333	21
Clubs	256	245	256	245
Members ('000)	653	662	653	662
ARPM (NOK/month)	512	490	375	443

¹⁾ As defined in Appendix under Alternative Performance Measures

BOARD OF DIRECTORS' REPORT

ANALYSIS OF THE Q3 2021 FINANCIAL STATEMENTS

All financial statements show the period 1 July 2021 to 30 September 2021, compared to the accounts for the period 1 July 2020 to 30 September 2020.

Statement of comprehensive income

Total revenues increased by 2% to NOK 971 million in Q3 2021, compared to NOK 955 million in Q3 2020, mainly as a consequence of recognized government compensation (87 million) related to Q2 2021, offset by the revenue impact of a lower member base and higher number of freeze through the quarter across the Nordics. All clubs have been open in the quarter, and remaining restrictions have been lifted. Revenues for Norway and Denmark increased but revenues for Sweden and Finland decreased in Q3 2021 compared to Q3 2020. After a strong net growth development during the quarter (+7%), total member base ended 1% behind last year, mainly as a result of lost membership sales during the closure periods prior to Q3 2021. Reported ARPM increased by 4% compared to Q3 2020, partly driven by government compensation in Norway and Denmark.

Total operating expenses increased by 3% to NOK 897 million in Q3 2021, while operating expenses excluding depreciation and amortization increased by 4% to NOK 637 million. The increase in operating expenses is mainly due to adding 11 more clubs compared to Q3 2020.

The operating profit increased from NOK 69 million to NOK 74 million. Operating profit increased in Norway and Denmark but decreased in Sweden and Finland compared to Q3 2020.

Net financial expense in Q3 2021 was NOK 67 million, a decrease of NOK 8 million compared to Q3 2020. The slight decrease was driven by derivative value adjustments. Income tax expense in Q3 2021 was NOK 9 million.

Profit before tax was NOK 7 million in Q3 2021, compared to a loss of NOK 6 million in Q3 2020. Loss for the period was NOK 2 million in Q3 2021, compared to a loss of NOK 18 million in Q3 2020, while total comprehensive profit was NOK 3 million, compared to a loss of NOK 21 million in Q3 2020.

SATS recognized NOK 15 million in compensation from the Danish government and NOK 73 million from the Norwegian government in Q3 2021, compared to NOK 5 million from the Finnish government in Q3 2020.

Statement of financial position

Consolidated assets decreased by NOK 662 million to NOK 8 238 million in Q3 2021. A major driver of the decreased consolidated assets was currency translation effects from a strengthened NOK compared to last year, as well as reduction in cash and cash equivalents. Right-of-use assets and intangible assets were the largest components of consolidated assets, amounting to NOK 4 084 million and NOK 2 599 million, respectively, on 30 September 2021. Both non-current assets and current assets decreased. The decrease in non-current assets was driven by the decrease in property, plant and equipment and right-of-use assets due to strengthened NOK, compared to Q3 2020. The decrease in current assets was primarily driven by a decrease in cash and cash equivalents, prepaid expenses and accounts receivables.

Total liabilities decreased from NOK 7 887 million as of 30 September 2020 to NOK 7 715 million as of 30 September 2021, primarily due to decreased lease liability.

As of 30 September 2021, consolidated equity amounted to NOK 523 million, representing an equity ratio of 6%, compared to NOK 1 013 million and 11% in Q3 2020.

Statement of cash flows

In Q3 2021, consolidated cash and cash equivalents decreased net by NOK 80 million, compared to an increase of NOK 5 million in Q3 2020. As at the balance sheet date, the Group had cash and cash equivalents of NOK 150 million, compared to NOK 609 million as of the balance sheet date of 30 September 2020.

Net cash flow from the Group's operations was NOK 260 million in Q3 2021, compared to NOK 357 million in Q3 2020. The decreased cash flow from operations of NOK 97 million was mainly due to changes in net working capital. The net working capital effect of the quarter was negative by NOK 70 million, mainly driven by increased accrual for government compensation.

Net cash outflow from investing activities amounted to NOK 66 million in Q3 2021, compared to an outflow of NOK 90 million in Q3 2020. Higher expansion capital expenditures is expected in the coming quarters.

Net cash outflow from financing was NOK 274 million in Q3 2021, compared to a cash outflow of NOK 262 million in Q3 2020.

Segment development

The following sections of this report review each operating segment. Unless otherwise stated, comments regarding development reflect a comparison between Q3 2021 and Q3 2020.

NORWAY

Norway is the largest operating segment in the Group with 50% of the consolidated total revenues and 298 000 members at the end of Q3 2021. SATS is a well-known brand in Norway and the largest operator of fitness clubs.

All clubs in Norway were open through the quarter, but with some operational restrictions on visits capacity.

Total revenues amounted to NOK 485 million in Q3, representing an increase of 11% compared to the same quarter last year. Compensation of NOK 73 million for fixed costs from the Norwegian government related to Q2 2021 was recognized in Q3 2021. Total revenue growth excluding the compensation was -5% compared to Q3 2020. The main driver for the decrease in membership revenues was due to the lower member base and higher freeze level in main parts of the quarter. The member base ended 2% higher than last year and on par with Q3 2019. The extensive periods of club closures during the pandemic have restrained the sales of new memberships, but the quarter has shown strong recovery.

