



**SATS** Q3 2022

*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 275 clubs, close to 9 000 employees and more than 700 000 members.*

**THIS IS SATS**

*Everyone is welcome at SATS, and our members have full flexibility to tailor their membership package to address their individual needs. We offer cutting-edge studio facilities for individual training, the broadest selection of group training with superior programming, and highly qualified personal trainers for specialized training and individual coaching. We also have a strong focus on supporting our members through online training and digital tools for when they are not able to physically visit our club facilities. We are also constantly working with trend research and innovation to be the industry's best and most forward-looking fitness chain.*

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# WORDS FROM THE CEO

*"We have increased our member base by 36 000 to a record-high 708 000 members and are thus in a unique position to fight inactivity in society".*

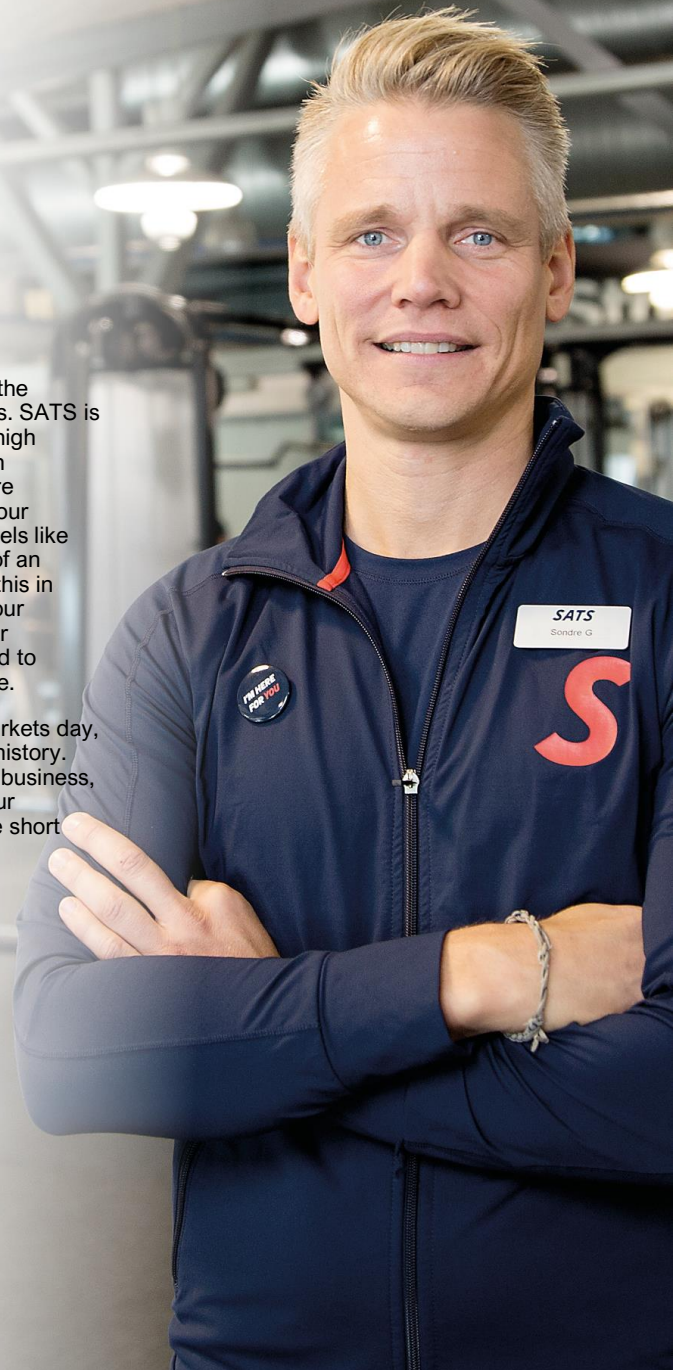
The key focus for SATS during the quarter has been to increase the member base. The public health mission and the financial rationale truly go hand in hand. The more members we recruit, the more people will turn from passive to active, and the more financially sustainable is SATS. Therefore, we are very proud of ending the third quarter with a record-high member base, despite the macroeconomic environment we are facing. It has been a pleasure to onboard all the new members who have started their new journey with us in the past few months.

After welcoming new members on board follows a responsibility in helping them to enjoy their training. Members who succeed with their training stay with us longer and can better impact their own health. A key metric for us to measure is visit frequency. If we compare the number of visits per member in Q3 2022 with the pre-pandemic quarter Q3 2019, we see a 5% increase. That represents a small, but important step toward better public health. In addition, the member satisfaction score is stable and high.

We are happy that people seem to prioritize their own health, despite the current macroeconomic challenges. SATS is unfortunately also affected by the high inflation, and especially the spike in electricity prices. We have therefore implemented measures to reduce our energy consumption, which also feels like the right thing to do in the middle of an energy crisis. We have tried to do this in ways that minimize the impact on our members. We will also continue our disciplined cost focus, working hard to counteract the inflationary pressure.

Today, we are hosting a capital markets day, for the first time in the company's history. We look forward to presenting our business, how we see the world today and our priorities going forward, both in the short and long term.

**Sondre Gravir**  
CEO

## Clubs

**7%**



## Members '000

**8%**



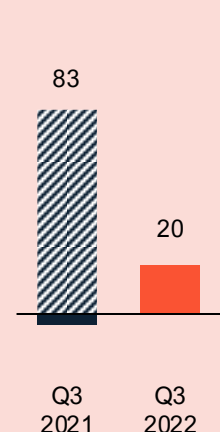
## Revenues<sup>1</sup> NOK million

**0%**



## Adjusted EBITDA<sup>1,2</sup> NOK million

**-76%**



1) Includes government compensations of NOK 87 million booked in Q3 2021 related to club closures in Q2 2021.

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

# HIGHLIGHTS

- SATS counted 275 clubs in total by the end of Q3 2022, up 19 clubs from the corresponding quarter last year
- The member base reached 708 000 members, up 8% from last year
- Total revenues were NOK 967 million in the quarter, in line with Q3 2021. However, excluding government compensation received in Q3 2021 related to previous periods, the revenues increased by 9%
- Adjusted EBITDA before impact of IFRS 16 was NOK 20 million, down from NOK 83 million reported in the corresponding quarter last year, but up from a negative NOK 4 million excluding compensations
- Invested more than usual in marketing, both promotions and campaigns, during the quarter, to ensure increased market shares and secure a solid run-rate out of 2022
- So far, we have not seen signs of weaker consumer sentiment, with people seeming to prioritize their own health
- Visits per member continue to increase, this quarter by 5% compared to the corresponding quarter of 2019

