



SATS Q4 2022

The Group, through our brands and concepts SATS, ELIXIA, Fresh Fitness, HiYoga, and SATS Online, is the leading provider of fitness and training services in the Nordics with 275 clubs, over 10 000 employees, and 721 000 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

"Our members have worked out an impressive 10.5 million times in total during the fourth quarter".

We are proud to present an – again – record-high member base. During the fourth quarter, we have continued the sharp focus on increasing the number of members per club by attracting new members and maintaining the existing members. This is the core of our business, laying the foundation for delivering strong financial results and a significant public health contribution.

We follow the macroeconomic situation closely, and especially the consumer sentiment. Our development in the fourth quarter is again proving that the Nordic population is still prioritizing investments in their own health, despite a more challenging macro environment. We see increased visit levels in our clubs, and increased use of our digital training offering. Total number of workouts increased by 8% to 10.5 million, and workouts per paying member increased with 4% compared to Q4 2019.

The member base grew with 13 000 members during the quarter, as a result of continued strong sales, and churn levels overall in line with historical levels. This development has also continued into the start of 2023 with a positive sales momentum and record high visit levels.

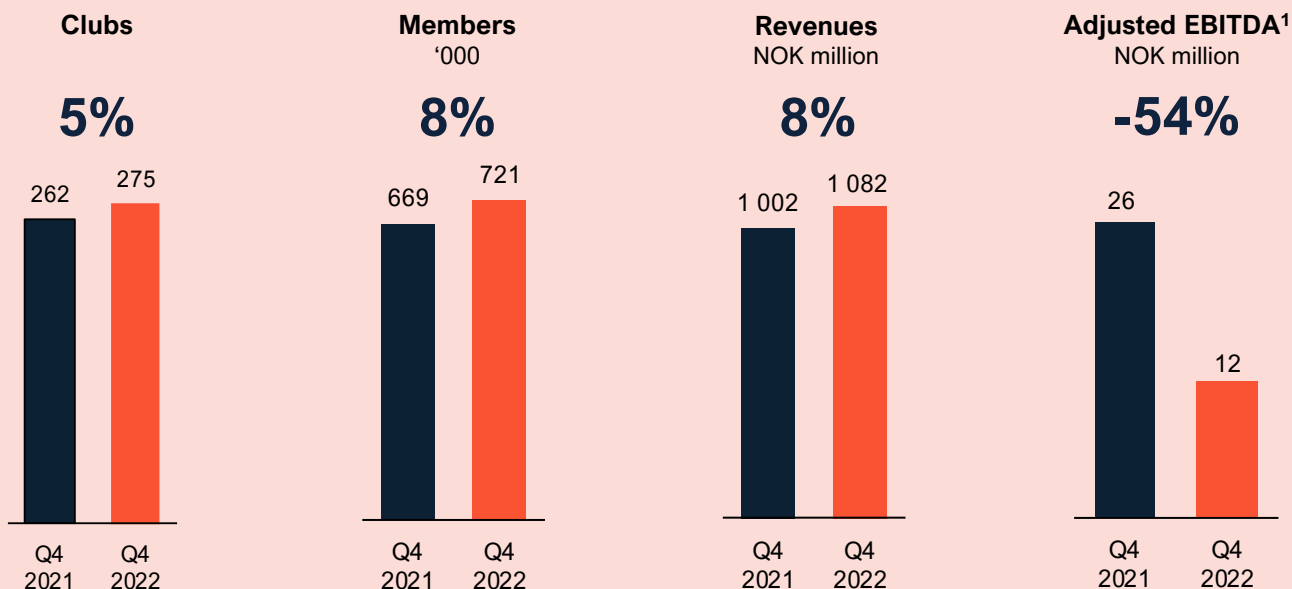
We also see promising early results from the price adjustments we have done, compensating for the increases we are exposed to in our cost base, among others through increasing rental costs. Further on, the cost base is addressed through a group-wide profitability program, including reductions in our overhead organization.

As highlighted on the Capital Markets Day last fall, further additions to the club expansion pipeline is temporarily paused. The focus is on club economic improvements through increasing number of members per club, increasing revenues per member, improving rental conditions through negotiations with landlords, and closing or relocating clubs with low profitability. These measures will come gradually into effect during 2023. We have also hedged the electricity price for the majority of our consumption the first half of 2023 to reduce our financial risk.

We have left 2022 behind us and are well into the busy first quarter. We see a development in line with the Capital Markets Day projections and are working hard every day to deliver great member experiences in our clubs. I want to say a warm welcome to all existing and new members. Our 10 000 employees are dedicated to make the Nordic population healthier and happier!

Sondre Gravir

CEO

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

HIGHLIGHTS

- The SATS Group had a network of 275 clubs by the end of Q4 2022, representing a net increase of 13 clubs from the corresponding quarter last year
- The member base increased by 13 000 members during the quarter, reaching 721 000 members, 8% higher than last year
- Total revenues were NOK 1 082 million in the quarter, up 8% from Q4 2021
- Adjusted EBITDA before impact of IFRS 16 was NOK 12 million, down from NOK 26 million reported in the corresponding quarter last year
- Strong sales despite a more challenging macro environment, and churn overall in line with historical levels despite price increases
- Promising development in all main operational KPIs, bringing confidence that the financial results will follow
- Cost base addressed through a group-wide profitability program, expected to yield returns throughout 2023. Related extraordinary costs are booked in Q4 2022 (NOK 46 million affects reported EBITDA and the total of NOK 68 million affects Profit/loss)
- Development in line with the Capital Markets Day projections