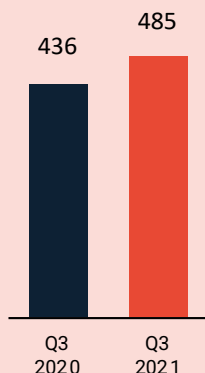
Country EBITDA increased by NOK 42 million to NOK 133 million, resulting in a quarterly Country EBITDA margin of 27%, 6 p.p. higher than in Q3 2020.

Key Financial figures and Alternative Performance Measures (APM)

	Q3 2021	Q3 2020	YTD 2021	YTD 2020
<i>Amounts in NOK million (unless otherwise stated)</i>				
Membership revenue	335	351	578	824
Other revenues	151	85	324	295
Total revenues	485	436	902	1 118
EBITDA	199	159	219	410
Margin (%)	41%	36%	24%	37%
Operating profit	100	62	-75	121
Profit/loss for the period	57	29	-121	36
Adjusted Country EBITDA before impact of IFRS 16	133	91	12	211
Margin (%)	27%	21%	1%	19%
Adjusted EBITDA before impact of IFRS 16	93	58	-95	110
Margin (%)	19%	13%	-11%	10%
Clubs	111	103	111	103
Members ('000)	298	292	298	292
ARPM (NOK/month)	563	509	354	421

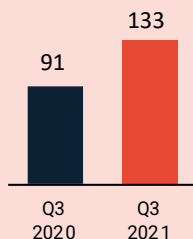
Revenues
NOK million

11%

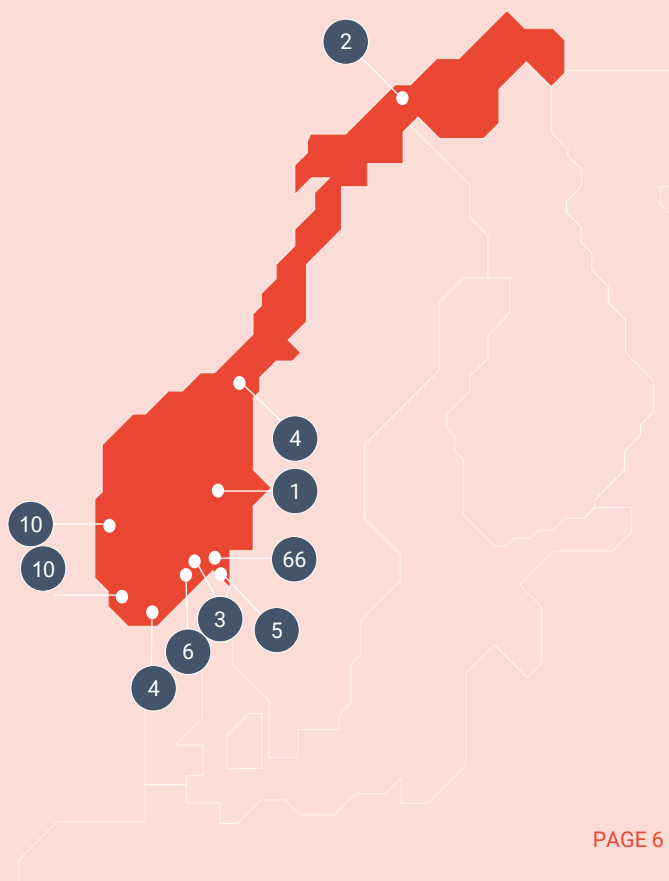


Country EBITDA¹⁾
NOK million

46%



¹⁾ Adjusted Country EBITDA before impact of IFRS 16



Sweden is the second-largest operating segment in the Group, with 31% of consolidated total revenues and 220 000 members at the end of Q3 2021. 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.

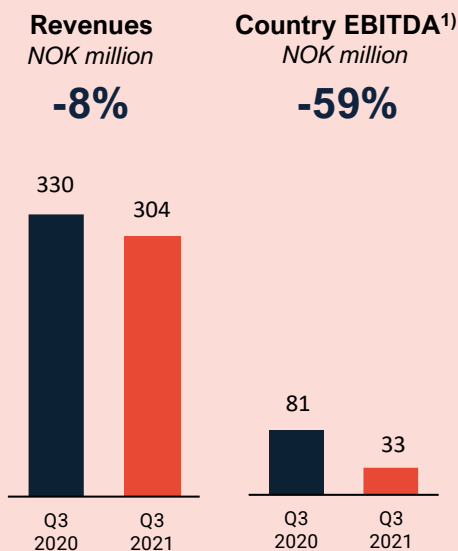
The Swedish club portfolio was open throughout the full third quarter, but with operational restrictions.

Total revenues decreased by 8% to NOK 304 million in the quarter. The decrease was driven by a lower member base and a higher freeze rate. The member base ended 2% behind Q3 2020 and 3% lower than Q3 2019, driven by lower membership sales due to the overall COVID-19 infection situation and strong governmental recommendations to reduce social mobility several quarters in a row.

Country EBITDA decreased by NOK 48 million to NOK 33 million, resulting in quarterly Country EBITDA margin of 11%, 14 p.p. down from Q3 2020.

