
SATS Q3 2019

THIS IS SATS

The Group, through our brands and concepts SATS, ELIXIA, Fresh Fitness and HiYoga represents the leading provider of fitness and training services in the Nordics, with nearly 250 clubs, more than 10 000 employees and 700 000 members.

Everyone is welcome to SATS and our members have full flexibility to tailor a package addressing their individual needs. We offer cutting edge studio facilities for individual training, the broadest group training offering with superior programming and highly qualified personal trainers for specialized training and individual coaching. We also have a strong focus on supporting members outside our physical clubs, using online training and digital tools. Additionally, we are constantly working with trend research and innovation to be the industry's best and most forward-looking fitness chain.

CONTENTS

THIRD QUARTER HIGHLIGHTS

"We delivered another very solid quarter, continuing the journey with our new strategy."

As we are now a public company I am happy to share that in the third quarter we continued the positive trend of 2019. Compared to one year ago, the SATS family has grown with 99 000 members in Denmark and 31 000 members in our other markets, a volume growth of 6% in members excluding Denmark.

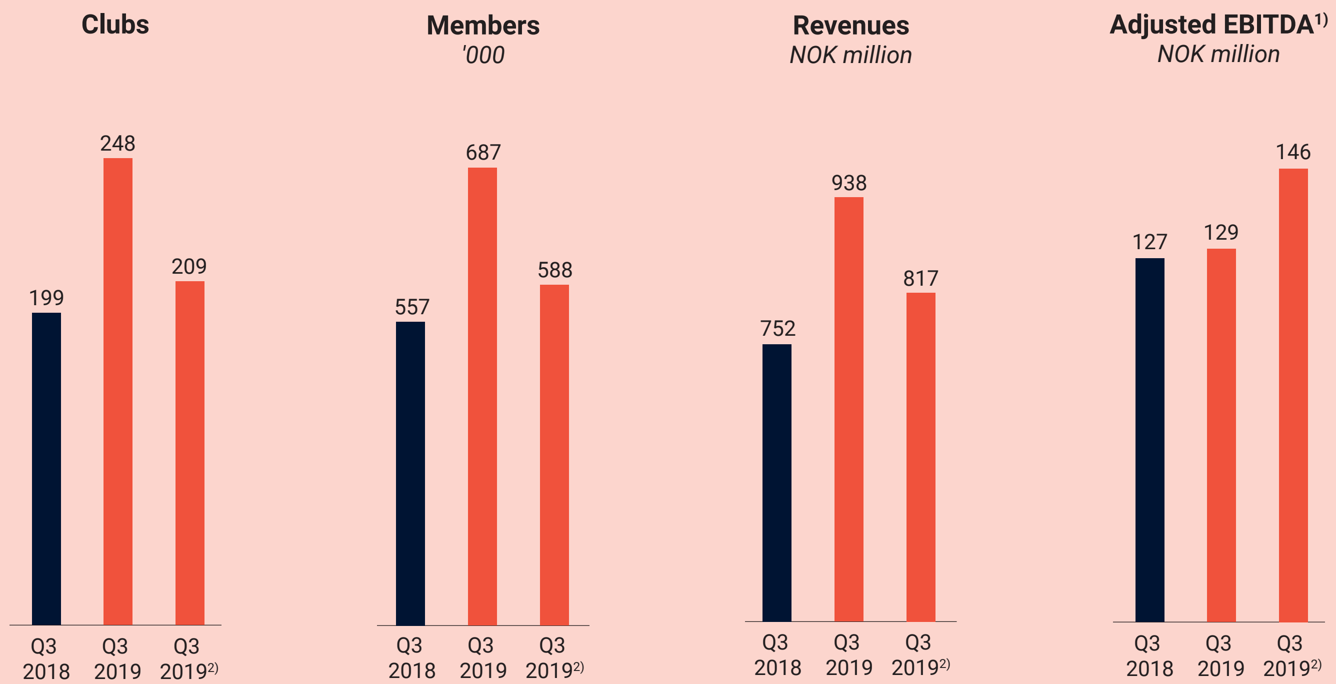
In Norway, Sweden and Denmark both revenues and adjusted EBITDA developed positively compared to the third quarter last year and the trend is strong. The integration of SATS Denmark progressed through the quarter and the operations are stabilizing. We are constantly working on our position in Denmark and aim for an improvement in profit in 2020.