Key Financial Figures and Alternative Performance Measures (APM)¹

	Q4 2022	Q4 2021	FY 2022	FY 2021
<i>Amounts in NOK million (unless otherwise stated)</i>				
Membership revenue	862	763	3 246	2 301
Other revenues	219	239	836	946
Total revenues	1 082	1 002	4 082	3 247
EBITDA	230	273	1 140	818
Margin (%)	21%	27%	28%	25%
Operating profit	-66	-2	20	-224
Profit/loss for the period	-150	-66	-246	-452
Earnings per share (NOK)	-0.74	-0.39	-1.25	-2.65
Adjusted Country EBITDA before impact of IFRS 16 ²	98	121	484	132
Margin (%)	9%	12%	12%	4%
Adjusted EBITDA before impact of IFRS 16 ²	12	26	145	-170
Margin (%)	1%	3%	4%	-5%
Maintenance Capex	60	48	176	120
Total Capex	76	93	304	240
Net debt	1 644	1 822	1 644	1 822
Operating cash flow	96	175	-75	-158
Clubs	275	262	275	262
Members ('000)	721	669	721	669
ARPM (NOK/month)	505	505	490	417

1) As defined in Appendix under Alternative Performance Measures

2) Excluding extraordinary items of NOK 46 million

BOARD OF DIRECTORS' REPORT

ANALYSIS OF THE Q4 2022 FINANCIAL STATEMENTS

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

Statement of comprehensive income

Total revenues increased by 8% to NOK 1 082 million in Q4 2022, compared to NOK 1 002 million in Q4 2021, driven by higher membership revenues.

Membership revenues increased in all countries in Q4 2022 compared to Q4 2021. After a 2%-member growth during the quarter, the total member base ended 8% above last year. ARPM was unchanged compared to Q4 2021.

Total operating expenses increased by 14% to NOK 1 147 million in Q4 2022, while operating expenses excluding depreciation and amortization increased by 17% to NOK 852 million. The increase in operating expenses is mainly due to a 41% increase in utility costs to NOK 65 million, as well as adding 13 new clubs to the portfolio.

The operating profit decreased from NOK -2 million to NOK -66 million in the quarter. Operating profit decreased in all countries except Finland.

Net financial expense was NOK 109 million in Q4 2022, an increase of NOK 38 million compared to Q4 2021. The increase was mainly driven by unrealized currency effects and realization of a bank guarantee in Denmark. Income tax expense in Q4 2022 was positive by NOK 25 million.

Loss before tax was NOK 175 million in Q4 2022, compared to a loss of NOK 74 million in Q4 2021. Loss for the period was NOK 150 million in Q4 2022, compared to a loss of NOK 66 million in Q4 2021. Adjusted for NOK 68 million in extraordinary items in Q4 2022, the loss was NOK 82 million. The total comprehensive loss was NOK 128 million, compared to a loss of NOK 50 million in Q4 2021.

Statement of financial position

Consolidated assets increased by NOK 339 million to NOK 8 675 million in Q4 2022. The most significant drivers of the increased consolidated assets were the increase in rights-of-use assets, derivative financial instruments, prepaid expenses, accrued income and cash and equivalents. Right-of-use assets and intangible assets were the most significant components of consolidated assets, amounting to NOK 4 161 million and NOK 2 588 million, respectively, on 31 December 2022. Non-current assets increased by NOK 222 million, while current assets increased by NOK 117 million. The increase in non-current assets was mainly driven by the increase in rights-of-use assets and change in fair value of interest rate swaps compared to Q4 2021. The increase in current assets was primarily driven by increase in prepaid expenses and accrued income in addition to cash and cash equivalents.

Total liabilities decreased from NOK 7 853 million as of 31 December 2021 to NOK 7 815 million as of 31 December 2022, primarily due to decreased borrowings and public fees and charges payable.

As of 31 December 2022, consolidated equity amounted to NOK 860 million, representing an equity ratio of 10%, compared to NOK 483 million and 6% in Q4 2021.

Statement of cash flows

In Q4 2022, consolidated cash and cash equivalents increased net by NOK 211 million, compared to an increase of NOK 116 million in Q4 2021.

As of the balance sheet date, cash and cash equivalents amounted to NOK 345 million, compared to NOK 281 million as of 31 December 2021. In addition, the Group had NOK 404 million available in undrawn amount on the rolling credit facility.

Net cash flow from the Group's operations was NOK 392 million in Q4 2022, compared to NOK 470 million in Q4 2021. The decreased cash flow from operations of NOK 78 million was mainly due to a decrease in profit before tax and changes in net working capital compared to Q4 2021. The net working capital has high seasonal fluctuations, typically being lower from November to May and higher from June to October. In the quarter, the net working capital effect was positive by NOK 145 million, of which approximately NOK 50 million was related to extraordinary costs booked in Q4 2022.

Net cash outflow from investing activities amounted to NOK 86 million in Q4 2022, compared to an outflow of NOK 93 million in Q4 2021.

Net cash outflow from financing was NOK 95 million in Q4 2022, compared to a cash outflow of NOK 261 million in Q4 2021. The company made a draw-down of NOK 200 million of the revolving credit facility in the quarter.

Segment development

The following sections of this report review each operating segment. Unless otherwise stated, comments regarding development reflect a comparison between Q4 2022 and Q4 2021.

Norway is the largest operating segment in the Group, with 48% of the consolidated total revenues for the financial year of 2022. SATS Norway had 325 000 members at the end of Q4 2022. SATS is a well-known brand in Norway and the largest operator of fitness clubs.

SATS Norway counted 122 clubs by the end of 2022, after having opened one club and closed another during the fourth quarter, as a part of a club network optimization. The member base grew by 8% from Q4 2021, as the number of club grew by 9% during the year.