Key Financial Figures and Alternative Performance Measures (APM)

	Q3 2021	Q3 2020	YTD 2021	YTD 2020
<i>Amounts in NOK million (unless otherwise stated)</i>				
Membership revenue	245	267	695	806
Other revenues	59	63	214	207
Total revenues	304	330	909	1 013
EBITDA	85	135	255	393
Margin (%)	28%	41%	28%	39%
Operating profit	-1	52	-2	150
Profit/loss for the period	-11	26	-27	65
Adjusted Country EBITDA before impact of IFRS 16	33	81	91	237
Margin (%)	11%	25%	10%	23%
Adjusted EBITDA before impact of IFRS 16	0	53	4	152
Margin (%)	0%	16%	0%	15%
Clubs	85	82	85	82
Members ('000)	220	226	220	226
ARPM (NOK/month)	475	494	473	492



¹⁾ Adjusted Country EBITDA before impact of IFRS 16

In Finland, the business is operated under the brand ELIXIA, and the Finnish operations, constituted 8% of consolidated total revenues. At the end of Q3 2021 ELIXIA Finland had 62 000 members. The Finnish fitness market is highly fragmented, and ELIXIA is the market leader.

All clubs in Finland were open through the quarter, but with some operational restrictions on visits capacity.

Total revenues summed up to NOK 76 million in Q3, a 13% decrease compared to NOK 88 million in the corresponding quarter last year. The member base ended 2% higher than last year and on par with Q3 2019. However, the main driver for the revenue decrease was the lower average member base and higher freeze rates through the quarter.

Country EBITDA decreased by NOK 17 million to a negative NOK 10 million and quarterly Country EBITDA margin was negative by 13%, down 21 p.p. compared to Q3 2020.

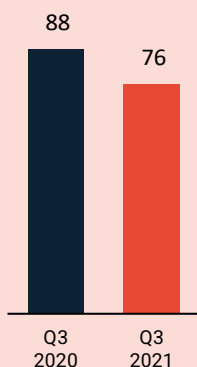
Key Financial Figures and Alternative Performance Measures (APM)

	Q3 2021	Q3 2020	YTD 2021	YTD 2020
<i>Amounts in NOK million (unless otherwise stated)</i>				
Membership revenue	60	66	148	181
Other revenues	17	22	49	54
Total revenues	76	88	197	235
EBITDA	12	30	12	62
Margin (%)	15%	34%	6%	26%
Operating profit	-14	3	-65	-20
Profit/loss for the period	-19	-10	-80	-53
Adjusted Country EBITDA before impact of IFRS 16	-10	7	-51	-6
Margin (%)	-13%	8%	-26%	-3%
Adjusted EBITDA before impact of IFRS 16	-14	3	-64	-20
Margin (%)	-19%	3%	-33%	-8%
Clubs	30	30	30	30
Members ('000)	62	63	62	63
ARPM (NOK/month)	426	478	362	420

Revenues

NOK million

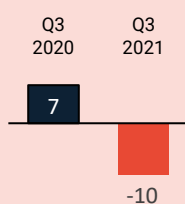
-13%



Country EBITDA¹⁾

NOK million

-234%



¹⁾ Adjusted Country EBITDA before impact of IFRS 16

The Danish operation contributed with 11% of consolidated total revenues. SATS Denmark, with 73 000 members at the end of Q3 2021, is the second largest fitness operator in Denmark, focused around the Greater Copenhagen area.

All clubs in Denmark were open through the quarter, as also seen in Q3 2020.

Total revenues in Denmark increased to NOK 105 million in the quarter, up 4% compared to Q3 2020. The increase was driven by a 26% growth in other revenues excluding government compensation, offset by lower membership revenues. Compensation of NOK 15 million for fixed costs from the Danish government was recognized in Q3 2021, compared to zero for Q3 2020. The main driver for the decrease in membership revenues was due to the lower member base and higher freeze level in the start of the quarter.

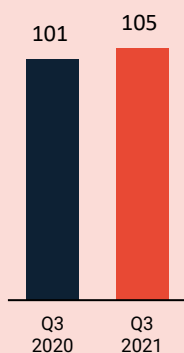
Country EBITDA increased by NOK 19 million to NOK 2 million, resulting in quarterly Country EBITDA margin of 2%, 19 p.p. up from Q3 2020.

Key Financial Figures and Alternative Performance Measures (APM)

	Q3 2021	Q3 2020	YTD 2021	YTD 2020
<i>Amounts in NOK million (unless otherwise stated)</i>				
Membership revenue	75	88	117	233
Other revenues	30	12	120	88
Total revenues	105	101	238	321
EBITDA	29	11	39	26
Margin (%)	28%	11%	16%	8%
Operating profit excluding impairment	-8	-29	-71	-106
Operating profit	-8	-45	-71	-184
Profit/loss for the period	-16	-53	-94	-270
Adjusted Country EBITDA before impact of IFRS 16	2	-17	-42	-74
Margin (%)	2%	-17%	-18%	-23%
Adjusted EBITDA before impact of IFRS 16	-4	-23	-58	-95
Margin (%)	-3%	-23%	-24%	-29%
Clubs	30	30	30	30
Members ('000)	73	82	73	82
ARPM (NOK/month)	487	426	380	398

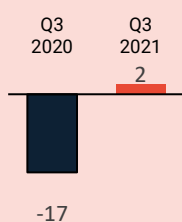
Revenues NOK million

4%



Country EBITDA¹⁾ NOK million

112%



¹⁾ Adjusted Country EBITDA before impact of IFRS 16.