In addition to our continuous efforts to deliver extraordinary experiences to members visiting our clubs every day, there are several other exciting things happening. In the third quarter several of our newly hired technology resources have been onboarded to take our digital offering to the next level. We have also started pilots for physiotherapy, sports massage and nutrition to further develop our product offering. On the club expansion side we have opened SATS Lagunen and signed new important greenfield projects. In addition, the three Gym & Motion clubs which were acquired in May, were reopened with SATS design.

With a positive momentum in Q3, we expect our growth to continue. This enables us to deliver on our vision to make people healthier and happier.

Sondre Gravir

Sondre Gravir
CEO



1) *For further information regarding definitions and Alternative Performance Measures see Appendix. Adjusted Country EBITDA before impact of IFRS 16.*
2) *Excluding Denmark.*

HIGHLIGHTS

- *SATS was successfully listed on the Oslo Stock Exchange 23 October 2019*
- *Total revenues of NOK 938 million in Q3, up 25% compared to Q3 2018. Excluding the newly acquired Danish business, total revenues increase by 9% compared to last year*
- *Adjusted EBITDA before impact of IFRS 16 of 129 million, up 2% compared to last year, (+15% excl. Denmark) where Norway, Sweden and Finland show continued strong development and improved margins as a result of operating leverage*
- *Solid member growth, up from 557 000 in corresponding quarter last year to 687 000 by the end of third quarter. Number of members was up 6% excluding Denmark*
- *Average revenue per member (ARPM) up by 1% (3% excl. Denmark) compared to Q3 2018 driven by yield improvement and other revenue growth*
- *Operating cash flow generation of NOK 56 million in Q3, a decrease compared to last year as a result of negative contribution from Denmark, investments in the digital platform and club upgrades*
- *Three new club openings in Q3 and Q4 2019. In addition, seven greenfields are signed with opening dates in 2020 and 2021, strengthening the clusters in the capital cities*

Key Financial Figures

Amounts in NOK million (unless otherwise stated)	**Q3 2019**	Q3 2018	**YTD 2019**	YTD 2018	Year 2018
Total revenues	938	752	2 951	2 405	3 259
EBITDA[1)]	348	308	1 103	938	1 267
Operating profit excluding impairment	107	128	380	402	528
Margin (%)	*11%*	*17%*	*13%*	*17%*	*16%*
Operating profit	107	128	380	402	263
Margin (%)	*11%*	*17%*	*13%*	*17%*	*8%*
Profit/loss for the period	31	53	168	152	-4
Earnings per share (NOK)	0.28	0.46	1.50	1.34	-0.05

Key Financial Figures and Alternative Performance Measures (APM)

Amounts in NOK million (unless otherwise stated)	**Q3 2019**	Q3 2018	**YTD 2019**	YTD 2018	Year 2018
Membership revenue	776	619	2 357	1 914	2 565
Other revenues	162	132	594	490	694
Total revenues	938	752	2 951	2 405	3 259
Adjusted EBITDA before impact of IFRS 16	129	127	418	409	539
Margin (%)	*14%*	*17%*	*14%*	*17%*	*17%*
Adjusted EBITDA before impact of IFRS 16, excl. Denmark	146	127	451	409	539
Margin (%)	*18%*	*17%*	*18%*	*17%*	*17%*
Maintenance Capex	73	39	162	108	187
Total Capex	81	67	231	135	221
Net debt	1 570	1 508	1 570	1 508	1 490
Operating cash flow	56	88	256	301	352
Members ('000)	687	557	687	557	569
ARPM (NOK/month)	455	449	483	478	489

1) *As defined in Appendix under Alternative Performance Measures.*

BOARD OF DIRECTORS' REPORT

ANALYSIS OF THE Q3 2019 FINANCIAL STATEMENTS

All financial statements show the period 1 January 2019 to 30 September 2019, compared to the restated accounts for the period from 1 January 2018 to 30 September 2018 and the restated accounts from the period from 1 January 2018 to 31 December 2018. For the statement of comprehensive income, the period 1 July 2019 to 30 September 2019 is also compared to the restated accounts from the period from 1 July 2018 to 30 September 2018.