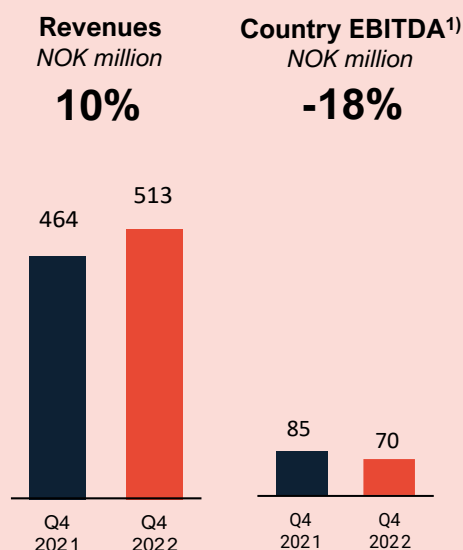
Member revenues increased by 15% to NOK 407 million, driven by the mentioned member growth, as well as increased membership yield. The latter came as a result of price adjustments of both new and existing members during 2022. Other revenues decreased by 3% to NOK 105 million, mainly due to a lack of qualified personal trainers.

Country EBITDA decreased by NOK 15 million to NOK 70 million, resulting in a quarterly Country EBITDA margin of 14%, 5 p.p. lower than in Q4 2021.

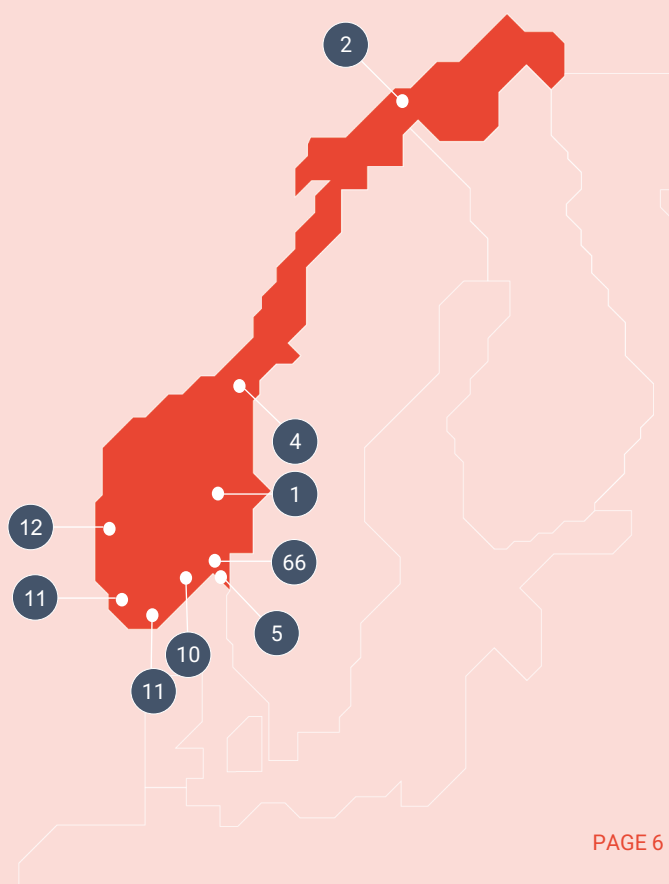
Reported EBITDA included extraordinary costs related to the profitability improvement program of NOK 24 million. Profit/loss for the period included extraordinary costs of NOK 37 million.

Key Financial figures and Alternative Performance Measures (APM)

	Q4 2022	Q4 2021	FY 2022	FY 2021
<i>Amounts in NOK million (unless otherwise stated)</i>				
Membership revenue	407	355	1 543	933
Other revenues	105	108	397	432
Total revenues	513	464	1 940	1 366
EBITDA	112	134	574	353
Margin (%)	22%	29%	30%	26%
Operating profit	-9	33	136	-42
Profit/loss for the period	-29	6	25	-115
Adjusted Country EBITDA before impact of IFRS 16	70	85	337	97
Margin (%)	14%	18%	17%	7%
Adjusted EBITDA before impact of IFRS 16	23	28	147	-68
Margin (%)	4%	6%	8%	-5%
Clubs	122	112	122	112
Members ('000)	325	302	325	302
ARPM (NOK/month)	528	516	515	391



¹⁾ Adjusted Country EBITDA before impact of IFRS 16



Sweden is the second-largest segment in the Group, with 34% of the total consolidated revenues for 2022. SATS Sweden had 244 000 members at the end of Q4 2022. SATS has maintained a strong position in Sweden over many years and is the largest operator of fitness clubs in terms of revenue.

SATS Sweden ended the fourth quarter with 92 clubs, after closing one club in Q4 2022 as a result of the club network optimization. The number of members increased by 7% during the year.

The membership revenue summed up to NOK 282 million in the quarter, up 6% from Q4 2021. The mentioned membership growth was partly offset by a slight reduction in membership yield. Other revenues decreased by 3% compared to Q4 2021, as a result of a shortage of personal trainers.

Country EBITDA decreased by NOK 5 million to NOK 37 million, resulting in a quarterly Country EBITDA margin of 10%, 2 p.p. down from Q4 2021.

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

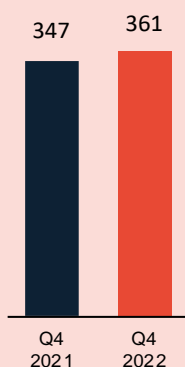
Reported EBITDA included extraordinary costs related to the profitability improvement program of NOK 18 million. Profit/loss for the period included extraordinary costs of NOK 19 million.

