



SATS Q4 2021

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 260 clubs, close to 9 000 employees and almost 670 000 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

Following the strong recovery seen in Q3 2021, the start of the fourth quarter continued with a solid momentum and optimism. However, the spread of the Omicron variant led to reintroduction of restrictions across the Nordics, even imposed club closures in Finland. Hence, the year ended quite differently than what we expected in the start of the quarter.

Ensuring safe training at SATS has been a key priority throughout the pandemic. This has also been the case now with the Omicron wave. The new restrictions being introduced in Q4 have been very strict, with significant reduced capacity in our clubs, closed group training in Norway and closed clubs in Finland. Hence, we are very satisfied with the delivery of a net member growth of 16 000 in Q4 2021 (~0 in Q4 2019) which is a very strong quarter for SATS.

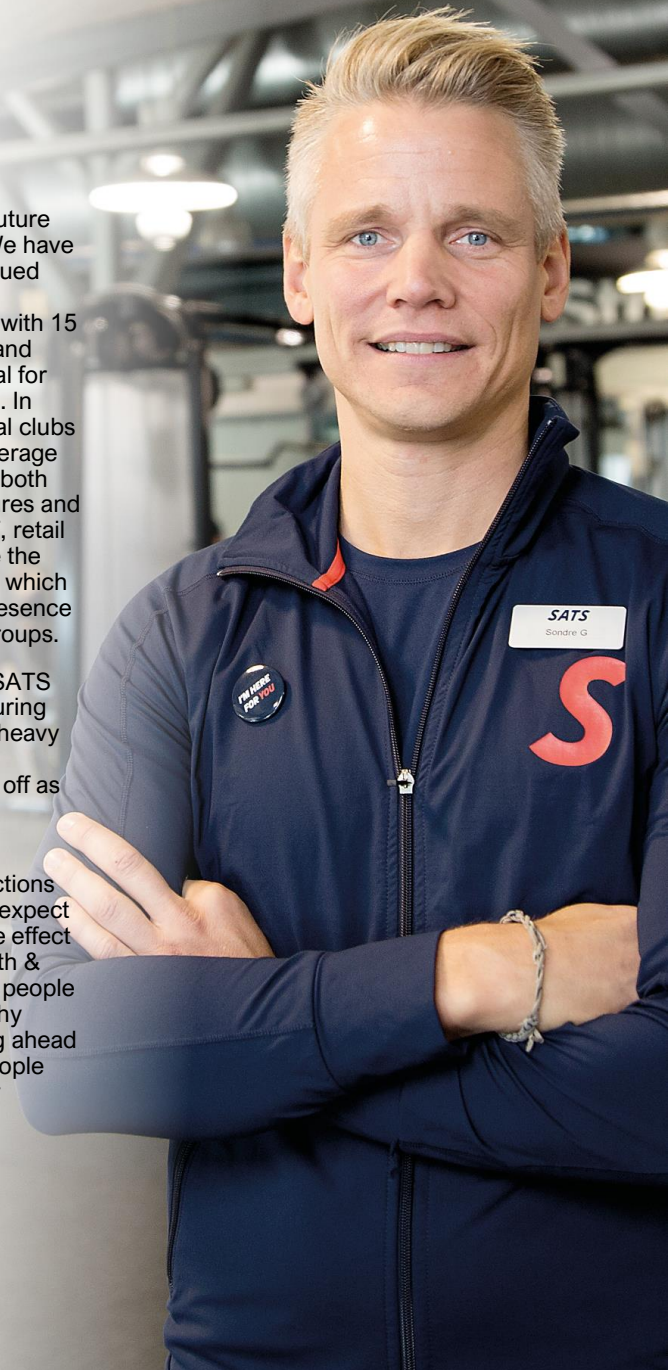
The financial performance was naturally affected by the re-introduction of heavy restrictions. We had nine more clubs in the quarter compared to Q4 2020, which adds to the cost base, coupled with very high electricity prices. We see that membership revenues have a high conversion to EBITDA. Hence, we expect continued member growth is likely to support our financial performance. SATS reported a positive cash flow in Q4 2021, and our liquidity position is sufficient to handle existing operations and our organic expansion plan, given the current situation.

SATS has also in the quarter 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 15 new clubs to be opened in 2022 and 2023, and we see a great potential for further club expansion and M&As. In addition, we are upgrading several clubs in our portfolio. We expect the average revenue per member to increase both through membership yield measures and increasing other revenues like PT, retail and treatments. We also continue the development of Mentra by SATS, which will further increase our digital presence both in new and existing target groups.

I want to thank all the dedicated SATS employees for the great efforts during another challenging quarter with heavy restrictions, high sick leave and colleagues being temporarily laid off as restrictions have stopped us from delivering our services.

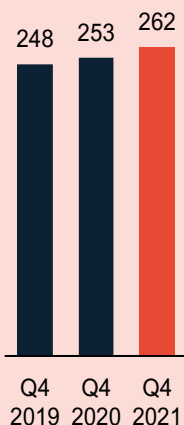
Looking ahead we see that restrictions are lifted across the Nordics. We expect this to have an immediate positive effect on both visits and sales. The health & wellness industry is growing, and people want to adapt an active and healthy lifestyle. We are optimistic looking ahead and eager to make even more people healthier and happier and warmly welcome members to our clubs.