Statement of comprehensive income

Total revenues increased by 25% to NOK 938 million in Q3 2019, compared to NOK 752 million in Q3 2018. The new segment, Denmark, is the primary driver of the growth, but Norway, Sweden and Finland also increased revenues in Q3 2019 compared to Q3 2018. ARPM increased 1% and the average member base increased 23%. The increase in ARPM is larger in Norway, Sweden and Finland, but the introduction of the Denmark segment, with lower ARPM, reduces the total growth. Total operating expenses increased by 33% to NOK 831 million in Q3 2019, compared to NOK 624 million in Q3 2018. Excluding the operating expenses of NOK 156 million from the new Denmark segment, the increase was 8%. Analysed in terms of categories the relative growth was largest for other operating expenses and cost of goods sold, while personnel expenses increased by 23% in total. As a result, operating profit in Q3 2019 declined by NOK 21 million, or 16%, to NOK 107 million as the improved profit in Norway, Sweden and Finland did not fully offset the NOK 35 million negative result from the new Denmark segment.

The net financial expense in Q3 2019 was NOK 70 million, an increase of 28% from an expense of NOK 55 million in Q3 2018.This is mainly a result of increased interest- and financial expenses.

Income tax expense in Q3 2019 was NOK 6 million, a decrease from NOK 20 million in Q3 2018 due to the negative result from the new Denmark segment. The weighted average tax rate was 17% in Q3 2019, compared to 27% in Q3 2018.

Profit before tax was NOK 37 million in Q3 2019 compared to 73 million in Q3 2018, and the profit for the period was NOK 31 million compared to NOK 53 million in Q3 2018. Total comprehensive income was NOK 51 million, compared to NOK 44 million in Q3 2018.

Statement of financial position

The Group's assets increased by NOK 448 million, to NOK 7 727 million, during the first nine months of 2019. Right of use assets and goodwill were the largest components, amounting to NOK 3 641 million and NOK 2 351 million as at 30 September 2019, respectively. The increase in assets is mainly a result of increased non-current assets, with right of use assets acquired in Denmark and investments in leasehold improvements and fitness equipment as the largest factors. Current assets decreased, primarily driven by a reduction of NOK 139 million in cash and cash equivalents.

Total liabilities increased from NOK 6 519 million as at 31 December 2018 to NOK 7 838 million as at 30 September 2019. The main reason for this increase was other current liabilities, increasing from NOK 346 million as at 31 December 2018 to NOK 1 168 million as at 30 September 2019. The increase in other current liabilities is a result of the committed dividend as decided by the General Shareholder Meeting in June. Short- and long-term lease liabilities increased with NOK 455 million in total during the nine months of 2019, primarily due to the acquisition of the Denmark segment.

As at 30 September 2019 the Group's equity amounted to negative NOK 111 million. In the first nine months of 2019 equity has been decreased NOK 871 million via a provision for dividend.

From 1 January 2019 the Group adopted the new lease accounting standard, IFRS 16 Leases and restated the reported figures from 2018. As the Group leases all its fitness clubs' premises, this standard had a material effect on both the statement of profit or loss and the statement of financial position. The adoption of IFRS 16 Leases does not have any effect on the Group's cash flow.

Statement of cash flows

Net cash flow from the Group's operations during the first nine months of 2019 was NOK 950 million, compared to NOK 775 million from the first nine months of 2018. The difference between cash flow from operations and profit before tax of NOK 211 million is mainly due to depreciation, amortization and net financial items, partly offset by changes in working capital items.

The net cash outflow from investing activities amount to NOK 229 million during the first nine months of 2019, compared to an outflow of NOK 135 million during the first nine months of 2018. The main reason for the increased outflow is increased investments in existing clubs, mainly in Denmark, and increased acquisition activity.

The net cash outflow from financing was NOK 859 million during the first nine months of 2019, compared to an outflow of NOK 598 million during the first nine months of 2018. The increased outflow was mainly a result of increased installments and interests on lease liabilities due to the acquisition of the Denmark segment. Reduced proceeds from borrowings, increased repayments of borrowings and disbursement of dividend also contribute to the increased outflow, while other financial items partly offset the outflow.

During the first nine months of 2019 the Group had a net decrease in cash and cash equivalents of NOK 138 million, compared to an increase of NOK 41 million during the first nine months of 2018. As at the balance sheet date the Group had cash and cash equivalents of NOK 219 million, compared to NOK 291 million at the same date in 2018.

Segment development

In the following sections each operating segment is reviewed. Unless otherwise stated, comments regarding development reflect a comparison of the third quarter 2019 and the third quarter 2018.