Key Financial Figures and Alternative Performance Measures (APM)

	Q4 2022	Q4 2021	FY 2022	FY 2021
<i>Amounts in NOK million (unless otherwise stated)</i>				
Membership revenue	282	266	1 088	961
Other revenues	78	81	289	295
Total revenues	361	347	1 377	1 256
EBITDA	69	79	369	333
Margin (%)	19%	23%	27%	27%
Operating profit	-22	-8	11	-9
Profit/loss for the period	-32	-14	-42	-41
Adjusted Country EBITDA before impact of IFRS 16	37	42	192	133
Margin (%)	10%	12%	14%	11%
Adjusted EBITDA before impact of IFRS 16	-3	-5	32	-2
Margin (%)	-1%	-2%	2%	0%
Clubs	92	88	92	88
Members ('000)	244	229	244	229
ARPM (NOK/month)	499	515	485	470

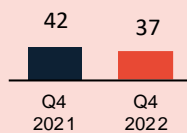
Revenues
NOK million

4%



Country EBITDA¹⁾
NOK million

-12%



¹⁾ Adjusted Country EBITDA before impact of IFRS 16

In Finland, the business is operated under the brand ELIXIA, and the Finnish operations constituted 9% of consolidated total revenues in 2022. At the end of Q4 2022, ELIXIA Finland had 70 000 members. The Finnish fitness market is highly fragmented, and ELIXIA is the market leader.

ELIXIA Finland opened one new club in the fourth quarter, ending the year with a portfolio of 32 clubs. The club count has been relatively stable in Finland, with a flat development during 2022. The portfolio optimizations in Finland have mainly been concentrated around relocations, to cater for more members per square meter. This has yielded results, with a 9% increase in the member base versus the comparable quarter last year. The member revenues have increased further, by 31%, as membership yield was artificially low in Q4 2021 due to visit restrictions and imposed club closures. Other revenues decreased by 43%, mainly due to a governmental compensation package in Q4 2021 linked to the mentioned imposed restrictions.

Country EBITDA was unchanged at NOK 4 million in the fourth quarter. Quarterly Country EBITDA margin was consequently 4%, also unchanged from Q4 2021.

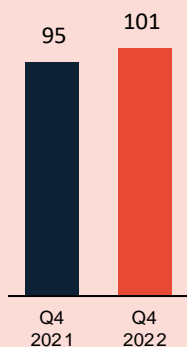
Reported EBITDA included extraordinary costs related to the profitability improvement program of NOK 1 million.

Key Financial Figures and Alternative Performance Measures (APM)

	Q4 2022	Q4 2021	FY 2022	FY 2021
<i>Amounts in NOK million (unless otherwise stated)</i>				
Membership revenue	83	63	280	211
Other revenues	18	32	81	81
Total revenues	101	95	361	292
EBITDA	26	23	89	35
Margin (%)	25%	24%	25%	12%
Operating profit	-2	-3	-22	-68
Profit/loss for the period	-7	-7	-43	-87
Adjusted Country EBITDA before impact of IFRS 16	4	4	1	-48
Margin (%)	4%	4%	0%	-16%
Adjusted EBITDA before impact of IFRS 16	-1	-3	-19	-67
Margin (%)	-1%	-3%	-5%	-23%
Clubs	32	32	32	32
Members ('000)	70	64	70	64
ARPM (NOK/month)	490	502	448	391

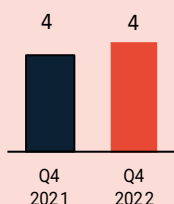
Revenues NOK million

6%



Country EBITDA¹⁾ NOK million

5%



¹⁾ Adjusted Country EBITDA before impact of IFRS 16

The Danish operation constituted 10% of consolidated total revenues in the financial year of 2022. SATS Denmark, with 82 000 members at the end of the quarter, is one of the largest fitness operators in the Greater Copenhagen area.

The Danish club network ended the fourth quarter with 29 clubs, down from 30 clubs by the end of Q4 2021. The member base grew by 11% during 2022. With an increase of 4% in membership yield, the membership revenue increased by 15%, compared to Q4 2021. Other revenues were flat, summing up to NOK 18 million.

Country EBITDA decreased by NOK 3 million to NOK -12 million, resulting in a quarterly Country EBITDA margin of -11%, 1 p.p. down from Q4 2021.

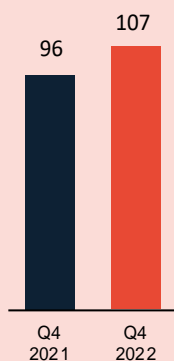
Reported EBITDA included extraordinary costs related to the profitability improvement program of NOK 2 million. Profit/loss for the period included extraordinary costs of NOK 11 million.

Key Financial Figures and Alternative Performance Measures (APM)

	Q4 2022	Q4 2021	FY 2022	FY 2021
<i>Amounts in NOK million (unless otherwise stated)</i>				
Membership revenue	90	78	335	195
Other revenues	18	17	67	138
Total revenues	107	96	403	333
EBITDA	12	14	53	53
Margin (%)	11%	15%	13%	16%
Operating profit	-24	-21	-90	-92
Profit/loss for the period	-45	-28	-143	-122
Adjusted Country EBITDA before impact of IFRS 16	-12	-9	-46	-51
Margin (%)	-11%	-10%	-12%	-15%
Adjusted EBITDA before impact of IFRS 16	-18	-17	-71	-75
Margin (%)	-17%	-18%	-18%	-23%
Clubs	29	30	29	30
Members ('000)	82	73	82	73
ARPM (NOK/month)	440	435	433	382

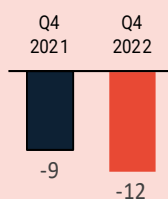
Revenues NOK million

12%



Country EBITDA¹⁾ NOK million

-27%



¹⁾ Adjusted Country EBITDA before impact of IFRS 16.

BUSINESS AND INDUSTRY OUTLOOK

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

In the near-term future, SATS is affected by inflationary pressure in general, as well as volatile electricity prices. However, in the long term, the Company is comfortable with its ability to increase prices in line with inflation. There are no signs of members trading down due to lower purchasing power. With a combination of the underlying health and fitness wave and SATS' strong market position, the member base per club is also expected to develop well over time.

SATS will focus on offering a comprehensive and high-quality equipment park, the position as the leading personal training destination in the Nordics, and a range of highly regarded niche concepts. The Company will continue to offer flexible memberships ensuring that SATS is relevant for everyone.