BUSINESS AND INDUSTRY OUTLOOK

The remaining COVID-19 restrictions were removed during Q3 2021. This enabled full capacity utilization and normal operation in our clubs towards the end of the quarter. With the lifting of the last restrictions, SATS has achieved higher visits per member than the comparable period in 2019. Overall, 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 to 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. We 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.

SATS aims to continue to expand through acquisitions, greenfields and through new product launches. SATS had per 30 September 2021 17 new club openings planned by end of 2023, and further openings are expected to be announced.

Mentra by SATS is our brand new digital home training offering, which was launched in the quarter. Mentra by SATS offers over 150 classes and new content every week with energized and professional instructors. Mentra offers live cardio, yoga, strength, and dance classes. It is still early days for Mentra by SATS, as the first deliveries of the Rflex mirror will take place in December in Norway and Sweden, however the operation is affected by the challenging situation in global supply chains.

The Company will return to healthy financials once the member base and activities are back to pre-COVID-19 levels.

SHAREHOLDER INFORMATION

SATS ASA's share capital was NOK 365 million as of 30 September 2021, divided into 171 763 386 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 30 September 2021 was 5 811.

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 9 April, the company signed a new addendum to the RCF agreement with the bank. The addendum will be applicable to and including 30 September 2022, subject to voluntary cancellation by SATS at any time. The new financial covenants set out quarterly minimum levels for liquidity and Adjusted EBITDA, with the latter entering into force in Q4 2021. SATS cannot distribute any dividend to the shareholders during the amendment period and shall be compliant with the original covenants once the amendment period is expired.

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 2020 Annual Report (Board of Directors' Report and Note 23) 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 third quarter of 2021.

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, 10 November 2021
The Board of Directors

CONSOLIDATED INCOME STATEMENT

	Notes	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
<i>(Amounts in NOK million)</i>						
Revenue	2	971	955	2 245	2 688	3 534
Operating expenses						
Cost of goods sold		-35	-30	-76	-91	-122
Personnel expenses		-342	-328	-973	-983	-1 352
Other operating expenses		-260	-253	-652	-694	-925
Depreciation and amortization	6, 7, 8	-260	-259	-766	-785	-1 045
Total operating expenses		-897	-870	-2 467	-2 554	-3 445
Operating profit excluding impairment		74	85	-222	134	90
Impairment of assets held for sale		0	-16	0	-78	-78
Operating profit		74	69	-222	56	11
Finance income		14	18	38	88	100
Interest expense		-72	-70	-218	-197	-269
Finance expense		-9	-23	-47	-95	-98
Net financial items		-67	-75	-227	-204	-267
Profit/loss before tax		7	-6	-448	-148	-255
Income tax expense	3	-9	-12	62	-81	-69
Profit/loss for the period		-2	-18	-386	-230	-325
Profit/loss for the year is attributable to:						
Equity holders of the Group		-2	-18	-386	-230	-325
Total allocation		-2	-18	-386	-230	-325
Earnings per share in NOK						
Basic earnings per share attributable to equity holders of the company	4	-0.01	-0.11	-2.26	-1.35	-1.90
Diluted earnings per share attributable to equity holders of the company	4	-0.01	-0.11	-2.25	-1.35	-1.90

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
<i>(Amounts in NOK million)</i>					
Profit/loss for the period	-2	-18	-386	-230	-325
Other comprehensive income					
Currency translation adjustment - may be reclassified to profit or loss	5	-2	20	-5	-20
Other comprehensive income, net of tax	5	-2	20	-5	-20
Total comprehensive income for the period	3	-21	-366	-235	-345
Total comprehensive income is attributable to:					
Equity holders of the Group	3	-21	-366	-235	-345
Total comprehensive income for the period	3	-21	-366	-235	-345

CONSOLIDATED BALANCE SHEET

	Notes	30.09.2021	30.09.2020	31.12.2020
<i>(Amounts in NOK million)</i>				
ASSETS				
Non-current assets				
Intangible assets	6	2 599	2 571	2 578
Right-of-use assets	8	4 084	4 195	4 568
Property, plant and equipment	7	671	772	758
Other non-current receivables		36	40	38
Deferred tax assets	3	163	150	166
Total non-current assets		7 552	7 729	8 107
Current assets				
Inventories		48	45	48
Accounts receivables		122	155	120
Other current receivables		61	50	85
Prepaid expenses and accrued income		305	313	274
Cash and cash equivalents		150	609	456
Total current assets		686	1 172	983
Total assets		8 238	8 900	9 091
EQUITY				
Share capital		365	365	365
Share premium		4 013	4 013	4 013
Treasury shares		-17	0	-19
Other reserves		17	10	-4
Retained earnings		-3 855	-3 375	-3 470
Total equity		523	1 013	885
LIABILITIES				
Non-current liabilities				
Deferred tax liability	3	44	86	90
Borrowings	5	2 107	1 947	1 938
Lease liability	5	3 660	3 778	4 167
Derivative financial instruments	9	7	54	36
Other non-current liabilities		4	0	0
Total non-current liabilities		5 822	5 864	6 231
Current liabilities				
Borrowings	5	12	11	11
Lease liability	5	807	811	795
Contract liability		428	515	441
Trade and other payables		108	135	119
Current tax liabilities		8	23	40
Public fees and charges payable		204	181	145
Other current liabilities		327	345	424
Total current liabilities		1 893	2 023	1 975
Total liabilities		7 716	7 887	8 206
Total equity and liabilities		8 238	8 900	9 091