NORWAY

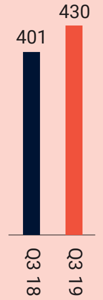
Norway is the largest operating segment in the group and constitutes 45% of the total revenues and had 298 000 members at the end of the quarter. SATS is a well-known brand in Norway and the largest operator of fitness clubs.

Total revenues increased by NOK 29 million in Norway in the third quarter, an increase of 7% compared to corresponding quarter last year. Year to date increase in total revenues was NOK 84 million, also 7% growth compared to last year. Member development is strong with an increase of 14 000 members from Q3 2018. Member growth year to date is also 14 000 members.

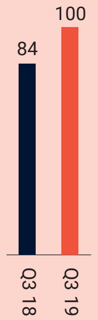
The increase in revenues was in addition supported by increased membership yield as a result of the ongoing yield management initiatives. The growth in ARPM was further supported by the increased sale of personal training sessions and retail products. The PT business is showing solid results due to increasing demand from members and a improved product offering, driven by our ambition to professionalize the personal trainer profession. One new club was opened in September in one of Norway's largest shopping malls, Lagunen in Bergen.

Country EBITDA increased by NOK 16 million, +19% compared to Q3 2018, continuing the positive trend from first half of 2019, improving the YTD Country EBITDA-margin from 22% to 24%.

Revenues
NOK million



Country EBITDA[1)]
NOK million



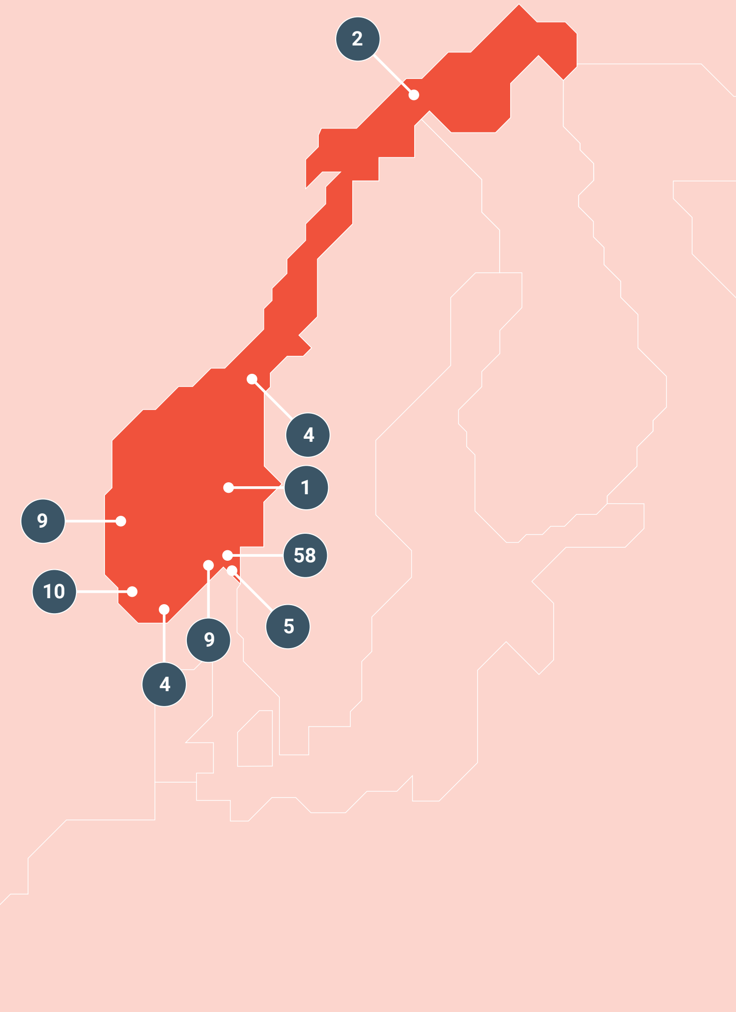
[1)] *Adjusted Country EBITDA before impact of IFRS 16.*

Key Financial Figures

Amounts in NOK million (unless otherwise stated)	**Q3 2019**	Q3 2018	**YTD 2019**	YTD 2018	Year 2018
Total revenues	430	401	1 359	1 274	1 719
EBITDA	165	154	537	488	645
Operating profit excluding impairment	71	64	253	216	282
Margin (%)	*16%*	*16%*	*19%*	*17%*	*16%*
Operating profit	71	64	253	216	17
Margin (%)	*16%*	*16%*	*19%*	*17%*	*1%*
Profit/loss for the period	39	31	146	110	-43