The Company will continue to participate in the fitness industry's digitalization as there are exciting opportunities to expand the product offering. SATS is committed to participating in this trend and developing an attractive, high-quality hybrid offering, to stay relevant both for people who want to work out at a fitness club, outdoor and at home.

SHAREHOLDER INFORMATION

SATS ASA's share capital was NOK 431 million as at 31 December 2022, divided into 203 046 142 ordinary shares, each with a par value of NOK 2.125. All the shares have been fully paid and have equal rights. SATS owned 356 817 treasury shares as at the balance sheet date. The number of shareholders as at 31 December 2022 was 6 085.

FINANCIAL POLICY AND DIVIDEND

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

On 15 March 2022, an agreement of extending the RCF agreement until September 2025 entered into force. The adjusted covenants apply to and including 31 December 2023. The adjusted covenants set 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 comply 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 significantly affect the consolidated interim financial statements for the fourth quarter of 2022.

DISCLAIMER

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

Oslo, 13 February 2023
The Board of Directors

CONSOLIDATED INCOME STATEMENT

	Notes	Q4 2022	Q4 2021	2022	2021
<i>(Amounts in NOK million)</i>					
Revenue	2	1 082	1 002	4 082	3 247
Operating expenses					
Cost of goods sold		-47	-29	-147	-106
Personnel expenses		-446	-426	-1 587	-1 399
Other operating expenses		-359	-273	-1 208	-925
Depreciation and amortization	6, 7, 8	-296	-276	-1 120	-1 042
Total operating expenses		-1 147	-1 004	-4 062	-3 472
Operating profit		-66	-2	20	-224
Interest income		7	0	12	0
Finance income		7	17	80	54
Interest expense		-83	-66	-300	-284
Finance expense		-41	-22	-73	-68
Net financial items		-109	-71	-281	-298
Profit/loss before tax		-175	-74	-261	-522
Income tax expense	3	25	8	15	70
Profit/loss for the period		-150	-66	-246	-452
Profit/loss for the year is attributable to:					
Equity holders of the Group		-150	-66	-246	-452
Total allocation		-150	-66	-246	-452
Earnings per share in NOK					
Basic earnings per share attributable to equity holders of the company	4	-0.74	-0.39	-1.25	-2.65
Diluted earnings per share attributable to equity holders of the company	4	-0.74	-0.39	-1.25	-2.65

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q4 2022	Q4 2021	YTD 2022	2021
<i>(Amounts in NOK million)</i>				
Profit/loss for the period	-150	-66	-246	-452
Other comprehensive income				
Currency translation adjustment - may be reclassified to profit or loss	22	16	28	36
Other comprehensive income, net of tax	22	16	28	36
Total comprehensive income for the period	-128	-50	-219	-416
Total comprehensive income is attributable to:				
Equity holders of the Group	-128	-50	-219	-416
Total comprehensive income for the period	-128	-50	-219	-416

CONSOLIDATED BALANCE SHEET

	Notes	31.12.2022	31.12.2021
<i>(Amounts in NOK million)</i>			
ASSETS			
Non-current assets			
Intangible assets	6	2 588	2 569
Right-of-use assets	8	4 161	4 077
Property, plant and equipment	7	723	691
Other non-current receivables		50	34
Derivative financial instruments	9	47	0
Deferred tax assets	3	239	213
Total non-current assets		7 806	7 584
Current assets			
Inventories		57	57
Accounts receivables		126	117
Other current receivables		54	59
Prepaid expenses and accrued income		287	237
Cash and cash equivalents		345	281
Total current assets		868	751
Total assets		8 675	8 336
EQUITY			
Share capital		431	366
Share premium		3 056	2 521
Treasury shares		-14	-17
Other reserves		65	34
Retained earnings		-2 678	-2 421
Total equity		860	483
LIABILITIES			
Non-current liabilities			
Deferred tax liability	3	71	72
Borrowings	5	1 970	2 090
Lease liability	5	3 666	3 632
Derivative financial instruments	9	0	1
Other non-current liabilities		0	4
Total non-current liabilities		5 707	5 798
Current liabilities			
Borrowings	5	19	12
Lease liability	5	869	820
Contract liability		584	487
Trade and other payables		116	138
Current tax liabilities		6	4
Public fees and charges payable		91	225
Other current liabilities		423	369
Total current liabilities		2 108	2 055
Total liabilities		7 815	7 853
Total equity and liabilities		8 675	8 336

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 2021	365	2 513	-19	-4	-1 969	885	885
Profit/loss for the period					-452	-452	-452
OCI for the period				36		36	36
Total comprehensive income for the period	0	0	0	36	-452	-416	-416
Investment program				3		3	3
Capital increase	1	8				9	9
Proceeds from sale of own shares			2			2	2
Equity 31 December 2021	366	2 521	-17	34	-2 421	483	483
Equity 1 January 2022	366	2 521	-17	34	-2 421	483	483
Profit/loss for the period					-246	-246	-246
OCI for the period				28		28	28
Total comprehensive income for the period	0	0	0	28	-246	-219	-219
Investment program				2		2	2
Share issues and capital increase expenses	65	535			-10	590	590
Proceeds from sale of own shares			3			3	3
Equity 31 December 2022	431	3 056	-14	65	-2 678	860	860