## Key Financial Figures and Alternative Performance Measures (APM)<sup>1</sup>

	Q3 2022	Q3 2021	YTD 2022	YTD 2021
<i>Amounts in NOK million (unless otherwise stated)</i>				
Membership revenue	803	715	2 384	1 538
Other revenues	165	256	617	707
Total revenues	967	971	3 001	2 245
EBITDA	281	333	911	544
Margin (%)	29 %	34 %	30 %	24 %
Operating profit	5	74	86	-222
Profit/loss for the period	-52	-2	-96	-386
Earnings per share (NOK)	-0.26	-0.01	-0.49	-2.26
Adjusted Country EBITDA before impact of IFRS 16	103	158	386	11
Margin (%)	11 %	16 %	13 %	0 %
Adjusted EBITDA before impact of IFRS 16	20	83	133	-195
Margin (%)	2 %	9 %	4 %	-9 %
Maintenance Capex	62	26	116	72
Total Capex	121	66	228	147
Net debt	1 675	1 969	1 675	1 969
Operating cash flow	-15	-13	-171	-333
Clubs	275	256	275	256
Members ('000)	708	653	708	653
ARPM (NOK/month)	468	512	484	390

1) As defined in Appendix under Alternative Performance Measures



# BOARD OF DIRECTORS' REPORT

## ANALYSIS OF THE Q3 2022 FINANCIAL STATEMENTS

All financial statements show the period 1 July 2022 to 30 September 2022, compared to the accounts for the period 1 July 2021 to 30 September 2021.

### Statement of comprehensive income

Total revenues decreased by -0.4% to NOK 967 million in Q3 2022, compared to NOK 971 million in Q3 2021, mainly due to government compensations of NOK 87 million in Norway and Denmark last year, booked as other revenues. Membership revenues increased in all countries Q3 2022 compared to Q3 2021. After a 6%-member growth during the quarter, the total member base ended 8% above last year. ARPM adjusted for last year's government compensations increased by 0.4%.

Total operating expenses increased by 7% to NOK 963 million in Q3 2022, while operating expenses excluding depreciation and amortization increased by 8% to NOK 686 million. The increase in operating expenses is mainly due to higher electricity prices, increasing the electricity costs by 107% compared to Q3 2021, as well as adding 19 new clubs to the portfolio.

The operating profit decreased from NOK 74 million to NOK 5 million in the quarter. Operating profit increased in Sweden and Finland and decreased in Norway and Denmark compared to Q3 2021.

Net financial expense in Q3 2022 was NOK 59 million, a decrease of NOK 8 million compared to Q3 2021. The decrease was driven by a higher value adjustment on derivatives and lower unrealized currency effect on loans. Income tax expense in Q3 2022 was positive by NOK 2 million.

Loss before tax was NOK 54 million in Q3 2022, compared to a profit of NOK 7 million in Q3 2021. Loss for the period was NOK 52 million in Q3 2022, compared to a loss of NOK 2 million in Q3 2021, while the total comprehensive loss was NOK 58 million, compared to a profit of NOK 3 million in Q3 2021.

### Statement of financial position

Consolidated assets increased by NOK 193 million to NOK 8 431 million in Q3 2022. A significant driver of the increased consolidated assets was the increase in rights-of-use assets, derivative financial instruments and deferred tax assets. Right-of-use assets and intangible assets were the most significant components of consolidated assets, amounting to NOK 4 179 million and NOK 2 615 million, respectively, on 30 September 2022. Non-current assets increased by NOK 275 million, while current assets decreased by NOK 82 million. The increase in non-current assets was driven by the increase in rights-of-use, deferred tax assets and change in fair value of interest rate swaps compared to Q3 2021. The decrease in current assets was primarily driven by decrease in prepaid expenses and accrued income and cash and cash equivalents.

Total liabilities decreased from NOK 7 716 million as of 30 September 2021 to NOK 7 447 million as of 30 September 2022, primarily due to decreased borrowings and public fees and charges payable.

As of 30 September 2022, consolidated equity amounted to NOK 984 million, representing an equity ratio of 12%, compared to NOK 523 million and 6% in Q3 2021.

### Statement of cash flows

In Q3 2022, consolidated cash and cash equivalents decreased net by NOK 106 million, compared to a decrease of NOK 80 million in Q3 2021.

As of the balance sheet date, the Group had cash and cash equivalents of NOK 125 million, compared to NOK 150 million as of 30 September 2021. In addition, the Group had NOK 587 million available in undrawn amount on the rolling credit facility.

Net cash flow from the Group's operations was NOK 303 million in Q3 2022, compared to NOK 260 million in Q3 2021. The increased cash flow from operations of NOK 43 million was mainly due to changes in net working capital. The net working capital has high seasonal fluctuations, typically being lower in Nov-May and higher in June-Oct. In the quarter, the net working capital effect was positive by NOK 27 million, mainly driven by change in other receivables and accruals.

Net cash outflow from investing activities amounted to NOK 122 million in Q3 2022, compared to an outflow of NOK 66 million in Q3 2021.

Net cash outflow from financing was NOK 287 million in Q3 2022, compared to a cash outflow of NOK 274 million in Q3 2021.

### Segment development

The following sections of this report review each operating segment. Unless otherwise stated, comments regarding development reflect a comparison between Q3 2022 and Q3 2021.

Norway is the largest operating segment in the Group, with 42% of the consolidated total revenues for the financial year of 2021. SATS Norway had 322 000 members at the end of Q3 2022. SATS is a well-known brand in Norway and the largest operator of fitness clubs.

SATS Norway has continued to expand its footprint with seven new clubs during the quarter, added to the Fresh Fitness portfolio. The seven clubs were acquired from Bare Trening Sør and are located in the south of Norway. The total club count for SATS and Fresh reached 122 by the end of the quarter. The member base increased by 24 000 members in total during the past 12 months.

Member revenues increased by 15% to NOK 384 million, driven by a combination of volume and yield. Other revenues decreased by 47% to NOK 80 million due to compensation from the Norwegian government of NOK 73 million in Q3 2021, related to imposed club closures in Q2 2022. All clubs in Norway were open through Q3 2021, but with some operational restrictions on visits capacity.

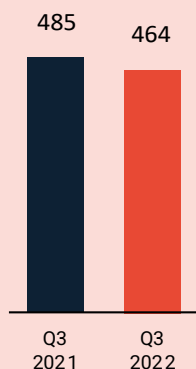
Country EBITDA increased by NOK 61 million to NOK 72 million, resulting in a quarterly Country EBITDA margin of 15%, 12 p.p. lower than in Q3 2021.