Sondre Gravir
CEO

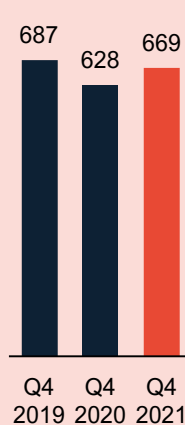
Clubs

4%



Members

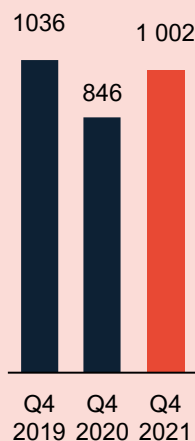
7%



Revenues

NOK million

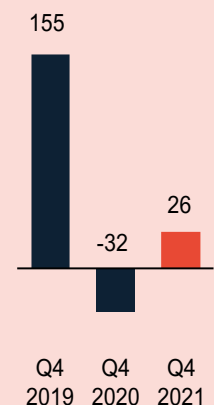
18%



Adjusted EBITDA¹⁾

NOK million

181%



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

HIGHLIGHTS

- Continued strong member base growth reaching 669 000 at the end of the quarter, up 6% from end of Q4 2020
- No restrictions imposed on our operations in October and November, but club closures in Finland and capacity restrictions across the Nordics from late December
- The member base increased with 16 000 in the quarter compared to ~0 in Q4 2019
- The member base was on par with the level in the end of Q4 2019 (adjusted for nine divested Danish clubs)
- Member revenues increased by 26% compared to last year due to the significant ramp-up in members and reduction in freeze levels
- Total revenues in the quarter increased 18% to NOK 1 002 million, driven by increased member revenues, increased retail and PT revenues
- Adjusted EBITDA¹ is recovering and improved from NOK -32 million in Q4 2020 to NOK 26 million in the quarter
- Six new clubs were opened in the quarter, and SATS will accelerate club growth to further strengthen our position 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
- Finally, we are operating with close to no restrictions imposed on our clubs.

Key Financial Figures and Alternative Performance Measures (APM)¹

	Q4 2021	Q4 2020	FY 2021	FY 2020
<i>Amounts in NOK million (unless otherwise stated)</i>				
Membership revenue	763	605	2 301	2 649
Other revenues	239	241	946	885
Total revenues	1 002	846	3 247	3 534
EBITDA	273	216	818	1 135
Margin (%)	27%	25%	25%	32%
Operating profit excluding impairment	-2	-45	-224	90
Operating profit	-2	-45	-224	11
Profit/loss for the period	-66	-95	-452	-325
Earnings per share (NOK)	-0.39	-0.55	-2.64	-1.90
Adjusted Country EBITDA before impact of IFRS 16	121	30	132	397
Margin (%)	12%	4%	4%	11%
Adjusted EBITDA before impact of IFRS 16	26	-32	-170	146
Margin (%)	3%	-4%	-5%	4%
Maintenance Capex	54	37	126	185
Total Capex	98	103	247	290
Net debt	1 822	1 493	1 822	1 493
Operating cash flow	170	-60	-164	-39
Clubs	262	253	262	253
Members ('000)	669	628	669	628
ARPM (NOK/month)	505	437	417	492

¹⁾ As defined in Appendix under Alternative Performance Measures

BOARD OF DIRECTORS' REPORT

ANALYSIS OF THE Q4 2021 FINANCIAL STATEMENTS

All financial statements show the period 1 October 2021 to 31 December 2021, compared to the accounts for the period 1 October 2020 to 31 December 2020.

Statement of comprehensive income

Total revenues increased by 18% to NOK 1 002 million in Q4 2021, compared to NOK 846 million in Q4 2020, mainly as a consequence of closed clubs in Q4 2020. All clubs were open without restrictions in October and November. However, restrictions, including club closures in Finland, were imposed on our clubs in December. Revenues in all countries increased in Q4 2021 compared to Q4 2020. After a net member growth development during the quarter (+2%), total member base ended 6% above last year, mainly as a result of strong membership sales in the second half of 2021. Reported ARPM increased by 16% compared to Q4 2020, mainly driven by significantly lower freeze compared to last years club closure period.

Total operating expenses increased by 13% to NOK 1 004 million in Q4 2021, while operating expenses excluding depreciation and amortization increased by 15% to NOK 729 million. The increase in operating expenses is mainly due to adding 9 more clubs and increase in electricity prices.

The operating profit increased from NOK -45 million to NOK -2 million. Operating profit increased in Norway, Denmark and Finland but decreased in Sweden compared to Q4 2020.

Net financial expense in Q4 2021 was NOK 71 million, an increase of NOK 9 million compared to Q4 2020. The increase was driven by reduced financial income. Income tax expense in Q4 2021 was positive by NOK 8 million.

Loss before tax was NOK 74 million in Q4 2021, compared to a loss of NOK 107 million in Q4 2020. Loss for the period was NOK 66 million in Q4 2021, compared to a loss of NOK 95 million in Q4 2020, while total comprehensive loss was NOK 50 million, compared to a loss of NOK 110 million in Q4 2020.

Statement of financial position

Consolidated assets decreased by NOK 755 million to NOK 8 336 million in Q4 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 4 077 million and NOK 2 569 million, respectively, on 31 December 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 Q4 2020. The decrease in current assets was primarily driven by a decrease in cash and cash equivalents, prepaid expenses and other current receivables.

Total liabilities decreased from NOK 8 206 million as of 31 December 2020 to NOK 7 853 million as of 31 December 2021, primarily due to decreased lease liability.

As of 31 December 2021, consolidated equity amounted to NOK 483 million, representing an equity ratio of 6%, compared to NOK 885 million and 10% in Q4 2020.