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Q4 2022	Q4 2021	2022	2021
<i>(Amounts in NOK million)</i>					
Cash flow from operations					
Profit before tax		-175	-74	-261	-522
Adjustment for:					
Taxes paid in the period		8	-4	-23	-32
Gain/loss from disposal or sale of equipment		9	3	9	3
Depreciation, amortization and impairment	6, 7, 8	296	276	1 120	1 042
Net financial items		109	71	281	298
Change in inventory		12	-9	0	-9
Change in accounts receivables		-7	5	-8	3
Change in trade payables		-14	30	-21	18
Change in other receivables and accruals		154	172	-15	119
Net cash flow from operations		392	470	1 082	920
Cash flow from investing					
Purchase of property, plant and equipment	6, 7	-76	-93	-256	-232
Loan to related parties		-10	0	-10	0
Proceeds from property, plant and equipment		0	0	1	1
Acquisition of subsidiary, net of cash acquired		0	-1	-49	-9
Net cash flow from investing		-86	-93	-313	-240
Cash flow from financing					
Repayments of borrowings	5	0	0	-309	-2
Proceeds from borrowings	5	200	0	200	200
Installments on lease liabilities	5	-217	-206	-852	-800
Paid interests on borrowings	5	-34	-25	-120	-109
Interests on lease liabilities	5	-47	-42	-189	-187
Proceeds from issues of shares		0	9	601	9
Proceeds from sale of own shares		3	0	3	2
Transaction costs from issues of new shares		0	0	-13	0
Other financial items		-1	2	-1	10
Net cash flow from financing		-95	-261	-681	-877
Net increase/decrease in cash and cash equivalents		211	116	88	-197
Effect of foreign exchange changes on cash and cash equivalents		9	15	-24	22
Cash and cash equivalents at the beginning of the period		125	150	281	456
Cash and cash equivalents at the end of period		345	281	345	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 can affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.

Significant changes in the current reporting period

The financial position and the performance of the Group was not, other than mentioned above, mainly affected by any events or transactions during 2022.

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 Q4 2022, Q4 2021 and the years ended 31 December 2022 and 2021 is as follows:

SATS Group	Norway	Sweden	Finland	Denmark	Group functions and other	Total
<i>(Amounts in NOK million)</i>						
Q4 2022						
Revenue						
Membership revenue	407	282	83	90	0	862
Other revenues	105	78	18	18	0	219
Total revenues	513	361	101	107	0	1 082

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

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

Q4 2021**Revenue**

Membership revenue	355	266	63	78	0	763
Other revenues	108	81	32	17	0	239
Total revenues	464	347	95	96	0	1 002

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

EBITDA before impact of IFRS 16¹⁾	28	-5	-3	-17	24	26
Impact of IFRS 16	106	84	26	32	0	248
EBITDA¹⁾	134	79	23	14	24	273
Depreciation and amortization	-101	-86	-26	-35	-27	-276
Operating profit	33	-8	-3	-21	-3	-2
Net financial items ²⁾	-22	-9	-5	-8	-27	-71
Income tax expense	-4	3	2	1	6	8
Profit/loss for the period	6	-14	-7	-28	-24	-66

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
<i>(Amounts in NOK million)</i>						
2022						
Revenue						
Membership revenue	1 543	1 088	280	335	0	3 246
Other revenues	397	289	81	67	1	836
Total revenues	1 940	1 377	361	403	1	4 082

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

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

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

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

EBITDA before impact of IFRS 16¹⁾	-68	-2	-67	-75	42	-170
Impact of IFRS 16	421	335	102	129	0	987
EBITDA¹⁾	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

The actual tax expense is used as basis for the fourth quarter and 2022 full year income tax recognition. Deferred tax assets for Finland and Denmark from losses carried forward are not recognized in 2022 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, Q4 is the reporting period from 1 October to 31 December.

NOTE 4 Earnings per share

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

The share investment programs for employees in the SATS ASA Group imply that the company, on the balance sheet date of 31 December 2022, will deliver 507 600 matching shares to employees in 2023, 93 360 shares in 2024 and 161 530 shares in 2025. Allocation of matching shares is further contingent upon the company's performance over time.

As of the balance sheet date of 31 December 2022, the company holds 356 817 treasury shares.

Basic earnings per share attributable to equity holders of the company

<i>(NOK per share)</i>	Q4 2022	Q4 2021	2022	2021
Basic earnings	-0.74	-0.39	-1.25	-2.65
Total basic earnings per share	-0.74	-0.39	-1.25	-2.65
Total number of outstanding shares	202 689 325	170 952 317	196 915 471	170 851 309

Diluted earnings per share attributable to equity holders of the company

<i>(NOK per share)</i>	Q4 2022	Q4 2021	2022	2021
Diluted earnings	-0.74	-0.39	-1.25	-2.65
Total diluted earnings per share	-0.74	-0.39	-1.25	-2.65
Total number of outstanding shares	202 689 325	170 952 317	196 915 471	170 851 309

Reconciliation of earnings used in calculating earnings per share

<i>(Amounts in NOK million)</i>	Q4 2022	Q4 2021	2022	2021
Basic earnings per share				
Profit/loss attributable to equity holders of the Group	-150	-66	-246	-452
Profit/loss used in calculating basic earnings per share	-150	-66	-246	-452
Diluted earnings per share				
Profit/loss used in calculating diluted earnings per share	-150	-66	-246	-452
Profit/loss used in calculating diluted earnings per share	-150	-66	-246	-452

NOTE 5 Interest-bearing liabilities

Overview of interest-bearing liabilities	31.12.2022	31.12.2021
<i>(Amounts in NOK million)</i>		
Current		
Bank borrowings	19	12
Lease liabilities	869	820
Total current interest-bearing liabilities	888	833
Non-current		
Bank borrowings	1 970	2 090
Lease liabilities	3 666	3 632
Total non-current interest-bearing liabilities	5 636	5 722
Total interest-bearing liabilities	6 524	6 555
Total bank borrowings	1 989	2 103
Cash and cash equivalents	345	281
Net debt¹⁾	1 644	1 822

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

The long-term loan facility agreement

The company has an unsecured revolving credit facility (RCF) agreement, consisting of a multicurrency RCF with a maximum principal amount of NOK 2 500 million. At the end of the fourth quarter, the remaining undrawn credit amounted to approximately NOK 404 million.