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Treasury shares	Other reserves ¹⁾	Retained earnings	Total attributable to owners of the Group	Total equity
<i>(Amounts in NOK million)</i>							
Equity 1 January 2020	361	3 990	0	15	-3 143	1 223	1 223
Profit/loss for the period					-230	-230	-230
OCI for the period				-5		-5	-5
Total comprehensive income for the period	0	0	0	-5	-230	-235	-235
Investment program					1	1	1
Capital increase	4	23				26	26
Capital increase expenses from IPO					-2	-2	-2
Equity 30 September 2020	365	4 013	0	10	-3 375	1 013	1 013
Equity 1 January 2021	365	4 013	-19	-4	-3 469	885	885
Profit/loss for the period					-386	-386	-386
OCI for the period				20		20	20
Total comprehensive income for the period	0	0	0	20	-386	-366	-366
Investment program				2		2	2
Proceeds from sale of own shares			2			2	2
Equity 30 September 2021	365	4 013	-17	17	-3 855	523	523

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
<i>(Amounts in NOK million)</i>						
Cash flow from operations						
Profit before tax		7	-6	-448	-148	-255
Adjustment for:						
Taxes paid in the period		-3	0	-28	-17	-22
Gain/loss from disposal or sale of equipment		0	0	0	0	-1
Depreciation, amortization and impairment	6, 7, 8	260	275	766	863	1 123
Net financial items		67	75	227	204	267
Change in inventory		3	-2	0	-4	-7
Change in accounts receivable		-43	-23	-2	-19	16
Change in trade payables		5	31	-12	14	-3
Change in other receivables and accruals		-35	8	-53	2	-5
Net cash flow from operations		260	357	450	894	1 113
Cash flow from investing						
Sale of subsidiary, net of cash		0	-42	0	-42	-42
Purchase of property, plant and equipment	6, 7	-58	-48	-139	-174	-230
Proceeds from property, plant and equipment		0	0	1	1	1
Acquisition of subsidiary, net of cash acquired	14	-8	0	-8	-13	-60
Net cash flow from investing		-66	-90	-147	-229	-331
Cash flow from financing						
Repayments of borrowings	5	0	0	-2	-1	-2
Proceeds from borrowings	5	0	0	200	575	575
Installments on lease liabilities	5	-203	-196	-594	-604	-803
Paid interests on borrowings	5	-25	-27	-83	-56	-78
Interests on lease liabilities	5	-47	-48	-145	-147	-196
Proceeds from issues of shares	4	0	11	0	26	26
Purchase of own shares		0	0	0	0	-20
Proceeds from sale of own shares		0	0	2	0	1
Transaction costs from issues of new shares		0	-2	0	-2	-2
Other financial items		2	1	7	-1	-1
Net cash flow from financing		-274	-262	-616	-211	-499
Net increase/decrease in cash and cash equivalents		-80	5	-313	454	283
Effect of foreign exchange changes on cash and cash equivalents		2	-5	7	-11	7
Cash and cash equivalents at the beginning of the period		228	609	456	165	165
Cash and cash equivalents at the end of period		150	609	150	609	456

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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 2020 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 2020.

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 2020. 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 performance of the Group was not particularly affected by any events or transactions during the third quarter of 2021.

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⁾, Adjusted EBITDA before impact of IFRS 16¹⁾ and Adjusted 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 Q3 2021, Q3 2020, YTD 2021, YTD 2020 and the year ended 31 December 2020 is as follows:

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

Q3 2021

Revenue						
Membership revenue	335	245	60	75	0	715
Other revenues	151	59	17	30	0	256
Total revenues	485	304	76	105	0	971

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

EBITDA before impact of IFRS 16¹⁾	93	0	-14	-4	8	83
Impact of IFRS 16	106	85	26	33	0	251
EBITDA¹⁾	199	85	12	29	8	333
Depreciation and amortization	-99	-86	-26	-38	-10	-260
Operating profit	100	-1	-14	-8	-2	74
Net financial items ²⁾	-27	-13	-5	-8	-13	-67
Income tax expense	-16	3	0	0	3	-9
Profit/loss for the period	57	-11	-19	-16	-12	-2

Q3 2020

Revenue						
Membership revenue	351	267	66	88	0	772
Other revenues	85	63	22	12	0	182
Total revenues	436	330	88	101	0	955

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

EBITDA before impact of IFRS 16¹⁾	58	53	3	-23	9	99
Impact of IFRS 16	101	82	27	35	0	245
EBITDA¹⁾	159	135	30	11	9	344
Depreciation and amortization	-96	-83	-27	-40	-12	-259
Operating profit excluding impairment	62	52	3	-29	-4	85
Impairment of assets held for sale	0	0	0	-16	0	-16
Operating profit	62	52	3	-45	-4	69
Net financial items ²⁾	-25	-19	-13	-8	-10	-75
Income tax expense	-8	-7	0	0	3	-12
Profit/loss for the period	29	26	-10	-53	-11	-18

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
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(Amounts in NOK million)

YTD 2021

Revenue						
Membership revenue	578	695	148	117	0	1 538
Other revenues	324	214	49	120	0	707
Total revenues	902	909	197	238	0	2 245