Statement of cash flows

In Q4 2021, consolidated cash and cash equivalents increased net by NOK 116 million, compared to a decrease of NOK 171 million in Q4 2020. As at the balance sheet date, the Group had cash and cash equivalents of NOK 281 million, compared to NOK 456 million as of the balance sheet date of 31 December 2020.

Net cash flow from the Group's operations was NOK 470 million in Q4 2021, compared to NOK 219 million in Q4 2020. The increased cash flow from operations of NOK 251 million was mainly due to changes in net working capital. The net working capital effect of the quarter was positive by NOK 198 million, mainly driven by decreased accrual for government compensation in the quarter.

Net cash outflow from investing activities amounted to NOK 93 million in Q4 2021, compared to an outflow of NOK 102 million in Q4 2020. Continued level of capital expenditures is expected in the coming quarters.

Net cash outflow from financing was NOK 261 million in Q4 2021, compared to a cash outflow of NOK 287 million in Q4 2020.

Segment development

The following sections of this report review each operating segment. Unless otherwise stated, comments regarding development reflect a comparison between Q4 2021 and Q4 2020.

NORWAY

Norway is the largest operating segment in the Group with 46% of the consolidated total revenues and 302 000 members at the end of Q4 2021. SATS is a well-known brand in Norway and the largest operator of fitness clubs.

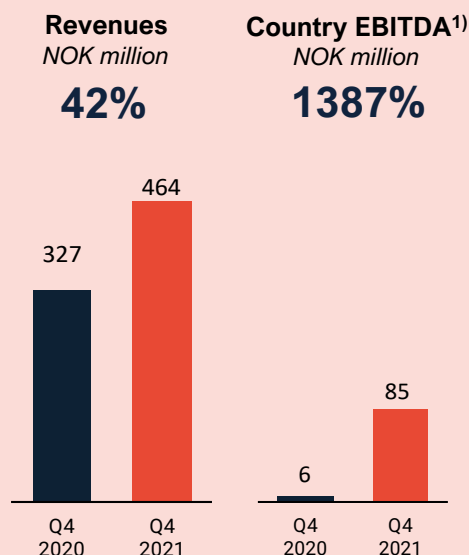
All clubs in Norway were open through the quarter, and without restrictions in October and November. However, restrictions on visits capacity and no group training classes were re-introduced in December due to the outbreak of the covid omicron variant.

Total revenues amounted to NOK 464 million in Q4, representing an increase of 42% compared to the same quarter last year. The main driver for the increase in membership revenues was due to the higher member base and lower freeze level in the quarter. The member base ended 8% higher than last year and 1% above Q4 2019. The extensive periods of club closures during the pandemic have restrained the sales of new memberships, but the quarter has shown a continued strong recovery.

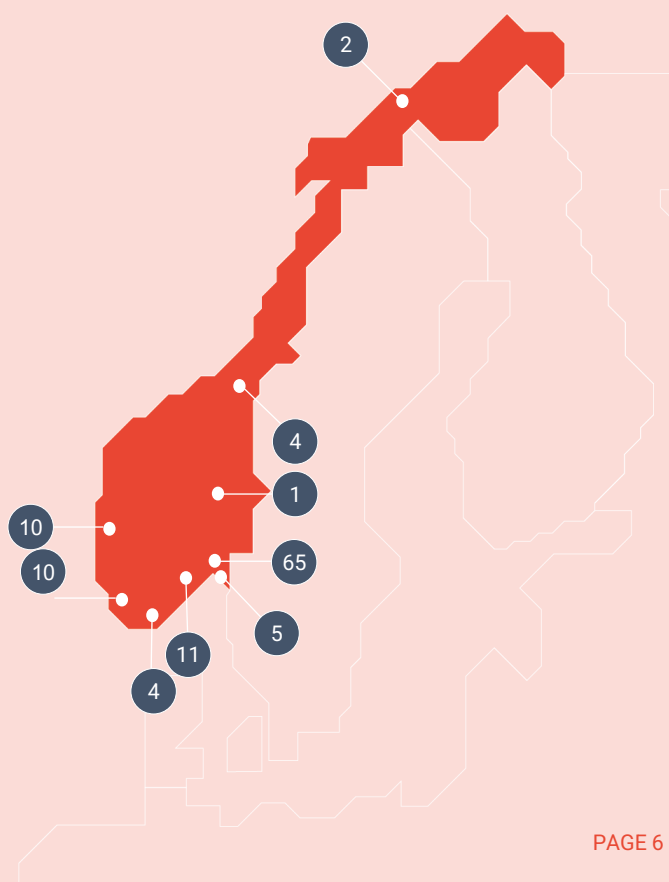
Country EBITDA increased by NOK 79 million to NOK 85 million, resulting in a quarterly Country EBITDA margin of 18%, 16 p.p. higher than in Q4 2020.

Key Financial figures and Alternative Performance Measures (APM)

	Q4 2021	Q4 2020	FY 2021	FY 2020
<i>Amounts in NOK million (unless otherwise stated)</i>				
Membership revenue	355	208	933	1 032
Other revenues	108	119	432	414
Total revenues	464	327	1 366	1 445
EBITDA	134	74	353	484
Margin (%)	29%	23%	26%	33%
Operating profit	33	-23	-42	98
Profit/loss for the period	6	-40	-115	-4
Adjusted Country EBITDA before impact of IFRS 16	85	6	97	217
Margin (%)	18%	2%	7%	15%
Adjusted EBITDA before impact of IFRS 16	28	-28	-68	82
Margin (%)	6%	-9%	-5%	6%
Clubs	112	109	112	109
Members ('000)	302	280	302	280
ARPM (NOK/month)	516	381	391	416



¹⁾ Adjusted Country EBITDA before impact of IFRS 16



SWEDEN

Sweden is the second-largest operating segment in the Group, with 35% of consolidated total revenues and 229 000 members at the end of Q4 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.