## Key Financial figures and Alternative Performance Measures (APM)

	Q3 2022	Q3 2021	YTD 2022	YTD 2021
<i>Amounts in NOK million (unless otherwise stated)</i>				
Membership revenue	384	335	1 135	578
Other revenues	80	151	292	324
Total revenues	464	485	1 428	902
EBITDA	138	199	461	219
Margin (%)	30 %	41 %	32 %	24 %
Operating profit	31	100	145	-75
Profit/loss for the period	5	57	54	-121
Adjusted Country EBITDA before impact of IFRS 16	72	133	267	12
Margin (%)	15 %	27 %	19 %	1 %
Adjusted EBITDA before impact of IFRS 16	24	93	124	-95
Margin (%)	5 %	19 %	9 %	-11 %
Clubs	122	111	122	111
Members ('000)	322	298	322	298
ARPM (NOK/month)	496	563	508	347

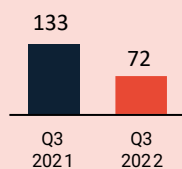
### Revenues NOK million

**-4%**

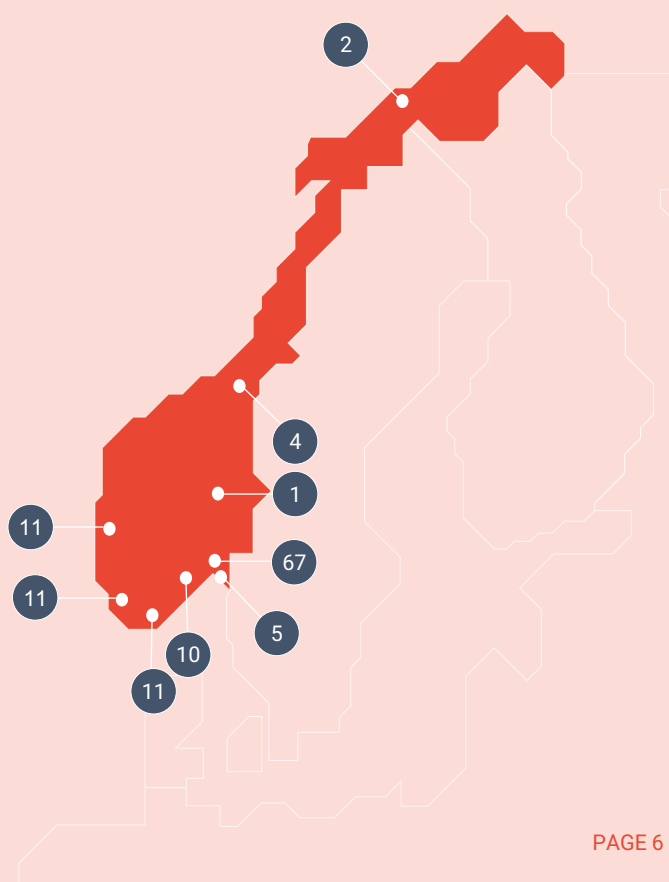


### Country EBITDA<sup>1)</sup> NOK million

**-46%**



<sup>1)</sup> Adjusted Country EBITDA before impact of IFRS 16



Sweden is the second-largest operating segment in the Group, with 39% of the consolidated 2021 total revenues. SATS Sweden had 238 000 members at the end of Q3 2022. SATS has maintained a strong position in Sweden over many years and is the largest operator of fitness clubs in terms of revenue.

The member base in Sweden increased by 8% compared to the corresponding quarter last year. The increase was driven by both club expansion, through a net growth of nine clubs, and recovery of the like-for-like clubs. The recovery in Sweden has been challenged by stronger competition in the Stockholm area but has picked up during the third quarter, helped by successful campaigning.

Total revenues summed up to NOK 319 million in the quarter, representing a 5% increase since Q3 2021. Member revenues improved in line with the increased member base, but other revenues decreased, mainly due to a shortage of personal trainers.

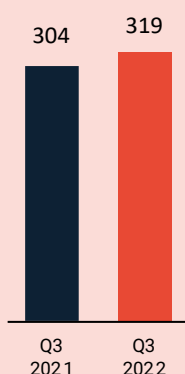
Country EBITDA increased by NOK 13 million to NOK 46 million, resulting in a quarterly Country EBITDA margin of 14%, 4 p.p. up from Q3 2021.

## Key Financial Figures and Alternative Performance Measures (APM)

	Q3 2022	Q3 2021	YTD 2022	YTD 2021
<i>Amounts in NOK million (unless otherwise stated)</i>				
Membership revenue	264	245	806	695
Other revenues	55	59	211	214
Total revenues	319	304	1 016	909
EBITDA	96	85	299	255
Margin (%)	30 %	28 %	29 %	28 %
Operating profit	6	-1	33	-2
Profit/loss for the period	-6	-11	-10	-27
Adjusted Country EBITDA before impact of IFRS 16	46	33	155	91
Margin (%)	14 %	11 %	15 %	10 %
Adjusted EBITDA before impact of IFRS 16	6	0	35	4
Margin (%)	2 %	0 %	3 %	0 %
Clubs	94	85	94	85
Members ('000)	238	220	238	220
ARPM (NOK/month)	457	475	484	463

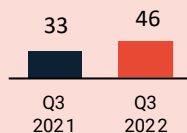
**Revenues**  
NOK million

**5%**



**Country EBITDA<sup>1)</sup>**  
NOK million

**39%**



<sup>1)</sup> 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 2021. At the end of Q3 2022, ELIXIA Finland had 67 000 members. The Finnish fitness market is highly fragmented, and ELIXIA is the market leader.**

The club count has been relatively stable in Finland, with a net increase of one club since Q3 2021. 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 total revenues have increased further, by 12%, driven by member revenues.

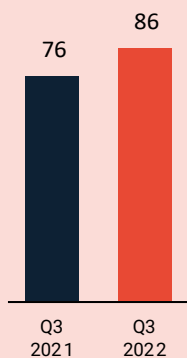
Country EBITDA increased by NOK 9 million to a negative NOK 1 million. Quarterly Country EBITDA margin was -2%, up 41 p.p. compared to Q3 2021.

**Key Financial Figures and Alternative Performance Measures (APM)**

	Q3 2022	Q3 2021	YTD 2022	YTD 2021
<i>Amounts in NOK million (unless otherwise stated)</i>				
Membership revenue	72	60	197	148
Other revenues	14	17	63	49
Total revenues	86	76	260	197
EBITDA	20	12	63	12
Margin (%)	23 %	15 %	24 %	6 %
Operating profit	-7	-14	-20	-65
Profit/loss for the period	-12	-19	-36	-80
Adjusted Country EBITDA before impact of IFRS 16	-1	-10	-2	-51
Margin (%)	-2 %	-13 %	-1 %	-26 %
Adjusted EBITDA before impact of IFRS 16	-7	-14	-17	-64
Margin (%)	-8 %	-19 %	-7 %	-33 %
Clubs	31	30	31	30
Members ('000)	67	62	67	62
ARPM (NOK/month)	439	426	439	359