Key Financial Figures and Alternative Performance Measures (APM)

Amounts in NOK million (unless otherwise stated)	**Q3 2019**	Q3 2018	**YTD 2019**	YTD 2018	Year 2018
Membership revenue	353	326	1 073	1 006	1 340
Other revenues	77	75	286	268	379
Total revenues	430	401	1 359	1 274	1 719
Adjusted Country EBITDA before impact of IFRS 16	100	84	335	283	372
Margin (%)	*23%*	*21%*	*25%*	*22%*	*22%*
Adjusted EBITDA before impact of IFRS 16	68	55	240	199	264
Margin (%)	*16%*	*14%*	*18%*	*16%*	*15%*
Members ('000)	298	284	298	284	284
ARPM (NOK/month)	481	471	518	498	508



SWEDEN

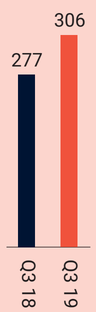
Sweden is the second largest operating segment in the group and constitutes 33% of the total revenue and counted 228 000 members at quarter end. SATS has over the course of many years maintained a very strong position in Sweden, and is the largest operator of fitness clubs.

Total revenues increased by NOK 29 million in Sweden in the third quarter, an increase of 10% compared to corresponding quarter last year. Year to date increase in total revenues was NOK 65 million, a growth of 7% compared to last year. Total member base increased by 14 000 members from third quarter 2018 which is equivalent to an increase of 7%.

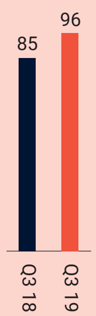
The increase in revenues was supported by increased membership yield as a result of the ongoing yield management initiatives. ARPM increased with NOK 16 and is mainly driven by the increased membership yield but also by increased sale of personal training sessions and retail products.

Country EBITDA increased by NOK 11 million, +13% compared to Q3 2018, continuing the positive trend from the first half of 2019, marginally improving the YTD Country EBITDA-margin.

Revenues
NOK million



Country EBITDA[1)]
NOK million



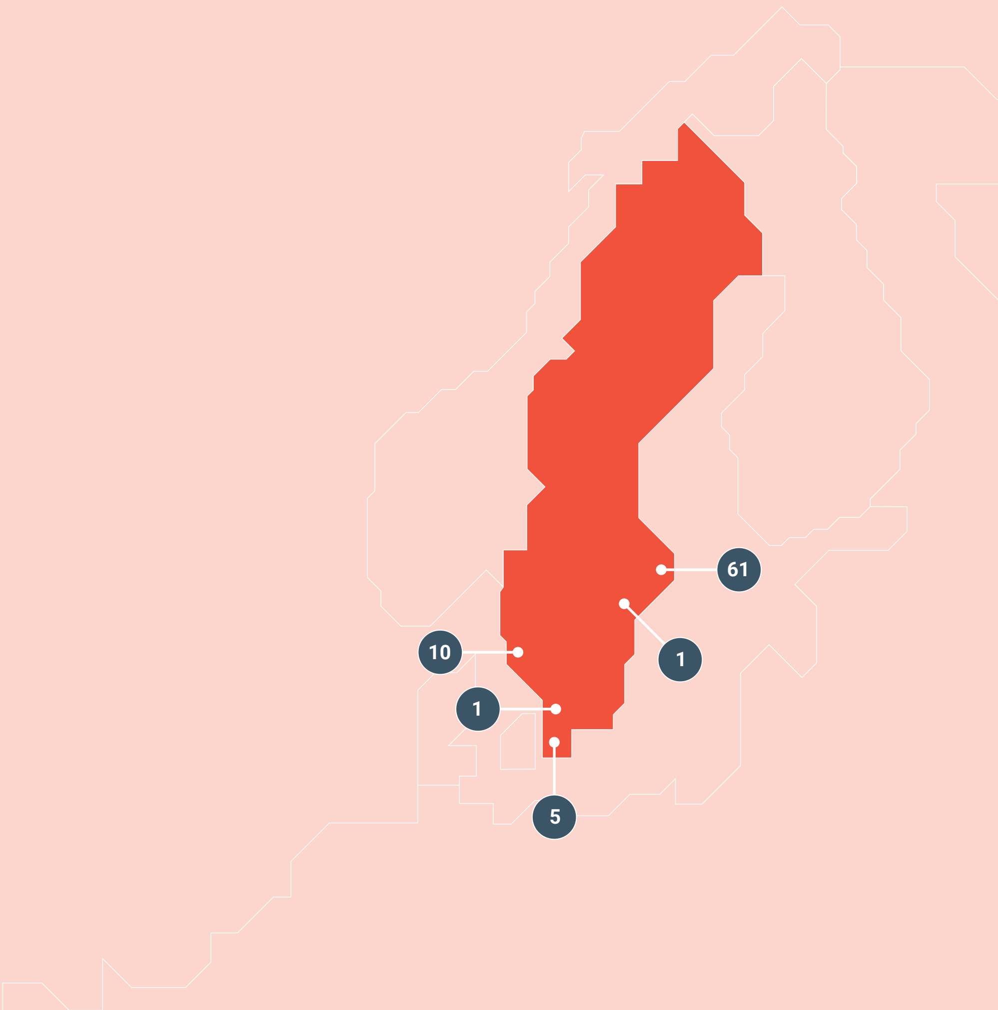
[1)] *Adjusted Country EBITDA before impact of IFRS 16.*