All clubs in Sweden were open through the quarter, and without restrictions in October and November. However, restrictions on visits capacity were re-introduced in December due to the outbreak of the covid omicron variant.

Total revenues increased by 2% to NOK 347 million in the quarter, driven by slightly higher other revenues. The overall covid infection situation and strong governmental recommendations to reduce social mobility several quarters in a row have negatively impacted membership sales. However, on back of strong sales efforts, the member base ended 6% ahead of Q4 2020 and close to fully recovered compared to Q4 2019 (-1%).

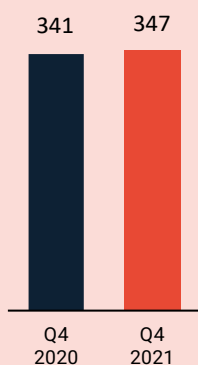
Country EBITDA decreased by NOK 17 million mainly to NOK 42 million, resulting in quarterly Country EBITDA margin of 12%, 5 p.p. down from Q4 2020.

Key Financial Figures and Alternative Performance Measures (APM)

	Q4 2021	Q4 2020	FY 2021	FY 2020
<i>Amounts in NOK million (unless otherwise stated)</i>				
Membership revenue	266	268	961	1 074
Other revenues	81	73	295	280
Total revenues	347	341	1 256	1 354
EBITDA	79	113	333	506
Margin (%)	23%	33%	27%	37%
Operating profit	-8	28	-9	179
Profit/loss for the period	-14	24	-41	90
Adjusted Country EBITDA before impact of IFRS 16	42	59	133	295
Margin (%)	12%	17%	11%	22%
Adjusted EBITDA before impact of IFRS 16	-5	31	-2	183
Margin (%)	-2%	9%	0%	14%
Clubs	88	84	88	84
Members ('000)	229	216	229	216
ARPM (NOK/month)	515	516	470	506

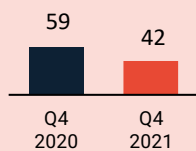
Revenues
NOK million

2%



Country EBITDA¹⁾
NOK million

-29%



¹⁾ Adjusted Country EBITDA before impact of IFRS 16

In Finland, the business is operated under the brand ELIXIA, and the Finnish operations, constituted 10% of consolidated total revenues. At the end of Q4 2021 ELIXIA Finland had 64 000 members. The Finnish fitness market is highly fragmented, and ELIXIA is the market leader.

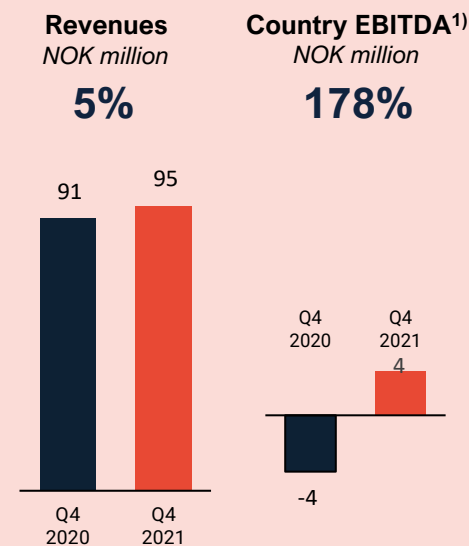
All clubs in Finland were open without restrictions in October and November. However, visit restrictions were reintroduced in December. From late December clubs in Helsinki and Tampere were closed.

Total revenues summed up to NOK 95 million in the quarter, a 5% increase compared to NOK 91 million in the corresponding quarter last year. The member base ended 7% higher than last year and 4% above Q4 2019.

Country EBITDA increased by NOK 8 million to a NOK 4 million and quarterly Country EBITDA margin was positive by 4%, up 9 p.p. compared to Q4 2020.

Key Financial Figures and Alternative Performance Measures (APM)

	Q4 2021	Q4 2020	FY 2021	FY 2020
<i>Amounts in NOK million (unless otherwise stated)</i>				
Membership revenue	63	67	211	248
Other revenues	32	24	81	78
Total revenues	95	91	292	326
EBITDA	23	19	35	81
Margin (%)	24%	21%	12%	25%
Operating profit	-3	-9	-68	-29
Profit/loss for the period	-7	-11	-87	-64
Adjusted Country EBITDA before impact of IFRS 16	4	-4	-48	-11
Margin (%)	4%	-5%	-16%	-3%
Adjusted EBITDA before impact of IFRS 16	-3	-9	-67	-29
Margin (%)	-3%	-10%	-23%	-9%
Clubs	32	30	32	30
Members ('000)	64	60	64	60
ARPM (NOK/month)	502	493	391	445



¹⁾ Adjusted Country EBITDA before impact of IFRS 16

The Danish operation contributed with 10% of consolidated total revenues in Q4 2021. SATS Denmark, with 73 000 members at the end of the quarter, is the second largest fitness operator in Denmark, focused around the Greater Copenhagen area.

All clubs in Denmark were open through the quarter, and without restrictions in October and November. However, restrictions on visits capacity were re-introduced in December due to the outbreak of the covid omicron variant.

Total revenues in Denmark increased to NOK 96 million in the quarter, up 10% compared to Q4 2020. The increase was largely driven by a significant reduction in the freeze level, supporting membership revenues. The member base ended 2% higher than last year and 9% below Q4 2019 (adjusted for nine divested Danish clubs).