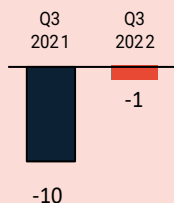
**Revenues**  
NOK million

**12%**

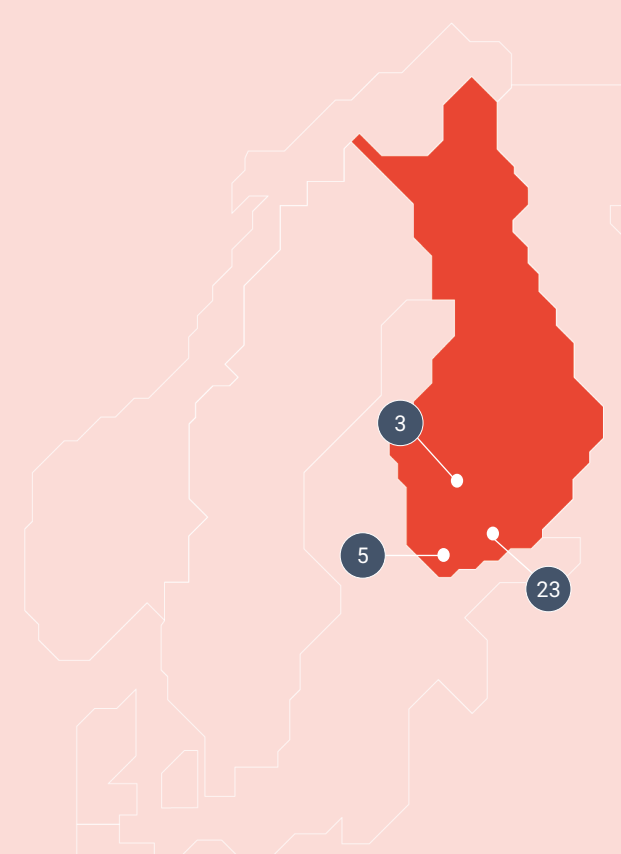


**Country EBITDA<sup>1)</sup>**  
NOK million

**86%**



<sup>1)</sup> Adjusted Country EBITDA before impact of IFRS 16





The Danish operation contributed with 10% of consolidated total revenues in the financial year of 2021. SATS Denmark, with 81 000 members at the end of the quarter, is one of the largest fitness operators in the Greater Copenhagen area.

The member recovery in Denmark has picked up significantly during the third quarter, resulting in a member base of 81 000 members, up 10% from the corresponding quarter last year. Member revenues increased by 9% to NOK 82 million. Other revenues decreased by 49%, as last year was affected by a NOK 15 million compensation for fixed costs from the Danish government. All clubs were open during Q3 2021, but the compensation was related to imposed club closures in Q2 2021.

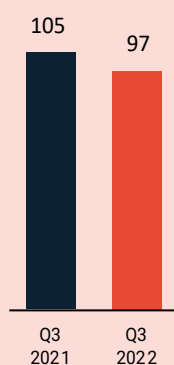
Country EBITDA decreased by NOK 15 million to NOK -13 million, resulting in a quarterly Country EBITDA margin of -14%, 16 p.p. down from Q3 2022.

## Key Financial Figures and Alternative Performance Measures (APM)

	Q3 2022	Q3 2021	YTD 2022	YTD 2021
<i>Amounts in NOK million (unless otherwise stated)</i>				
Membership revenue	82	75	246	117
Other revenues	15	30	50	120
Total revenues	97	105	295	238
EBITDA	11	29	41	39
Margin (%)	11 %	28 %	14 %	16 %
Operating profit	-24	-8	-65	-71
Profit/loss for the period	-35	-16	-98	-94
Adjusted Country EBITDA before impact of IFRS 16	-13	2	-34	-42
Margin (%)	-14 %	2 %	-12 %	-18 %
Adjusted EBITDA before impact of IFRS 16	-20	-4	-54	-58
Margin (%)	-20 %	-3 %	-18 %	-24 %
Clubs	29	30	29	30
Members ('000)	81	73	81	73
ARPM (NOK/month)	410	487	426	363

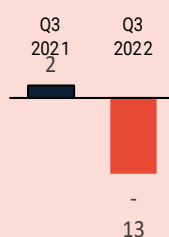
### Revenues NOK million

**-7%**



### Country EBITDA<sup>1)</sup> NOK million

**n.a.**



<sup>1)</sup> 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 still 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 of 30 September 2022, divided into 203 046 142 ordinary shares with a par value of NOK 2.125. All the shares have been fully paid and have equal rights. SATS owned 910 130 treasury shares as of the balance sheet date. The number of shareholders as of 30 September 2022 was 5 850.

## **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, the Company signed a one-year extension of the RCF agreement until September 2025. 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 third 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, 27 October 2022

The Board of Directors

# CONSOLIDATED INCOME STATEMENT

	Notes	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
<i>(Amounts in NOK million)</i>						
<b>Revenue</b>	2	967	971	3 001	2 245	3 247
<b>Operating expenses</b>						
Cost of goods sold		-33	-35	-100	-76	-106
Personnel expenses		-357	-342	-1 141	-973	-1 399
Other operating expenses		-297	-260	-849	-652	-925
Depreciation and amortization	6, 7, 8	-276	-260	-825	-766	-1 042
<b>Total operating expenses</b>		<b>-963</b>	<b>-897</b>	<b>-2 915</b>	<b>-2 467</b>	<b>-3 472</b>
<b>Operating profit</b>		<b>5</b>	<b>74</b>	<b>86</b>	<b>-222</b>	<b>-224</b>
Interest income		3	0	4	0	0
Finance income		30	14	77	38	54
Interest expense		-75	-72	-217	-218	-284
Finance expense		-17	-9	-36	-47	-68
<b>Net financial items</b>		<b>-59</b>	<b>-67</b>	<b>-172</b>	<b>-227</b>	<b>-298</b>
<b>Profit/loss before tax</b>		<b>-54</b>	<b>7</b>	<b>-86</b>	<b>-448</b>	<b>-522</b>
Income tax expense	3	2	-9	-10	62	70
<b>Profit/loss for the period</b>		<b>-52</b>	<b>-2</b>	<b>-96</b>	<b>-386</b>	<b>-452</b>
<b>Profit/loss for the year is attributable to:</b>						
Equity holders of the Group		-52	-2	-96	-386	-452
<b>Total allocation</b>		<b>-52</b>	<b>-2</b>	<b>-96</b>	<b>-386</b>	<b>-452</b>
<b>Earnings per share in NOK</b>						
Basic earnings per share attributable to equity holders of the company	4	-0.26	-0.01	-0.49	-2.26	-2.65
Diluted earnings per share attributable to equity holders of the company	4	-0.26	-0.01	-0.49	-2.25	-2.65

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
<i>(Amounts in NOK million)</i>					
<b>Profit/loss for the period</b>	<b>-52</b>	<b>-2</b>	<b>-96</b>	<b>-386</b>	<b>-452</b>
<b>Other comprehensive income</b>					
Currency translation adjustment - may be reclassified to profit or loss	-6	5	6	20	36
<b>Other comprehensive income, net of tax</b>	<b>-6</b>	<b>5</b>	<b>6</b>	<b>20</b>	<b>36</b>
<b>Total comprehensive income for the period</b>	<b>-58</b>	<b>3</b>	<b>-90</b>	<b>-366</b>	<b>-416</b>
<b>Total comprehensive income is attributable to:</b>					
Equity holders of the Group	-58	3	-90	-366	-416
<b>Total comprehensive income for the period</b>	<b>-58</b>	<b>3</b>	<b>-90</b>	<b>-366</b>	<b>-416</b>