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

EBITDA before impact of IFRS 16¹⁾	-95	4	-64	-58	19	-195
Impact of IFRS 16	315	251	76	97	0	740
EBITDA¹⁾	219	255	12	39	19	544
Depreciation and amortization	-294	-256	-77	-110	-28	-766
Operating profit	-75	-2	-65	-71	-10	-222
Net financial items ²⁾	-81	-36	-16	-24	-70	-227
Income tax expense	35	10	0	1	17	62
Profit/loss for the period	-121	-27	-80	-94	-63	-386

YTD 2020

Revenue						
Membership revenue	824	806	181	233	0	2 044
Other revenues	295	207	54	88	1	644
Total revenues	1 118	1 013	235	321	1	2 688

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

EBITDA before impact of IFRS 16¹⁾	106	152	-20	-98	28	168
Impact of IFRS 16	304	241	82	124	0	751
EBITDA¹⁾	410	393	62	26	28	919
Depreciation and amortization	-289	-243	-82	-132	-39	-785
Operating profit excluding impairment	121	150	-20	-106	-11	134
Impairment of assets held for sale	0	0	0	-78	0	-78
Operating profit	121	150	-20	-184	-11	56
Net financial items ²⁾	-75	-67	-36	-25	-1	-204
Income tax expense	-10	-18	4	-61	4	-81
Profit/loss for the period	36	65	-53	-270	-9	-230

2020

Revenue						
Membership revenue	1 032	1 074	248	295	0	2 649
Other revenues	414	280	78	113	1	885
Total revenues	1 445	1 354	326	408	1	3 534

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

EBITDA before impact of IFRS 16¹⁾	78	183	-29	-133	37	136
Impact of IFRS 16	406	323	110	159	0	998
EBITDA¹⁾	484	506	81	26	37	1 135
Depreciation and amortization	-386	-328	-110	-170	-51	-1 045
Operating profit excluding impairment	98	179	-29	-144	-13	90
Impairment of assets held for sale	0	0	0	-78	0	-78
Operating profit	98	179	-29	-223	-13	11
Net financial items ²⁾	-99	-78	-24	-33	-33	-267
Income tax expense	-3	-11	-10	-61	17	-69
Profit/loss for the year	-4	90	-64	-317	-29	-325

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

COVID-19

All clubs have been open through the third quarter, and the last COVID-19 restrictions were lifted across the Nordics in September. Fixed cost compensations from the Norwegian government for the four-month period March to June 2021 are recognized in Q3 2021. Since the compensations were not accrued for earlier in 2021, the whole effect of NOK 73 million is recognized as revenues in Q3 2021. In addition, compensations of NOK 15 million from the Danish government were recognized in Q3 2021.

Income tax expense

Deferred tax assets for Denmark and Finland are not recognized in Q3 2021 due to uncertainty related to the long term COVID-19 effects and that future taxable profits will be available against the unused tax losses within a reasonable time frame.

Definitions

In the interim financial statements, Q3 is defined as the reporting period from 1 July to 30 September.

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 a share investment program delivering matching shares in 2023.

As at the balance sheet date of 30 September 2021, the company holds 910 769 treasury shares.

Basic earnings per share attributable to equity holders of the company

<i>(NOK per share)</i>	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Basic earnings	-0.01	-0.11	-2.26	-1.35	-1.90
Total basic earnings per share	-0.01	-0.11	-2.26	-1.35	-1.90
Total number of outstanding shares	170 852 617	171 629 215	170 817 270	170 547 036	170 663 904

Diluted earnings per share attributable to equity holders of the company

<i>(NOK per share)</i>	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Diluted earnings	-0.01	-0.11	-2.25	-1.35	-1.90
Total diluted earnings per share	-0.01	-0.11	-2.25	-1.35	-1.90
Total number of outstanding shares	171 408 713	172 116 864	171 367 305	170 710 767	170 918 475

Reconciliation of earnings used in calculating earnings per share

<i>(Amounts in NOK million)</i>	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
Basic earnings per share					
Profit/loss attributable to equity holders of the Group	-2	-18	-386	-230	-325
Profit/loss used in calculating basic earnings per share	-2	-18	-386	-230	-325
Diluted earnings per share					
Profit/loss used in calculating diluted earnings per share	-2	-18	-386	-230	-325
Profit/loss used in calculating diluted earnings per share	-2	-18	-386	-230	-325

NOTE 5 Interest-bearing liabilities

Overview of interest-bearing liabilities (Amounts in NOK million)	30.09.2021	30.09.2020	31.12.2020
Current			
Bank borrowings	12	11	11
Lease liabilities	807	811	795
Total current interest-bearing liabilities	818	822	806
Non-current			
Bank borrowings	2 107	1 947	1 938
Lease liabilities	3 660	3 778	4 167
Total non-current interest-bearing liabilities	5 767	5 725	6 105
Total interest-bearing liabilities	6 586	6 547	6 910
Total bank borrowings	2 119	1 957	1 949
Cash and cash equivalents	150	609	456
Net debt¹⁾	1 969	1 349	1 493

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. Updated addendums were signed in July 2020 and in April 2021.

As per the end of the third quarter, the remaining undrawn amount summed up to approximately NOK 271 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 mature in full in October 2024, and no installment payments are due before this time. Interests payable will depend on the principal amount of the facility at any given time. However, based on a draw-down of NOK 2 109 million as of the balance sheet date of 30 September 2021, the annual interest payment is expected to be in the range of NOK 55 to 71 million.