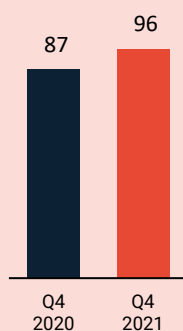
Country EBITDA increased by NOK 21 million to NOK -9 million, resulting in quarterly Country EBITDA margin of -10%, 24 p.p. up from Q4 2020.

Key Financial Figures and Alternative Performance Measures (APM)

	Q4 2021	Q4 2020	FY 2021	FY 2020
<i>Amounts in NOK million (unless otherwise stated)</i>				
Membership revenue	78	62	195	295
Other revenues	17	25	138	113
Total revenues	96	87	333	408
EBITDA	14	0	53	26
Margin (%)	15%	0%	16%	6%
Operating profit excluding impairment	-21	-39	-92	-144
Operating profit	-21	-39	-92	-223
Profit/loss for the period	-28	-47	-122	-317
Adjusted Country EBITDA before impact of IFRS 16	-9	-30	-51	-104
Margin (%)	-10%	-34%	-15%	-25%
Adjusted EBITDA before impact of IFRS 16	-17	-35	-75	-130
Margin (%)	-18%	-41%	-23%	-32%
Clubs	30	30	30	30
Members ('000)	73	72	73	72
ARPM (NOK/month)	435	376	382	401

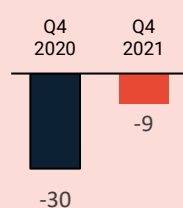
Revenues
NOK million

10%



Country EBITDA¹⁾
NOK million

68%



¹⁾ Adjusted Country EBITDA before impact of IFRS 16.

BUSINESS AND INDUSTRY OUTLOOK

Covid restrictions and club closures were re-introduced in December due to the spiking infection rates across the Nordics and lasted throughout January 2022. However, in early February the restrictions were lifted in Norway and Denmark. In Sweden the remaining restrictions were lifted on 9 February. In Finland the remaining restrictions will most likely be removed by mid February. 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.

The activity level amongst our members has remained high in the quarter despite new restrictions. Studio visits per member was above 2019 levels throughout Q4 2021, which clearly shows that our members want to exercise at our clubs.

Mentra by SATS delivered the first Rflex mirrors to customers in Norway and Sweden in December, and experience a great interest for the offering. The company aims to widen the product portfolio and audience by launching a connected fitness bike. The company sees a large potential for Mentra by SATS based on industry trends and the market opportunity.

SATS aims to continue to expand through acquisitions, greenfields and through new product launches. SATS had per 31 December 2021 15 new clubs to be opened in 2022 and 2023, and further openings are expected to be announced.

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

SHAREHOLDER INFORMATION

SATS ASA's share capital was NOK 366 million as of 31 December 2021, divided into 172 246 142 ordinary shares, each with a par value of NOK 2.125. All the shares have been fully paid and have equal rights. SATS owned 910 769 treasury shares as of the balance sheet date. The number of shareholders as of 31 December 2021 was 6 009.

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 2021, 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 fourth 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 February 2022
The Board of Directors

CONSOLIDATED INCOME STATEMENT

	Notes	Q4 2021	Q4 2020	2021	2020
<i>(Amounts in NOK million)</i>					
Revenue	2	1 002	846	3 247	3 534
Operating expenses					
Cost of goods sold		-29	-31	-106	-122
Personnel expenses		-426	-369	-1 399	-1 352
Other operating expenses		-273	-231	-925	-925
Depreciation and amortization	6, 7, 8	-276	-260	-1 042	-1 045
Total operating expenses		-1 004	-891	-3 472	-3 445
Operating profit excluding impairment		-2	-45	-224	90
Impairment of assets held for sale		0	0	0	-78
Operating profit		-2	-45	-224	11
Finance income		17	20	54	100
Interest expense		-66	-71	-284	-269
Finance expense		-22	-11	-68	-98
Net financial items		-71	-62	-298	-267
Profit/loss before tax		-74	-107	-522	-255
Income tax expense	3	8	12	70	-69
Profit/loss for the period		-66	-95	-452	-325
Profit/loss for the year is attributable to:					
Equity holders of the Group		-66	-95	-452	-325
Total allocation		-66	-95	-452	-325
Earnings per share in NOK					
Basic earnings per share attributable to equity holders of the company	4	-0.39	-0.55	-2.65	-1.90
Diluted earnings per share attributable to equity holders of the company	4	-0.39	-0.55	-2.64	-1.90

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q4 2021	Q4 2020	2021	2020
<i>(Amounts in NOK million)</i>				
Profit/loss for the period	-66	-95	-452	-325
Other comprehensive income				
Currency translation adjustment - may be reclassified to profit or loss	16	-15	36	-20
Other comprehensive income, net of tax	16	-15	36	-20
Total comprehensive income for the period	-50	-110	-416	-345
Total comprehensive income is attributable to:				
Equity holders of the Group	-50	-110	-416	-345
Total comprehensive income for the period	-50	-110	-416	-345