# CONSOLIDATED BALANCE SHEET

	Notes	30.09.2022	30.09.2021	31.12.2021
<i>(Amounts in NOK million)</i>				
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	6	2 615	2 599	2 569
Right-of-use assets	8	4 179	4 084	4 077
Property, plant and equipment	7	719	671	691
Other non-current receivables		39	36	34
Derivative financial instruments	9	54	0	0
Deferred tax assets	3	222	163	213
<b>Total non-current assets</b>		<b>7 827</b>	<b>7 552</b>	<b>7 584</b>
<b>Current assets</b>				
Inventories		69	48	57
Accounts receivables		119	122	117
Other current receivables		68	61	59
Prepaid expenses and accrued income		223	305	237
Cash and cash equivalents		125	150	281
<b>Total current assets</b>		<b>603</b>	<b>686</b>	<b>751</b>
<b>Total assets</b>		<b>8 431</b>	<b>8 238</b>	<b>8 336</b>
<b>EQUITY</b>				
Share capital		431	365	366
Share premium <sup>1)</sup>		3 056	2 513	2 521
Treasury shares		-17	-17	-17
Other reserves		42	17	34
Retained earnings <sup>1)</sup>		-2 528	-2 355	-2 421
<b>Total equity</b>		<b>984</b>	<b>523</b>	<b>483</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Deferred tax liability	3	91	44	72
Borrowings	5	1 787	2 107	2 090
Lease liability	5	3 690	3 660	3 632
Derivative financial instruments	9	0	7	1
Other non-current liabilities		0	4	4
<b>Total non-current liabilities</b>		<b>5 567</b>	<b>5 822</b>	<b>5 798</b>
<b>Current liabilities</b>				
Borrowings	5	14	12	12
Lease liability	5	860	807	820
Contract liability		471	428	487
Trade and other payables		130	108	138
Current tax liabilities		0	8	4
Public fees and charges payable		73	204	225
Other current liabilities		331	327	369
<b>Total current liabilities</b>		<b>1 879</b>	<b>1 893</b>	<b>2 055</b>
<b>Total liabilities</b>		<b>7 447</b>	<b>7 716</b>	<b>7 853</b>
<b>Total equity and liabilities</b>		<b>8 431</b>	<b>8 238</b>	<b>8 336</b>

<sup>1)</sup> A reclassification between Share premium and Retained earnings of NOK 1 500 million is recognized as of 30 September 2021.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium <sup>1)</sup>	Treasury shares	Other reserves <sup>2)</sup>	Retained earnings <sup>1)</sup>	Total attributable to owners of the Group	Total equity
<i>(Amounts in NOK million)</i>							
<b>Equity 1 January 2021</b>	<b>365</b>	<b>2 513</b>	<b>-19</b>	<b>-4</b>	<b>-1 969</b>	<b>885</b>	<b>885</b>
Profit/loss for the period					-386	-386	-386
OCI for the period				20		20	20
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>20</b>	<b>-386</b>	<b>-366</b>	<b>-366</b>
Investment program				2		2	2
Proceeds from sale of own shares			2			2	2
<b>Equity 30 September 2021</b>	<b>365</b>	<b>2 513</b>	<b>-17</b>	<b>17</b>	<b>-2 355</b>	<b>523</b>	<b>523</b>
<b>Equity 1 January 2022</b>	<b>366</b>	<b>2 521</b>	<b>-17</b>	<b>34</b>	<b>-2 421</b>	<b>483</b>	<b>483</b>
Profit/loss for the period					-96	-96	-96
OCI for the period				6		6	6
<b>Total comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>-96</b>	<b>-90</b>	<b>-90</b>
Investment program				2		2	2
Share issues and capital increase expenses	65	535			-10	590	590
<b>Equity 30 September 2022</b>	<b>431</b>	<b>3 056</b>	<b>-17</b>	<b>42</b>	<b>-2 528</b>	<b>984</b>	<b>984</b>

<sup>1)</sup> A reclassification between Share premium and Retained earnings of NOK 1 500 million is recognized as of 30 September 2021

<sup>2)</sup> Other reserves consist of currency translation adjustments and share investment program according to IFRS 2.

# CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
<i>(Amounts in NOK million)</i>						
<b>Cash flow from operations</b>						
Profit before tax		-54	7	-86	-448	-522
Adjustment for:						
Taxes paid in the period		-5	-3	-31	-28	-32
Gain/loss from disposal or sale of equipment		0	0	0	0	3
Depreciation, amortization and impairment	6, 7, 8	276	260	825	766	1 042
Net financial items		59	67	172	227	298
Change in inventory		-4	3	-12	0	-9
Change in accounts receivables		-26	-43	-1	-2	3
Change in trade payables		-1	5	-7	-12	18
Change in other receivables and accruals		59	-35	-168	-53	119
<b>Net cash flow from operations</b>		<b>303</b>	<b>260</b>	<b>691</b>	<b>450</b>	<b>920</b>
<b>Cash flow from investing</b>						
Sale of subsidiary, net of cash		0	0	0	0	0
Purchase of property, plant and equipment	6, 7	-73	-58	-180	-139	-232
Proceeds from property, plant and equipment		0	0	1	1	1
Acquisition of subsidiary, net of cash acquired		-49	-8	-49	-8	-9
<b>Net cash flow from investing</b>		<b>-122</b>	<b>-66</b>	<b>-228</b>	<b>-147</b>	<b>-240</b>
<b>Cash flow from financing</b>						
Repayments of borrowings	5	0	0	-309	-2	-2
Proceeds from borrowings	5	0	0	0	200	200
Installments on lease liabilities	5	-213	-203	-635	-594	-800
Paid interests on borrowings	5	-24	-25	-86	-83	-109
Interests on lease liabilities	5	-48	-47	-142	-145	-187
Proceeds from issues of shares	4	0	0	601	0	9
Proceeds from sale of own shares		0	0	0	2	2
Transaction costs from issues of new shares	4	0	0	-13	0	0
Other financial items		-2	2	-1	7	10
<b>Net cash flow from financing</b>		<b>-287</b>	<b>-274</b>	<b>-586</b>	<b>-616</b>	<b>-877</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>-106</b>	<b>-80</b>	<b>-123</b>	<b>-313</b>	<b>-197</b>
Effect of foreign exchange changes on cash and cash equivalents		-15	2	-33	7	22
Cash and cash equivalents at the beginning of the period		245	228	281	456	456
<b>Cash and cash equivalents at the end of period</b>		<b>125</b>	<b>150</b>	<b>125</b>	<b>151</b>	<b>281</b>

## NOTES

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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](http://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 the nine first months of 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 EBITDA<sup>1)</sup>, EBITDA before impact of IFRS 16<sup>1)</sup>, Adjusted EBITDA before impact of IFRS 16<sup>1)</sup> and Adjusted Country EBITDA before impact of IFRS 16<sup>1)</sup> to assess the performance of the operating segments. However, the Nordic Management Group also receives information about the segments' revenue and the consolidated balance sheet of the Group on a monthly basis.