Key Financial Figures

Amounts in NOK million (unless otherwise stated)	**Q3 2019**	Q3 2018	**YTD 2019**	YTD 2018	Year 2018
Total revenues	306	277	962	898	1 225
EBITDA	134	125	395	359	491
Operating profit	69	62	193	177	230
Margin (%)	*23%*	*23%*	*20%*	*20%*	*19%*
Profit/loss for the period	45	38	125	114	146

Key Financial Figures and Alternative Performance Measures (APM)

Amounts in NOK million (unless otherwise stated)	**Q3 2019**	Q3 2018	**YTD 2019**	YTD 2018	Year 2018
Membership revenue	253	230	757	712	962
Other revenues	52	46	206	186	264
Total revenues	306	277	962	898	1 225
Adjusted Country EBITDA before impact of IFRS 16	96	85	270	248	318
Margin (%)	*32%*	*31%*	*28%*	*28%*	*26%*
Adjusted EBITDA before impact of IFRS 16	69	59	191	174	222
Margin (%)	*23%*	*21%*	*20%*	*19%*	*18%*
Members ('000)	228	214	228	214	223
ARPM (NOK/month)	447	431	474	466	477



FINLAND

In Finland the business is operated under the brand ELIXIA and the Finnish operations constitutes 9% of the total revenue with 62 000 members at quarter end. The Finnish fitness market is highly fragmented with many small operators, with ELIXIA as the market leader.

Total revenues increased by NOK 8 million in Finland in the third quarter, an increase of 10% compared to corresponding quarter last year. Total member base increased by 2 000 members from third quarter 2018 which is equivalent to an increase of 4%. The membership growth is primarily driven by the opening of a new flagship club at the REDI shopping mall in Helsinki in October 2018.

The increase in revenues was supported by increased membership yield as a result of the ongoing yield management initiatives. ARPM increased with NOK 29 and is mainly driven by the increased membership yield, but also by increased sale of personal training sessions and retail products.