CONSOLIDATED BALANCE SHEET

	Notes	31.12.2021	31.12.2020
<i>(Amounts in NOK million)</i>			
ASSETS			
Non-current assets			
Intangible assets	6	2 569	2 578
Right-of-use assets	8	4 077	4 568
Property, plant and equipment	7	691	758
Other non-current receivables		34	38
Deferred tax assets	3	213	166
Total non-current assets		7 584	8 107
Current assets			
Inventories		57	48
Accounts receivables		117	120
Other current receivables		59	85
Prepaid expenses and accrued income		237	274
Cash and cash equivalents		281	456
Total current assets		751	983
Total assets		8 336	9 091
EQUITY			
Share capital		366	365
Share premium ¹⁾		2 521	2 513
Treasury shares		-17	-19
Other reserves		34	-4
Retained earnings ¹⁾		-2 421	-1 970
Total equity		483	885
LIABILITIES			
Non-current liabilities			
Deferred tax liability	3	72	90
Borrowings	5	2 090	1 938
Lease liability	5	3 632	4 167
Derivative financial instruments	9	1	36
Other non-current liabilities		4	0
Total non-current liabilities		5 798	6 231
Current liabilities			
Borrowings	5	12	11
Lease liability	5	820	795
Contract liability		487	441
Trade and other payables		138	119
Current tax liabilities		4	40
Public fees and charges payable		225	145
Other current liabilities		369	424
Total current liabilities		2 055	1 975
Total liabilities		7 853	8 206
Total equity and liabilities		8 336	9 091

¹⁾ In Q4 2021, a reclassification between Share premium and Retained earnings of NOK 1 500 million is recognized as of 31 December 2020 and 31 December 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium ²⁾	Treasury shares	Other reserves ¹⁾	Retained earnings ²⁾	Total attributable to owners of the Group	Total equity
<i>(Amounts in NOK million)</i>							
Equity 1 January 2020	361	2 490	0	15	-1 643	1 223	1 223
Profit/loss for the period					-325	-325	-325
OCI for the period				-20		-20	-20
Total comprehensive income for the period	0	0	0	-20	-325	-345	-345
Investment program				1		1	1
Capital increase	4	23				26	26
Repurchase of shares			-20			-20	-20
Proceeds from sale of own shares			1			1	1
Capital increase expenses from IPO					-2	-2	-2
Equity 31 December 2020	365	2 513	-19	-4	-1 969	885	885
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

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

²⁾ In Q4 2021, a reclassification between Share premium and Retained earnings of NOK 1 500 million is recognized as of 31 December 2020 and 31 December 2021

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(Amounts in NOK million)</i>	<i>Notes</i>	Q4 2021	Q4 2020	2021	2020
Cash flow from operations					
Profit before tax		-74	-107	-522	-255
Adjustment for:					
Taxes paid in the period		-4	-5	-32	-22
Gain/loss from disposal or sale of equipment		3	-1	3	-1
Depreciation, amortization and impairment	6, 7, 8	276	260	1 042	1 123
Net financial items		71	62	298	267
Change in inventory		-9	-3	-9	-7
Change in accounts receivables		5	35	3	16
Change in trade payables		30	-17	18	-3
Change in other receivables and accruals		172	-7	119	-5
Net cash flow from operations		470	219	920	1 113
Cash flow from investing					
Sale of subsidiary, net of cash		0	0	0	-42
Purchase of property, plant and equipment	6, 7	-93	-56	-232	-230
Proceeds from property, plant and equipment		0	1	1	1
Acquisition of subsidiary, net of cash acquired		-1	-46	-9	-60
Net cash flow from investing		-93	-102	-240	-331
Cash flow from financing					
Repayments of borrowings	5	0	0	-2	-2
Proceeds from borrowings	5	0	0	200	575
Installments on lease liabilities	5	-206	-198	-800	-803
Paid interests on borrowings	5	-25	-22	-109	-78
Interests on lease liabilities	5	-42	-49	-187	-196
Proceeds from issues of shares	4	9	0	9	26
Purchase of own shares		0	-20	0	-20
Proceeds from sale of own shares		0	1	2	1
Transaction costs from issues of new shares		0	0	0	-2
Other financial items		2	1	10	-1
Net cash flow from financing		-261	-287	-877	-499
Net increase/decrease in cash and cash equivalents		116	-171	-197	283
Effect of foreign exchange changes on cash and cash equivalents		15	17	22	7
Cash and cash equivalents at the beginning of the period		150	609	456	165
Cash and cash equivalents at the end of period		281	456	281	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 the performance of the Group was not, other than mentioned above, particularly affected by any events or transactions during 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 Q4 2021, Q4 2020, and the years ended 31 December 2021 and 2020 is as follows:

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

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

Q4 2020						
Revenue						
Membership revenue	208	268	67	62	0	605
Other revenues	119	73	24	25	0	241
Total revenues	327	341	91	87	0	846

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

EBITDA before impact of IFRS 16¹⁾	-28	31	-9	-35	10	-32
Impact of IFRS 16	102	82	28	35	0	247
EBITDA¹⁾	74	113	19	0	10	216
Depreciation and amortization	-97	-85	-28	-39	-12	-260
Operating profit	-23	28	-9	-39	-2	-45
Net financial items ²⁾	-24	-11	12	-8	-32	-62
Income tax expense	7	7	-14	0	13	12
Profit/loss for the period	-40	24	-11	-47	-21	-95

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

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

SATS Group	Norway	Sweden	Finland	Denmark	Group functions and other	Total
------------	--------	--------	---------	---------	---------------------------	-------

(Amounts in NOK million)

2021

Revenue						
Membership revenue	933	961	211	195	0	2 301
Other revenues	432	295	81	138	0	946
Total revenues	1 366	1 256	292	333	0	3 247

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 period	-115	-41	-87	-122	-87	-452

SATS Group	Norway	Sweden	Finland	Denmark	Group functions and other	Total
------------	--------	--------	---------	---------	---------------------------	-------

(Amounts in NOK million)

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

Income tax expense

The actual tax expense is used as basis for the fourth quarter and 2021 full year income tax recognition. Deferred tax assets for Denmark and Finland from losses carried forward are not recognized in Q4 2021 due to uncertainty related to the long term covid 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, Q4 is defined as 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 of the number of shares outstanding, adjusted for the dilution effect of shares from a share investment program delivering matching shares in 2023 and 2024.