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

**Operating segment information**

The segment information provided to the Nordic Management Group for the reportable segments for Q3 2022, Q3 2021, YTD 2022, YTD 2021 and the year ended 31 December 2021 is as follows:

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

**Q3 2022****Revenue**

Membership revenue	384	264	72	82	0	803
Other revenues	80	55	14	15	0	165
<b>Total revenues</b>	<b>464</b>	<b>319</b>	<b>86</b>	<b>97</b>	<b>0</b>	<b>967</b>

EBITDA<sup>1)</sup> and EBITDA before impact of IFRS 16<sup>1)</sup> reconcile to profit/loss for the period as follows:

<b>EBITDA before impact of IFRS 16<sup>1)</sup></b>	<b>24</b>	<b>6</b>	<b>-7</b>	<b>-20</b>	<b>16</b>	<b>20</b>
Impact of IFRS 16	114	89	27	31	0	261
<b>EBITDA<sup>1)</sup></b>	<b>138</b>	<b>96</b>	<b>20</b>	<b>11</b>	<b>16</b>	<b>281</b>
Depreciation and amortization	-107	-89	-27	-35	-18	-276
<b>Operating profit</b>	<b>31</b>	<b>6</b>	<b>-7</b>	<b>-24</b>	<b>-2</b>	<b>5</b>
Net financial items <sup>2)</sup>	-25	-14	-5	-11	-3	-59
Income tax expense	-1	2	0	0	1	2
<b>Profit/loss for the period</b>	<b>5</b>	<b>-6</b>	<b>-12</b>	<b>-35</b>	<b>-4</b>	<b>-52</b>

**Q3 2021****Revenue**

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

EBITDA<sup>1)</sup> and EBITDA before impact of IFRS 16<sup>1)</sup> reconcile to profit/loss for the period as follows:

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

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

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



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

#### YTD 2022

##### Revenue

Membership revenue	1 135	806	197	246	0	2 384
Other revenues	292	211	63	50	1	617
<b>Total revenues</b>	<b>1 428</b>	<b>1 016</b>	<b>260</b>	<b>295</b>	<b>1</b>	<b>3 001</b>

EBITDA<sup>1)</sup> and EBITDA before impact of IFRS 16<sup>1)</sup> reconcile to profit/loss for the period as follows:

<b>EBITDA before impact of IFRS 16<sup>1)</sup></b>	<b>124</b>	<b>35</b>	<b>-17</b>	<b>-54</b>	<b>46</b>	<b>133</b>
Impact of IFRS 16	337	265	81	94	0	777
<b>EBITDA<sup>1)</sup></b>	<b>461</b>	<b>299</b>	<b>63</b>	<b>41</b>	<b>46</b>	<b>911</b>
Depreciation and amortization	-316	-266	-83	-106	-53	-825
<b>Operating profit</b>	<b>145</b>	<b>33</b>	<b>-20</b>	<b>-65</b>	<b>-7</b>	<b>86</b>
Net financial items <sup>2)</sup>	-76	-46	-16	-33	-1	-172
Income tax expense	-15	3	0	1	1	-10
<b>Profit/loss for the period</b>	<b>54</b>	<b>-10</b>	<b>-36</b>	<b>-98</b>	<b>-8</b>	<b>-96</b>

#### YTD 2021

##### Revenue

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

EBITDA<sup>1)</sup> and EBITDA before impact of IFRS 16<sup>1)</sup> reconcile to profit/loss for the period as follows:

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

#### 2021

##### Revenue

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

EBITDA<sup>1)</sup> and EBITDA before impact of IFRS 16<sup>1)</sup> reconcile to profit/loss for the period as follows:

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

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

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

### NOTE 3 Profit and loss information

#### Income tax expense

Standardized tax rates are used for tax reporting purposes for Norway and Sweden for Q3 2022, whereas there are not recognized deferred tax assets in Finland and Denmark due to uncertainty that future taxable profits will be available against the unused tax losses within a reasonable time frame. The actual tax expense is used as basis for the 2021 full-year income tax recognition.

#### Definitions

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

### NOTE 4 Earnings per share

Earnings per share are calculated by dividing profit attributable to holders of shares in the parent company by a weighted average number of shares outstanding. Earnings per share after dilution is calculated by dividing profit/loss attributable to holders of shares in the parent company by the average 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 30 September 2022, will deliver 525 463 matching shares to employees in 2023, 107 425 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 30 September 2022, the company holds 910 130 treasury shares.

#### Basic earnings per share attributable to equity holders of the company

<i>(NOK per share)</i>	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
Basic earnings	-0.26	-0.01	-0.49	-2.26	-2.65
<b>Total basic earnings per share</b>	<b>-0.26</b>	<b>-0.01</b>	<b>-0.49</b>	<b>-2.26</b>	<b>-2.65</b>
Total number of outstanding shares	202 136 012	170 852 617	194 969 703	170 817 270	170 851 309

#### Diluted earnings per share attributable to equity holders of the company

<i>(NOK per share)</i>	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
Diluted earnings	-0.26	-0.01	-0.49	-2.25	-2.65
<b>Total diluted earnings per share</b>	<b>-0.26</b>	<b>-0.01</b>	<b>-0.49</b>	<b>-2.25</b>	<b>-2.65</b>
Total number of outstanding shares	202 136 012	171 408 713	194 969 703	171 367 305	170 851 309

#### Reconciliation of earnings used in calculating earnings per share

<i>(Amounts in NOK million)</i>	Q3 2022	Q3 2021	YTD 2022	YTD 2021	2021
<b>Basic earnings per share</b>					
Profit/loss attributable to equity holders of the Group	-52	-2	-96	-386	-452
<b>Profit/loss used in calculating basic earnings per share</b>	<b>-52</b>	<b>-2</b>	<b>-96</b>	<b>-386</b>	<b>-452</b>
<b>Diluted earnings per share</b>					
Profit/loss used in calculating diluted earnings per share	-52	-2	-96	-386	-452
<b>Profit/loss used in calculating diluted earnings per share</b>	<b>-52</b>	<b>-2</b>	<b>-96</b>	<b>-386</b>	<b>-452</b>

## NOTE 5 Interest-bearing liabilities

Overview of interest-bearing liabilities	30.09.2022	30.09.2021	31.12.2021
<i>(Amounts in NOK million)</i>			
<b>Current</b>			
Bank borrowings	14	12	12
Lease liabilities	860	807	820
<b>Total current interest-bearing liabilities</b>	<b>874</b>	<b>818</b>	<b>833</b>
<b>Non-current</b>			
Bank borrowings	1 787	2 107	2 090
Lease liabilities	3 690	3 660	3 632
<b>Total non-current interest-bearing liabilities</b>	<b>5 476</b>	<b>5 767</b>	<b>5 722</b>
<b>Total interest-bearing liabilities</b>	<b>6 350</b>	<b>6 586</b>	<b>6 555</b>
Total bank borrowings	1 800	2 119	2 103
Cash and cash equivalents	125	150	281
<b>Net debt<sup>1)</sup></b>	<b>1 675</b>	<b>1 969</b>	<b>1 822</b>