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

The facility will fully mature in September 2025, and no installment payments are due before this time. Interest payable will depend on the principal amount of the facility at any given time. However, based on a draw-down of NOK 2 096 million as of the balance sheet date of 31 December 2022, the annual interest payment is expected to be in the range of NOK 66 to 113 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 by one year until September 2025. The addendum also includes adjusted covenants, which will apply 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 comply 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 December 2022:

Bank borrowings	Total	Lease liabilities	Total
<i>(Amounts in NOK million)</i>		<i>(Amounts in NOK million)</i>	
Less than 1 year	113	Less than 1 year	1 044
1-2 years	91	1-2 years	924
2-3 years	2 042	2-3 years	802
3-5 years	0	3-5 years	1 235
More than 5 years	0	More than 5 years	1 186
Total payments	2 245	Total payments	5 190

NOTE 6 Intangible assets

Goodwill	Norway	Sweden	Finland	Denmark	Total goodwill
<i>(Amounts in NOK million)</i>					
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 December 2022					
Opening net book amount	1 640	215	571	0	2 425
Net effect of changes in foreign exchange	0	-6	30	0	24
Net additions/disposals	29	0	0	0	29
Closing net book value	1 669	209	601	0	2 478
At 31 December 2022					
Cost	1 868	209	611	0	2 687
Accumulated impairment	-199	0	-10	0	-209
Net book value	1 669	209	601	0	2 478
Useful life	Indefinite	Indefinite	Indefinite		
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 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 December 2022					
Opening net book amount	2	113	29	0	143
Effect of changes in foreign exchange cost	0	-13	1	0	-11
Effect of changes in foreign exchange accumulated amortization	0	9	-1	0	9
Acquisition	0	0	6	0	6
Additions	0	53	2	0	55
Disposals	-1	-7	0	0	-7
Amortization charge	0	-72	-13	0	-85
Closing net book value	1	84	25	0	109
At 31 December 2022					
Cost	267	447	68	4	785
Accumulated amortization and impairment	-266	-363	-44	-4	-676
Net book value	1	84	25	0	109
Useful life	10 years	3 years	3 - 7 years	1 - 10 years	
Amortization method	Straight-line	Straight-line	Straight-line	Straight-line	

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

NOTE 7 Property, plant and equipment

Property, plant and equipment <i>(Amounts in NOK million)</i>	Capitalized leasehold improvements	Fitness equipment	Other fixtures and equipment	Total tangible fixed assets
At 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 December 2022				
Opening net book amount	431	200	61	691
Additions	89	82	29	199
Acquisition costs	4	15	5	24
Acquisition accumulated depreciations	-3	-9	-3	-15
Effect of changes in foreign exchange cost	10	3	2	15
Reclassifications additions	1	0	-1	0
Depreciation charge	-91	-55	-30	-175
Effect of changes in foreign exchange accumulated depreciation	-10	-2	-1	-14
Disposals costs	-94	-14	-9	-117
Disposals costs accumulated depreciations	94	14	6	114
Reclassifications depreciations	0	-1	0	0
Closing net book value	431	233	59	723
At 31 December 2022				
Cost	1 431	937	503	2 870
Accumulated depreciation	-1 001	-704	-443	-2 148
Net book value	431	233	59	723
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 <i>(Amounts in NOK million)</i>	Premise rental	Other leases	Total RoU assets
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 December 2022			
At 1 January 2022	4 063	15	4 077
Effect of changes in foreign exchange cost	24	2	26
Additions/disposals	932	4	936
Depreciation charge	-851	-9	-860
Effect of changes in foreign exchange accumulated depreciation	-16	-2	-18
Closing net book value	4 152	9	4 161
At 31 December 2022			
Cost	10 815	87	10 903
Accumulated depreciation	-6 663	-78	-6 741
Net book value	4 152	9	4 161
Useful life	1 - 15 years	1 - 5 years	
Depreciation method	Straight-line	Straight-line	

Overview

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

Exchange rate – sensitivity analysis

The Group is primarily exposed to changes in the SEK/NOK, EUR/NOK, and DKK/NOK exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from the profit or loss in the Group's foreign subsidiaries, borrowings, intercompany loans, and bank accounts in currencies other than where the legal entity is located. The sensitivity analysis below illustrates the impact of EUR, SEK, and DKK strengthened by 10% against NOK. A 10% weaker NOK against SEK/EUR/DKK results in a negative effect of NOK 28 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 December 2022 with a weaker NOK results in a positive effect of NOK 66 million.

Sensitivity analysis

	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	59	50
EUR/NOK exchange rate - increase 10% ¹⁾	-4	7	3
DKK/NOK exchange rate - increase 10% ¹⁾	-14	0	-14
Effect on profit/loss before tax	-28	66	38

¹⁾ Holding all other variables constant.

Financial instruments by category

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

Derivatives are classified as held for trading and initially recognized at fair value on the date a derivative contract is entered into. They are subsequently remeasured to their fair value through profit and loss at the end of each reporting period. The fair values are based on observable market prices obtained from external parties and are based on mid-range marked interest rates and prices, excluding margins, at the reporting date. The derivatives are defined as Level 2 in the fair value hierarchy. The derivatives are classified as non-current assets 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 the last balance sheet date.