On the basis of the resolution by the general meeting of SATS ASA on 11 May 2021, all employees of SATS ASA and its subsidiaries, except executive management, were invited to apply for shares under a share investment program for the purpose of seeking to align the interests of the employees with those of the shareholders of the company. The share capital increase pertaining to the issuance of shares was registered with the Norwegian Register of Business Enterprises (Nw. Foretaksregisteret) on 13 December. The company's new share capital is NOK 366 023 051,75, comprising in total 172 246 142 shares, each with a nominal value of NOK 2.125. The denominator for Q4 2021 and full year 2021 is calculated as a weighted average.

The Share Investment Program implies that the company on the balance sheet date of 31 December 2021 will deliver 525 463 matching shares to employees in 2023 and 107 425 shares in 2024. The denominator for diluted earnings per share is therefore adjusted as a weighted average for Q4 2021 and full year 2021. Allocation of matching shares is further contingent upon the company's performance over time.

As at the balance sheet date of 31 December 2021, the company holds 910 769 treasury shares.

Basic earnings per share attributable to equity holders of the company

<i>(NOK per share)</i>	Q4 2021	Q4 2020	2021	2020
Basic earnings	-0.39	-0.55	-2.65	-1.90
Total basic earnings per share	-0.39	-0.55	-2.65	-1.90
Total number of outstanding shares	170 952 317	171 007 861	170 851 309	170 663 904

Diluted earnings per share attributable to equity holders of the company

<i>(NOK per share)</i>	Q4 2021	Q4 2020	2021	2020
Diluted earnings	-0.39	-0.55	-2.64	-1.90
Total diluted earnings per share	-0.39	-0.55	-2.64	-1.90
Total number of outstanding shares	171 540 962	171 532 971	171 411 071	170 918 475

Reconciliation of earnings used in calculating earnings per share

<i>(Amounts in NOK million)</i>	Q4 2021	Q4 2020	2021	2020
Basic earnings per share				
Profit/loss attributable to equity holders of the Group	-66	-95	-452	-325
Profit/loss used in calculating basic earnings per share	-66	-95	-452	-325
Diluted earnings per share				
Profit/loss used in calculating diluted earnings per share	-66	-95	-452	-325
Profit/loss used in calculating diluted earnings per share	-66	-95	-452	-325

NOTE 5 Interest-bearing liabilities

Overview of interest-bearing liabilities	31.12.2021	31.12.2020
<i>(Amounts in NOK million)</i>		
Current		
Bank borrowings	12	11
Lease liabilities	820	795
Total current interest-bearing liabilities	833	806
Non-current		
Bank borrowings	2 090	1 938
Lease liabilities	3 632	4 167
Total non-current interest-bearing liabilities	5 722	6 105
Total interest-bearing liabilities	6 555	6 910
Total bank borrowings	2 103	1 949
Cash and cash equivalents	281	456
Net debt¹⁾	1 822	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 fourth quarter, the remaining undrawn amount summed up to approximately NOK 289 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 2 091 million as of the balance sheet date of 31 December 2021, the annual interest payment is expected to be in the range of NOK 51 to 72 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.

SATS is experiencing a temporarily increased leverage due to reduced LTM EBITDA during the covid 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 31 December 2021:

Bank borrowings	Total	Lease liabilities	Total
<i>(Amounts in NOK million)</i>		<i>(Amounts in NOK million)</i>	
Less than 1 year	72	Less than 1 year	984
1-2 years	60	1-2 years	905
2-3 years	51	2-3 years	798
3-5 years	2 099	3-5 years	1 212
More than 5 years	0	More than 5 years	1 138
Total payments	2 282	Total payments	5 037

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 31 December 2021					
Opening net book amount	1 640	220	598	0	2 458
Net effect of changes in foreign exchange	0	-15	-28	0	-42
Net additions/disposals	0	10	0	0	10
Closing net book value	1 640	215	571	0	2 425
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
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 31 December 2021					
Opening net book amount	2	78	40	0	120
Effect of changes in foreign exchange cost	0	-26	-2	0	-28
Effect of changes in foreign exchange accumulated amortization	0	19	0	0	20
Acquisition	0	0	1	0	1
Additions	1	99	2	0	102
Disposals	0	-3	0	0	-3
Amortization charge	0	-55	-13	0	-68
Closing net book value	2	113	29	0	143
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
Useful life	10 years	3 years	3 - 7 years	1 - 10 years	

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 2020				
Cost	1 421	844	461	2 726
Accumulated depreciation	-935	-636	-397	-1 968
Net book value	486	208	64	758
Period ended 31 December 2021				
Opening net book amount	486	208	64	758
Additions	50	52	28	130
Acquisition	2	0	1	2
Effect of changes in foreign exchange cost	-54	-26	-13	-93
Reclassifications additions	7	-8	1	0
Depreciation charge	-89	-51	-29	-169
Effect of changes in foreign exchange accumulated depreciation	36	19	11	66
Disposals costs	-5	-11	-1	-17
Disposals costs accumulated depreciations	4	10	1	16
Reclassifications depreciations	-8	7	-1	-2
Closing net book value	431	200	61	691
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
Useful life	10 years	5 - 9 years	3 - 7 years	
Depreciation method	Straight-line	Straight-line	Straight-line	