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

### The long-term loan facility agreement

The company has an unsecured revolving credit facility (RCF) agreement, consisting of a multicurrency RCF with a maximum principal amount of NOK 2 500 million. At the end of the third quarter, the remaining undrawn credit amounted to approximately NOK 587 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 1 913 million as of the balance sheet date of 30 September 2022, the annual interest payment is expected to be in the range of NOK 73 to 96 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 30 September 2022:

Bank borrowings	Total	Lease liabilities	Total
<i>(Amounts in NOK million)</i>		<i>(Amounts in NOK million)</i>	
Less than 1 year	96	Less than 1 year	1 033
1-2 years	81	1-2 years	924
2-3 years	73	2-3 years	804
3-5 years	1 793	3-5 years	1 235
More than 5 years	0	More than 5 years	1 197
<b>Total payments</b>	<b>2 043</b>	<b>Total payments</b>	<b>5 194</b>

## NOTE 6 Intangible assets

<b>Goodwill</b>	Norway	Sweden	Finland	Denmark	<b>Total goodwill</b>
<i>(Amounts in NOK million)</i>					
<b>At 31 December 2021</b>					
Cost	1 838	215	581	0	2 634
Accumulated impairment	-199	0	-10	0	-209
<b>Net book value</b>	<b>1 640</b>	<b>215</b>	<b>571</b>	<b>0</b>	<b>2 425</b>
<b>Period ended 30 September 2022</b>					
Opening net book amount	1 640	215	571	0	2 425
Net effect of changes in foreign exchange	0	-1	34	0	33
Net additions/disposals	29	0	0	0	29
<b>Closing net book value</b>	<b>1 669</b>	<b>214</b>	<b>605</b>	<b>0</b>	<b>2 488</b>
<b>At 30 September 2022</b>					
Cost	1 868	214	615	0	2 697
Accumulated impairment	-199	0	-10	0	-209
<b>Net book value</b>	<b>1 669</b>	<b>214</b>	<b>605</b>	<b>0</b>	<b>2 488</b>
Useful life	Indefinite	Indefinite	Indefinite		
Amortization method	Not amortized	Not amortized	Not amortized		
<b>Other intangible assets</b>					
	Trademark	Internally developed software <sup>1)</sup>	Customer list	Other	<b>Total other intangible assets</b>
<i>(Amounts in NOK million)</i>					
<b>At 31 December 2021</b>					
Cost	268	420	59	4	751
Accumulated amortization and impairment	-266	-308	-31	-4	-608
<b>Net book value</b>	<b>2</b>	<b>113</b>	<b>29</b>	<b>0</b>	<b>143</b>
<b>Period ended 30 September 2022</b>					
Opening net book amount	2	113	29	0	143
Effect of changes in foreign exchange cost	0	0	2	0	1
Effect of changes in foreign exchange accumulated amortization	0	0	-1	0	-1
Acquisition	0	0	6	0	6
Additions	0	38	2	0	40
Amortization charge	0	-53	-10	0	-63
<b>Closing net book value</b>	<b>2</b>	<b>97</b>	<b>28</b>	<b>0</b>	<b>127</b>
<b>At 30 September 2022</b>					
Cost	268	457	69	4	797
Accumulated amortization and impairment	-266	-360	-42	-4	-670
<b>Net book value</b>	<b>2</b>	<b>97</b>	<b>28</b>	<b>0</b>	<b>127</b>
Useful life	10 years	3 years	3 - 7 years	1 - 10 years	
Amortization method	Straight-line	Straight-line	Straight-line	Straight-line	

<sup>1)</sup> Software consists of capitalized development expenditure being an internally generated intangible asset.

## NOTE 7 Property, plant and equipment

<b>Property, plant and equipment</b>	Capitalized leasehold improvements	Fitness equipment	Other fixtures and equipment	<b>Total tangible fixed assets</b>
<i>(Amounts in NOK million)</i>				
<b>At 31 December 2021</b>				
Cost	1 421	851	477	2 749
Accumulated depreciation	-991	-651	-416	-2 058
<b>Net book value</b>	<b>431</b>	<b>200</b>	<b>61</b>	<b>691</b>
<b>Period ended 30 September 2022</b>				
Opening net book amount	431	200	61	691
Additions	64	54	19	138
Acquisition costs	4	15	5	24
Acquisition accumulated depreciations	-3	-9	-3	-15
Effect of changes in foreign exchange cost	26	12	6	43
Depreciation charge	-66	-40	-23	-128
Effect of changes in foreign exchange accumulated	-20	-8	-5	-33
Disposals costs	-64	-7	-2	-73
Disposals costs accumulated depreciations	64	6	2	73
Reclassifications depreciations	0	0	0	0
<b>Closing net book value</b>	<b>435</b>	<b>224</b>	<b>60</b>	<b>719</b>
<b>At 30 September 2022</b>				
Cost	1 451	926	504	2 880
Accumulated depreciation	-1 016	-702	-444	-2 161
<b>Net book value</b>	<b>435</b>	<b>224</b>	<b>60</b>	<b>719</b>
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>			
<b>At 1 January 2021</b>			
Cost	9 659	79	9 737
Accumulated depreciation	-5 113	-57	-5 170
<b>Net book value</b>	<b>4 546</b>	<b>22</b>	<b>4 568</b>
<b>Year ended 31 December 2021</b>			
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
<b>Closing net book value</b>	<b>4 063</b>	<b>15</b>	<b>4 077</b>
<b>At 31 December 2021</b>			
Cost	9 904	82	9 986
Accumulated depreciation	-5 841	-68	-5 909
<b>Net book value</b>	<b>4 063</b>	<b>15</b>	<b>4 077</b>
<b>Period ended 30 September 2022</b>			
At 1 January 2022	4 063	15	4 077
Effect of changes in foreign exchange cost	97	3	100
Additions/disposals	681	3	684
Depreciation charge	-626	-7	-634
Effect of changes in foreign exchange accumulated depreciation	-46	-3	-49
<b>Closing net book value</b>	<b>4 168</b>	<b>11</b>	<b>4 179</b>
<b>At 30 September 2022</b>			
Cost	10 682	88	10 770
Accumulated depreciation	-6 513	-77	-6 591
<b>Net book value</b>	<b>4 168</b>	<b>11</b>	<b>4 179</b>
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 24 million on Profit/loss before tax when re-consolidating the last 12 months. Re-consolidating borrowings, intercompany loans, and bank accounts in foreign currency as of 30 September 2022 with a weaker NOK results in a positive effect of NOK 62 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% <sup>1)</sup>	-7	55	48
EUR/NOK exchange rate - increase 10% <sup>1)</sup>	-4	7	3
DKK/NOK exchange rate - increase 10% <sup>1)</sup>	-13	0	-13
<b>Effect on profit/loss before tax</b>	<b>-24</b>	<b>62</b>	<b>38</b>

<sup>1)</sup> 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.