	31.12.2022		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
<i>(Amounts in NOK million)</i>				
Other non-current receivables	50	0	34	0
Accounts receivables	126	0	117	0
Other current receivables	54	0	59	0
Derivatives	0	47	0	0
Cash and cash equivalents	345	0	281	0
Total financial assets	574	47	491	0

	31.12.2022		31.12.2021	
Financial instruments - Liabilities	Liabilities measured at amortized cost	Fair value through profit and loss	Liabilities measured at amortized cost	Fair value through profit and loss
<i>(Amounts in NOK million)</i>				
Borrowings	1 989	0	2 103	0
Lease liabilities	4 535	0	4 452	0
Trade and other payables	116	0	138	0
Derivatives	0	0	0	1
Other current liabilities	423	0	369	0
Total financial liabilities	7 063	0	7 061	1

Financial derivative instruments

The Group has the following derivative financial instruments:

	31.12.2022	31.12.2021
<i>(Amounts in NOK million)</i>		
Non-current assets		
Interest rate swap contracts	47	0
Total non-current derivative financial instrument assets	47	0
Non-current liabilities		
Interest rate swap contracts	0	1
Total non-current derivative financial instrument liabilities	0	1

Overview of interest swaps per 31 December 2022

Interest rate swaps	Notional in currency million	Maturity	Fixed rate	Unrealized gain/loss 31.12.2022
IRS NOK	694	28.10.2026	1.751	36
IRS SEK	200	28.10.2024	0.430	11
Fair value of the Group's interest rate swaps as of 31 December 2022 in NOK million				47

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

NOTE 10 Related parties

The company only has related party transactions with the shareholder Altor, of which the transactions are of no significant character either in 2022 nor 2021. There are no related party balance sheet items as of 31 December 2022 or 31 December 2021.

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

In Q4 2022, a total loan of 9.7 million was issued to key employees participating in a partly debt-financed share investment program. The terms are regulated according to the arm's length principle.

NOTE 11 Events after the balance sheet date

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

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

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

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

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

Goodwill

Goodwill is recognized at NOK 2 478 million per the balance sheet date. Goodwill is not amortized, but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. The recoverable amount of the cash-generating units (CGUs) is determined based on value-in-use calculations, which require several assumptions. The calculations use cash flow projections based on financial budgets and prognoses approved by management covering five years for all segments. Cash flows beyond the five years are extrapolated using the estimated growth rates stated in Note 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 fundamental assumptions would cause the recoverable amount to be lower than the carrying value. For Finland, sensitivity analyses show that the headroom is limited, and the development will be monitored closely in the coming months.

Deferred tax assets

Deferred tax assets for Denmark and Finland are not recognized in Q4 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 change in circumstances occurs, affecting this assessment. During the current financial period, there was no material financial effect of revising lease terms to reflect the impact of exercising extension or termination options.

Fair value estimates

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

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- 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 specific derivative contracts, where the fair values have been determined based on present values, and the discount rates used were adjusted for counterparty or own credit risk.

APPENDIX

ALTERNATIVE PERFORMANCE MEASURES

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

Alternative Performance Measures reflect adjustments based on the following items:

EBITDA

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

EBITDA before impact of IFRS 16

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

EBITDA before impact of IFRS 16 margin

EBITDA before impact of IFRS 16 divided by total revenue.

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 an important supplemental measure to understand the underlying profit generation in the Group's operating activities. Please see the reconciliation to profit or loss before tax in the table below.

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

Leverage ratio

Net debt divided by last twelve months 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 upgrades and maintenance CAPEX and expansion CAPEX, and the source of CAPEX is the Statement of cash flows.

Upgrades and maintenance CAPEX

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

Expansion CAPEX

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

Operating cash flow

Operating cash flow is a measure of how much cash that is generated by the operations and is used to evaluate SATS's liquidity. The definition is Adjusted EBITDA excluding IFRS 16 less Upgrades and 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 16¹

TOTAL	Q4 2022	Q4 2021	2022	2021
<i>(Amounts in NOK million)</i>				
EBITDA before impact of IFRS 16	-34	26	99	-170
Extraordinary items	46	0	46	0
Adjusted EBITDA before impact of IFRS 16	12	26	145	-170
Group overhead and cost allocation	86	95	338	301
Adjusted Country EBITDA before impact of IFRS 16	98	121	484	132

NORWAY	Q4 2022	Q4 2021	2022	2021
<i>(Amounts in NOK million)</i>				
EBITDA before impact of IFRS 16	-2	28	123	-68
Extraordinary items	24	0	24	0
Adjusted EBITDA before impact of IFRS 16	23	28	147	-68
Group overhead and cost allocation	-47	-57	-190	-165
Adjusted Country EBITDA before impact of IFRS 16	70	85	337	97

SWEDEN	Q4 2022	Q4 2021	2022	2021
<i>(Amounts in NOK million)</i>				
EBITDA before impact of IFRS 16	-21	-5	14	-2
Extraordinary items	18	0	18	0
Adjusted EBITDA before impact of IFRS 16	-3	-5	32	-2
Group overhead and cost allocation	-40	-47	-160	-135
Adjusted Country EBITDA before impact of IFRS 16	37	42	192	133

FINLAND	Q4 2022	Q4 2021	2022	2021
<i>(Amounts in NOK million)</i>				
EBITDA before impact of IFRS 16	-3	-3	-20	-67
Extraordinary items	1	0	1	0
Adjusted EBITDA before impact of IFRS 16	-1	-3	-19	-67
Group overhead and cost allocation	-5	-6	-20	-19
Adjusted Country EBITDA before impact of IFRS 16	4	4	1	-48

DENMARK	Q4 2022	Q4 2021	2022	2021
<i>(Amounts in NOK million)</i>				
EBITDA before impact of IFRS 16	-20	-17	-74	-75
Extraordinary items	2	0	2	0
Adjusted EBITDA before impact of IFRS 16	-18	-17	-71	-75
Group overhead and cost allocation	-6	-8	-25	-24
Adjusted Country EBITDA before impact of IFRS 16	-12	-9	-46	-51

¹ The extraordinary items shown in this table do not include extraordinary items of NOK 22 million recorded as impairment and extraordinary financial costs. Total extraordinary items was NOK 68 million in Q4 2022.

DEFINITIONS

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

Financial Calendar

14 FEB

2023

Q4 2022 Results

27 APR

2023

Annual Report 2022

05 MAY

2023

Q1 2023 Results

25 May

2023

Annual General Meeting 2023

25 AUG

2023

Q2 2023 Results

26 OCT

2023

Q3 2023 Results

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