NOTE 8 Right of use ("RoU") assets

RoU assets	Premise rental	Other leases	Total RoU assets
<i>(Amounts in NOK million)</i>			
At 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 31 December 2021			
At 1 January 2021	4 546	22	4 568
Effect of changes in foreign exchange cost	-200	-3	-203
Additions/disposals	445	7	452
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
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 51 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 2021 with a weaker NOK results in a positive effect of NOK 42 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⁾	-16	36	19
EUR/NOK exchange rate - increase 10% ¹⁾	-15	7	-8
DKK/NOK exchange rate - increase 10% ¹⁾	-20	0	-21
Effect on Profit/loss before tax	-51	42	-9

¹⁾ Holding all other variables constant.

Financial instruments by category

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

Derivatives are classified as held for trading and initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value through profit and loss at the end of each reporting period. The fair values are based on observable market prices obtained from external parties and are based on mid-range marked interest rates and prices, excluding margins, at the reporting date. The derivatives are defined as Level 2 in the fair value hierarchy. The derivatives are classified as non-current asset or liability if the maturity date is later than 12 months from the balance sheet date and there is no intention to close the position within 12 months from the balance sheet date.

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

	31.12.2021		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
<i>(Amounts in NOK million)</i>				
Other non-current receivables	34	0	38	0
Accounts receivables	117	0	120	0
Other current receivables	59	0	85	0
Cash and cash equivalents	281	0	456	0
Total financial assets	491	0	699	0

	31.12.2021		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
<i>(Amounts in NOK million)</i>				
Borrowings	2 103	0	1 949	0
Lease liabilities	4 452	0	4 962	0
Trade and other payables	138	0	119	0
Derivatives	0	1	0	36
Other current liabilities	369	0	424	0
Total financial liabilities	7 061	1	7 454	36

Financial derivative instruments

The Group has the following derivative financial instruments:

	31.12.2021	31.12.2020
<i>(Amounts in NOK million)</i>		
Non-current liabilities		
Interest rate swap contracts	1	36
Total non-current derivative financial instrument liabilities	1	36

Overview of interest swaps per 31 December 2021

Interest rate swaps	Notional in currency million	Maturity	Fixed rate	Unrealised gain/loss 31.12.2021
IRS NOK	694	28.10.2026	1.751	-1
IRS SEK	200	28.10.2024	0.430	0
Fair value of the Group's interest rate swaps as of 31 December 2021 in NOK million				-1

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

NOTE 10 Related parties

The company has only related party transactions with the shareholder Altor, of which the transactions are of not significant character either in 2021 nor 2020. There are no related party balance sheet items as at 31 December 2021 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 fourth 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 2 425 million per the balance sheet date. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. The recoverable amount of the cash generating units (CGUs) is determined based on value-in-use calculations which require the use of several assumptions. The calculations use cash flow projections based on financial budgets and prognoses approved by management covering a five-year period for all segments. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated in Note 11 Intangible assets in the Annual Report for 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 Q4 2021 due to uncertainty related to the long term covid 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	Q4 2021	Q4 2020	2021	2020
<i>(Amounts in NOK million)</i>				
EBITDA before impact of IFRS 16	26	-32	-170	136
(ii) Revenue and costs from closed clubs	0	0	0	1
(iii) Comparability adjustments on Country level	0	0	0	6
(iii) Comparability adjustments on Group level	0	0	0	2
Adjusted EBITDA before impact of IFRS 16	26	-32	-170	146
Group overhead and cost allocation	95	62	301	251
Adjusted Country EBITDA before impact of IFRS 16	121	30	132	397

NORWAY	Q4 2021	Q4 2020	2021	2020
<i>(Amounts in NOK million)</i>				
EBITDA before impact of IFRS 16	28	-28	-68	78
(iii) Comparability adjustments	0	0	0	4
Adjusted EBITDA before impact of IFRS 16	28	-28	-68	82
Group overhead and cost allocation	-57	-34	-165	-135
Adjusted Country EBITDA before impact of IFRS 16	85	6	97	217

SWEDEN	Q4 2021	Q4 2020	2021	2020
<i>(Amounts in NOK million)</i>				
EBITDA before impact of IFRS 16	-5	31	-2	183
Adjusted EBITDA before impact of IFRS 16	-5	31	-2	183
Group overhead and cost allocation	-47	-28	-135	-112
Adjusted Country EBITDA before impact of IFRS 16	42	59	133	295

FINLAND	Q4 2021	Q4 2020	2021	2020
<i>(Amounts in NOK million)</i>				
EBITDA before impact of IFRS 16	-3	-9	-67	-29
Adjusted EBITDA before impact of IFRS 16	-3	-9	-67	-29
Group overhead and cost allocation	-6	-5	-19	-18
Adjusted Country EBITDA before impact of IFRS 16	4	-4	-48	-11

DENMARK	Q4 2021	Q4 2020	2021	2020
<i>(Amounts in NOK million)</i>				
EBITDA before impact of IFRS 16	-17	-35	-75	-133
(ii) Revenue and costs from closed clubs	0	0	0	1
(iii) Comparability adjustments	0	0	0	2
Adjusted EBITDA before impact of IFRS 16	-17	-35	-75	-130
Group overhead and cost allocation	-8	-6	-24	-26
Adjusted Country EBITDA before impact of IFRS 16	-9	-30	-51	-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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