Covenants

The loan facility agreement includes a financial covenant requiring the leverage ratio, Net Debt to EBITDA, not to exceed 4.25x until 6 September 2021. The facility agreement does not contain any restrictions on dividend payments.

SATS is experiencing a temporarily increased leverage due to reduced LTM EBITDA during the COVID-19 related club closures. As a consequence, the company signed an addendum to the RCF agreement with the bank, waiving the original covenants until October 2022. The addendum includes adjusted covenants which will be applicable to and including 30 September 2022, 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 2020 and 2021.

Payment profile

The following table shows the undiscounted payment profile of the Group's interest bearing liabilities, based on the remaining period as of 30 September 2021:

Bank borrowings (Amounts in NOK million)	Total	Lease liabilities (Amounts in NOK million)	Total
Less than 1 year	71	Less than 1 year	976
1-2 years	55	1-2 years	897
2-3 years	55	2-3 years	801
3-5 years	2 121	3-5 years	1 226
More than 5 years	0	More than 5 years	1 182
Total payments	2 303	Total payments	5 082

NOTE 6 Intangible assets

Goodwill	Norway	Sweden	Finland	Denmark	Total goodwill
<i>(Amounts in NOK million)</i>					
At 31 December 2020					
Cost	1 838	220	608	0	2 667
Accumulated impairment	-199	0	-10	0	-209
Net book value	1 640	220	598	0	2 458
Period ended 30 September 2021					
Opening net book amount	1 640	220	598	0	2 458
Net effect of changes in foreign exchange	0	-9	-17	0	-27
Net additions/disposals	0	9	0	0	9
Closing net book value	1 640	220	581	0	2 440
At 30 September 2021					
Cost	1 838	220	591	0	2 649
Accumulated impairment	-199	0	-10	0	-209
Net book value	1 640	220	581	0	2 440
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 31 December 2020					
Cost	267	352	58	4	681
Accumulated amortization and impairment	-265	-273	-18	-4	-561
Net book value	2	78	40	0	120
Period ended 30 September 2021					
Opening net book amount	2	78	40	0	120
Effect of changes in foreign exchange cost	0	-15	-1	0	-16
Effect of changes in foreign exchange accumulated amortization	0	12	0	0	12
Acquisition	0	0	1	0	1
Additions/disposals	1	78	2	0	81
Amortization charge	0	-28	-10	0	-38
Closing net book value	2	125	33	0	159
At 30 September 2021					
Cost	268	415	60	4	746
Accumulated amortization and impairment	-266	-290	-28	-4	-587
Net book value	2	125	33	0	159
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
<i>(Amounts in NOK million)</i>				
At 31 December 2020				
Cost	1 421	844	461	2 726
Accumulated depreciation	-935	-636	-397	-1 968
Net book value	486	208	64	758
Period ended 30 September 2021				
Opening net book amount	486	208	64	758
Additions	24	17	18	58
Acquisition	0	2	0	2
Effect of changes in foreign exchange cost	-34	-16	-8	-58
Reclassifications additions	7	-8	1	0
Depreciation charge	-67	-39	-22	-128
Effect of changes in foreign exchange accumulated depreciation	22	12	7	41
Disposals costs	-4	-8	0	-13
Disposals costs accumulated depreciations	4	8	0	13
Reclassifications depreciations	-7	5	-1	-2
Closing net book value	432	180	59	671
At 30 September 2021				
Cost	1 414	831	471	2 715
Accumulated depreciation	-981	-650	-413	-2 045
Net book value	432	180	59	671
Useful life	10 years	5 - 9 years	3 - 7 years	

NOTE 8 Right of use ("RoU") assets

RoU assets	Premise rental	Other leases	Total RoU assets
<i>(Amounts in NOK million)</i>			
At 1 January 2020			
Cost	8 152	87	8 238
Accumulated depreciation	-4 290	-36	-4 326
Net book value	3 862	51	3 912
Year ended 31 December 2020			
At 1 January 2020	3 862	51	3 912
Additions/disposals	1 286	-13	1 272
Effect of changes in foreign exchange cost	221	5	227
Depreciation charge	-786	-20	-806
Effect of changes in foreign exchange accumulated depreciation	-37	-1	-38
Closing net book value	4 546	22	4 568
At 31 December 2020			
Cost	9 659	79	9 737
Accumulated depreciation	-5 113	-57	-5 170
Net book value	4 546	22	4 568
Period ended 30 September 2021			
At 1 January 2021	4 546	22	4 568
Effect of changes in foreign exchange cost	-124	-2	-126
Additions/disposals	199	6	205
Depreciation charge	-590	-10	-600
Effect of changes in foreign exchange accumulated depreciation	36	1	38
Closing net book value	4 067	17	4 084
At 30 September 2021			
Cost	9 734	83	9 816
Accumulated depreciation	-5 667	-66	-5 733
Net book value	4 067	17	4 084
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 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 39 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 30 September 2021 with a weaker NOK results in a positive effect of NOK 37 million.

	Profit 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⁾	-10	30	21
EUR/NOK exchange rate - increase 10% ¹⁾	-12	7	-6
DKK/NOK exchange rate - increase 10% ¹⁾	-17	0	-17
Effect on Profit/loss before tax	-39	37	-2

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.