	30.09.2022		30.09.2021		31.12.2021	
<b>Financial instruments - Assets</b>	<b>Assets measured at amortized cost</b>	<b>Fair value through profit and loss</b>	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	39	0	36	0	34	0
Accounts receivables	119	0	122	0	117	0
Other current receivables	68	0	61	0	59	0
Derivatives	0	54	0	0	0	0
Cash and cash equivalents	125	0	150	0	281	0
<b>Total financial assets</b>	<b>350</b>	<b>54</b>	<b>369</b>	<b>0</b>	<b>491</b>	<b>0</b>

	30.09.2022		30.09.2021		31.12.2021	
<b>Financial instruments - Liabilities</b>	<b>Liabilities measured at amortized cost</b>	<b>Fair value through profit and loss</b>	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	1 800	0	2 119	0	2 103	0
Lease liabilities	4 550	0	4 467	0	4 452	0
Trade and other payables	130	0	108	0	138	0
Derivatives	0	0	0	7	0	1
Other current liabilities	331	0	327	0	369	0
<b>Total financial liabilities</b>	<b>6 811</b>	<b>0</b>	<b>7 021</b>	<b>7</b>	<b>7 061</b>	<b>1</b>

## Financial derivative instruments

The Group has the following derivative financial instruments:

	30.09.2022	30.09.2021	31.12.2021
<i>(Amounts in NOK million)</i>			
<b>Non-current assets</b>			
Interest rate swap contracts	54	0	0
<b>Total non-current derivative financial instrument assets</b>	<b>54</b>	<b>0</b>	<b>0</b>
<b>Non-current liabilities</b>			
Interest rate swap contracts	0	7	1
<b>Total non-current derivative financial instrument liabilities</b>	<b>0</b>	<b>7</b>	<b>1</b>

## Overview of interest swaps per 30 September 2022

	Notional in currency million	Maturity	Fixed rate	Unrealized gain/loss 30.09.2022
<b>Interest rate swaps</b>				
IRS NOK	694	28.10.2026	1.751	43
IRS SEK	200	28.10.2024	0.430	11
<b>Fair value of the Group's interest rate swaps as of 30 September 2022 in NOK million</b>				<b>54</b>

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 no significant character either in Q3 2022, Q3 2021, or full-year 2021. There are no related party balance sheet items as of 30 September 2022, 30 September 2021, 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 Q3 2022, a restricted cash deposit of NOK 4.9 million was established as security for the benefit of certain 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 third 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 2 488 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 Q3 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 maintenance CAPEX and expansion CAPEX, and the source of CAPEX is the Statement of cash flows.

### Maintenance CAPEX

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. 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 Maintenance CAPEX and working capital.

## Cash conversion

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

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

<b>TOTAL</b>	<b>Q3 2022</b>	<b>Q3 2021</b>	<b>YTD 2022</b>	<b>YTD 2021</b>	<b>2021</b>
<i>(Amounts in NOK million)</i>					
<b>EBITDA before impact of IFRS 16</b>	<b>20</b>	<b>83</b>	<b>133</b>	<b>-195</b>	<b>-170</b>
<b>Adjusted EBITDA before impact of IFRS 16</b>	<b>20</b>	<b>83</b>	<b>133</b>	<b>-195</b>	<b>-170</b>
Group overhead and cost allocation	83	75	252	206	301
<b>Adjusted Country EBITDA before impact of IFRS 16</b>	<b>103</b>	<b>158</b>	<b>386</b>	<b>11</b>	<b>132</b>

<b>NORWAY</b>	<b>Q3 2022</b>	<b>Q3 2021</b>	<b>YTD 2022</b>	<b>YTD 2021</b>	<b>2021</b>
<i>(Amounts in NOK million)</i>					
<b>EBITDA before impact of IFRS 16</b>	<b>24</b>	<b>93</b>	<b>124</b>	<b>-95</b>	<b>-68</b>
<b>Adjusted EBITDA before impact of IFRS 16</b>	<b>24</b>	<b>93</b>	<b>124</b>	<b>-95</b>	<b>-68</b>
Group overhead and cost allocation	-48	-40	-143	-108	-165
<b>Adjusted Country EBITDA before impact of IFRS 16</b>	<b>72</b>	<b>133</b>	<b>267</b>	<b>12</b>	<b>97</b>

<b>SWEDEN</b>	<b>Q3 2022</b>	<b>Q3 2021</b>	<b>YTD 2022</b>	<b>YTD 2021</b>	<b>2021</b>
<i>(Amounts in NOK million)</i>					
<b>EBITDA before impact of IFRS 16</b>	<b>6</b>	<b>0</b>	<b>35</b>	<b>4</b>	<b>-2</b>
<b>Adjusted EBITDA before impact of IFRS 16</b>	<b>6</b>	<b>0</b>	<b>35</b>	<b>4</b>	<b>-2</b>
Group overhead and cost allocation	-40	-33	-120	-88	-135
<b>Adjusted Country EBITDA before impact of IFRS 16</b>	<b>46</b>	<b>33</b>	<b>155</b>	<b>91</b>	<b>133</b>

<b>FINLAND</b>	<b>Q3 2022</b>	<b>Q3 2021</b>	<b>YTD 2022</b>	<b>YTD 2021</b>	<b>2021</b>
<i>(Amounts in NOK million)</i>					
<b>EBITDA before impact of IFRS 16</b>	<b>-7</b>	<b>-14</b>	<b>-17</b>	<b>-64</b>	<b>-67</b>
<b>Adjusted EBITDA before impact of IFRS 16</b>	<b>-7</b>	<b>-14</b>	<b>-17</b>	<b>-64</b>	<b>-67</b>
Group overhead and cost allocation	-5	-4	-15	-13	-19
<b>Adjusted Country EBITDA before impact of IFRS 16</b>	<b>-1</b>	<b>-10</b>	<b>-2</b>	<b>-51</b>	<b>-48</b>

<b>DENMARK</b>	<b>Q3 2022</b>	<b>Q3 2021</b>	<b>YTD 2022</b>	<b>YTD 2021</b>	<b>2021</b>
<i>(Amounts in NOK million)</i>					
<b>EBITDA before impact of IFRS 16</b>	<b>-20</b>	<b>-4</b>	<b>-54</b>	<b>-58</b>	<b>-75</b>
<b>Adjusted EBITDA before impact of IFRS 16</b>	<b>-20</b>	<b>-4</b>	<b>-54</b>	<b>-58</b>	<b>-75</b>
Group overhead and cost allocation	-6	-6	-19	-17	-24
<b>Adjusted Country EBITDA before impact of IFRS 16</b>	<b>-13</b>	<b>2</b>	<b>-34</b>	<b>-42</b>	<b>-51</b>

# DEFINITIONS

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

## Financial Calendar

**11 FEB**

**2022**

**Q4 2021 Results**

**3 MAY**

**2022**

**Q1 2022 Results**

**14 JUL**

**2022**

**Q2 2022 Results**

**28 OCT**

**2022**

**Q3 2022 Results**

**28 OCT**

**2022**

**Capital Markets Day**

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