	30.09.2021		30.09.2020		31.12.2020	
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
<i>(Amounts in NOK million)</i>						
Other non-current receivables	36	0	40	0	38	0
Accounts receivables	122	0	155	0	120	0
Other current receivables	61	0	50	0	85	0
Cash and cash equivalents	150	0	609	0	456	0
Total financial assets	369	0	854	0	699	0

	30.09.2021		30.09.2020		31.12.2020	
Financial instruments - Liabilities	Liabilities measured at amortized cost	Fair value through profit and loss	Liabilities measured at amortized cost	Fair value through profit and loss	Liabilities measured at amortized cost	Fair value through profit and loss
<i>(Amounts in NOK million)</i>						
Borrowings	2 119	0	1 957	0	1 949	0
Lease liabilities	4 467	0	4 590	0	4 962	0
Trade and other payables	108	0	135	0	119	0
Derivatives	0	7	0	54	0	36
Other current liabilities	327	0	345	0	424	0
Total financial liabilities	7 021	7	7 028	54	7 454	36

Financial derivative instruments

The Group has the following derivative financial instruments:

	30.09.2021	30.09.2020	31.12.2020
<i>(Amounts in NOK million)</i>			
Non-current liabilities			
Interest rate swap contracts	7	54	36
Total non-current derivative financial instrument liabilities	7	54	36

Overview of interest swaps per 30 September 2021

	Notional in currency million	Maturity	Fixed rate	Unrealised gain/loss 30.09.2021
Interest rate swaps				
IRS NOK	694	28.10.2026	1.751	-6
IRS SEK	200	28.10.2024	0.430	-1
Fair value of the Group's interest rate swaps as of 30 September 2021 in NOK million				-7

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

NOTE 10 Related parties

General

The following table presents an overview of transactions with related parties. Remuneration of executive staff and Board of Directors and share capital information are not included in the following overview:

Profit or loss items			YTD 2021	YTD 2020	2020
Related party	Relationship	Type of services			
<i>(Amounts in NOK thousand)</i>					
Altor	Shareholder of HFN Group AS	Other expenses	-10	-59	-72
Total related party profit or loss items			-10	-59	-72

The amounts in the table above are presented within other operating costs.

There are no related party balance sheet items as at 30 September 2021, 30 September 2020 or 31 December 2020.

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 third quarter of 2021.

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 2021.

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 2 440 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 Norway and Sweden and a seven-year period for Finland and Denmark. Cash flows beyond the five- and seven year period are extrapolated using the estimated growth rates stated in Note 11 Intangible assets in the Annual Report for 2020. 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 Q3 2021 due to uncertainty related to the long term COVID-19 effects and 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.

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

TOTAL	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
<i>(Amounts in NOK million)</i>					
EBITDA before impact of IFRS 16	83	99	-195	168	136
(ii) Revenue and costs from closed clubs	0	0	0	1	1
(iii) Comparability adjustments on Country level	0	0	0	6	6
(iiii) Comparability adjustments on Group level	0	0	0	2	2
Adjusted EBITDA before impact of IFRS 16	83	99	-195	177	146
Group overhead and cost allocation	75	63	206	190	251
Adjusted Country EBITDA before impact of IFRS 16	158	162	11	367	397

NORWAY	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
<i>(Amounts in NOK million)</i>					
EBITDA before impact of IFRS 16	93	58	-95	106	78
(iii) Comparability adjustments	0	0	0	4	4
Adjusted EBITDA before impact of IFRS 16	93	58	-95	110	82
Group overhead and cost allocation	-40	-33	-108	-101	-135
Adjusted Country EBITDA before impact of IFRS 16	133	91	12	211	217

SWEDEN	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
<i>(Amounts in NOK million)</i>					
EBITDA before impact of IFRS 16	0	53	4	152	183
Adjusted EBITDA before impact of IFRS 16	0	53	4	152	183
Group overhead and cost allocation	-33	-28	-88	-84	-112
Adjusted Country EBITDA before impact of IFRS 16	33	81	91	237	295

FINLAND	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
<i>(Amounts in NOK million)</i>					
EBITDA before impact of IFRS 16	-14	3	-64	-20	-29
Adjusted EBITDA before impact of IFRS 16	-14	3	-64	-20	-29
Group overhead and cost allocation	-4	-4	-13	-14	-18
Adjusted Country EBITDA before impact of IFRS 16	-10	7	-51	-6	-11

DENMARK	Q3 2021	Q3 2020	YTD 2021	YTD 2020	2020
<i>(Amounts in NOK million)</i>					
EBITDA before impact of IFRS 16	-4	-23	-58	-98	-133
(ii) Revenue and costs from closed clubs	0	0	0	1	1
(iii) Comparability adjustments	0	0	0	2	2
Adjusted EBITDA before impact of IFRS 16	-4	-23	-58	-95	-130
Group overhead and cost allocation	-6	-6	-17	-20	-26
Adjusted Country EBITDA before impact of IFRS 16	2	-17	-42	-74	-104

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.

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

8 MAR

2022

Annual Report 2021

25 MAR

2022

Annual General Meeting 2022

3 MAY

2022

Q1 2022 Results

14 JUL

2022

Q2 2022 Results

28 OCT

2022

Q3 2022 Results

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