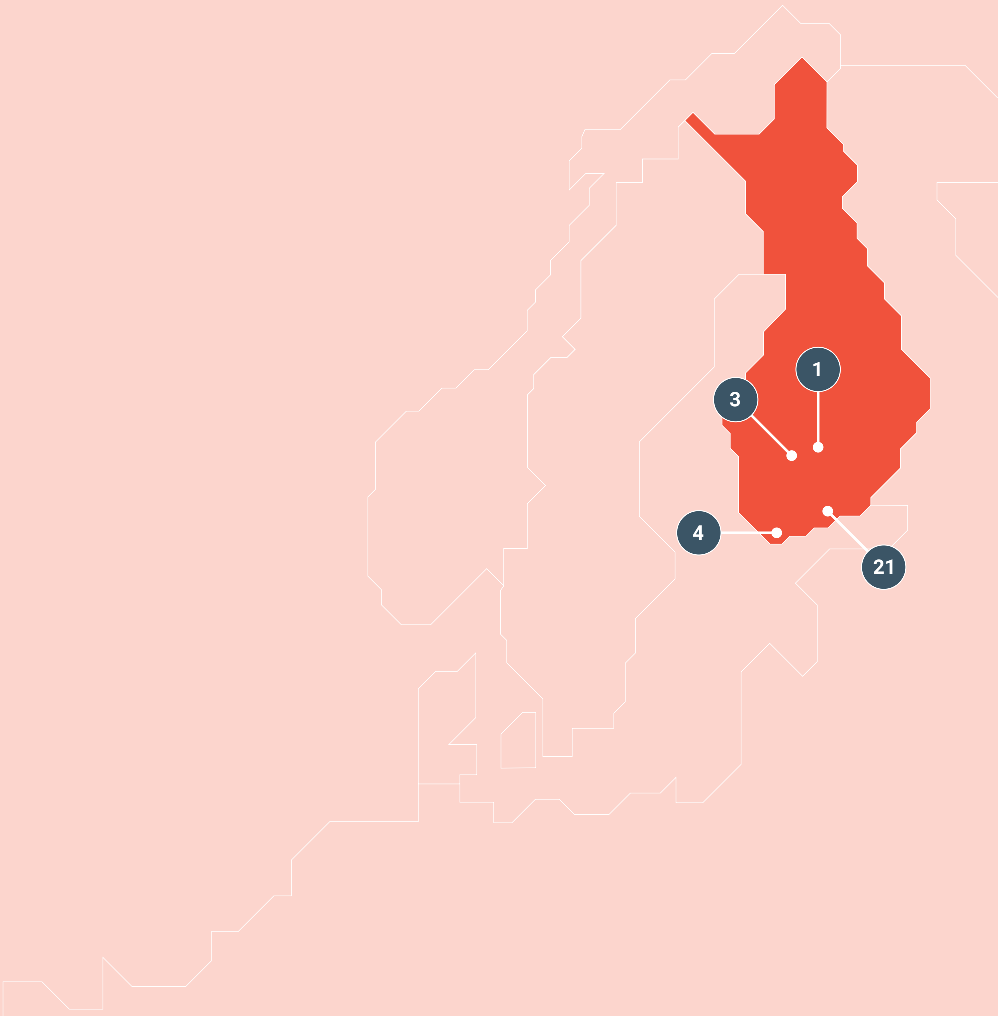
Country EBITDA increased by NOK 4 million, +74% compared to Q3 2018, marginally improving the YTD Country EBITDA-margin.

Key Financial Figures

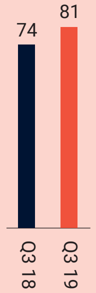
Amounts in NOK million (unless otherwise stated)	**Q3 2019**	Q3 2018	**YTD 2019**	YTD 2018	Year 2018
Total revenues	81	74	253	233	315
EBITDA	27	22	83	71	101
Operating profit	3	2	14	12	18
Margin (%)	*4%*	*3%*	*5%*	*5%*	*6%*
Profit/loss for the period	-3	-3	-3	-5	-5

Key Financial Figures and Alternative Performance Measures (APM)

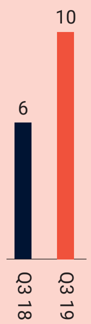
Amounts in NOK million (unless otherwise stated)	**Q3 2019**	Q3 2018	**YTD 2019**	YTD 2018	Year 2018
Membership revenue	69	63	209	197	264
Other revenues	12	11	44	36	51
Total revenues	81	74	253	233	315
Adjusted Country EBITDA before impact of IFRS 16	10	6	28	25	34
Margin (%)	*12%*	*8%*	*11%*	*11%*	*11%*
Adjusted EBITDA before impact of IFRS 16	6	1	16	11	17
Margin (%)	*7%*	*2%*	*6%*	*5%*	*5%*
Members ('000)	62	59	62	59	61
ARPM (NOK/month)	438	409	459	428	440



Revenues
NOK million



Country EBITDA[1)]
NOK million



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

DENMARK

Through the acquisition of fitness dk in January 2019, SATS Denmark became the newest segment in the Group. The Danish operations constitutes 13% of the total revenue with 99 000 members at quarter end.

We have started the operational turnaround and see early signs of positive development in important operational KPIs. Throughout the year, we have taken several actions to establish the full SATS-concept in the Danish operations. Full rebranding to SATS and launch of product and retail offering, back end cost reductions, digital front face lift, introduction of the SATS App, selective club upgrades, and training of employees, both in terms of product offering and SATS way of working. Due to the negative development in fitness dk prior to the acquisition, it will however take some time to bring the Danish business to profitability.

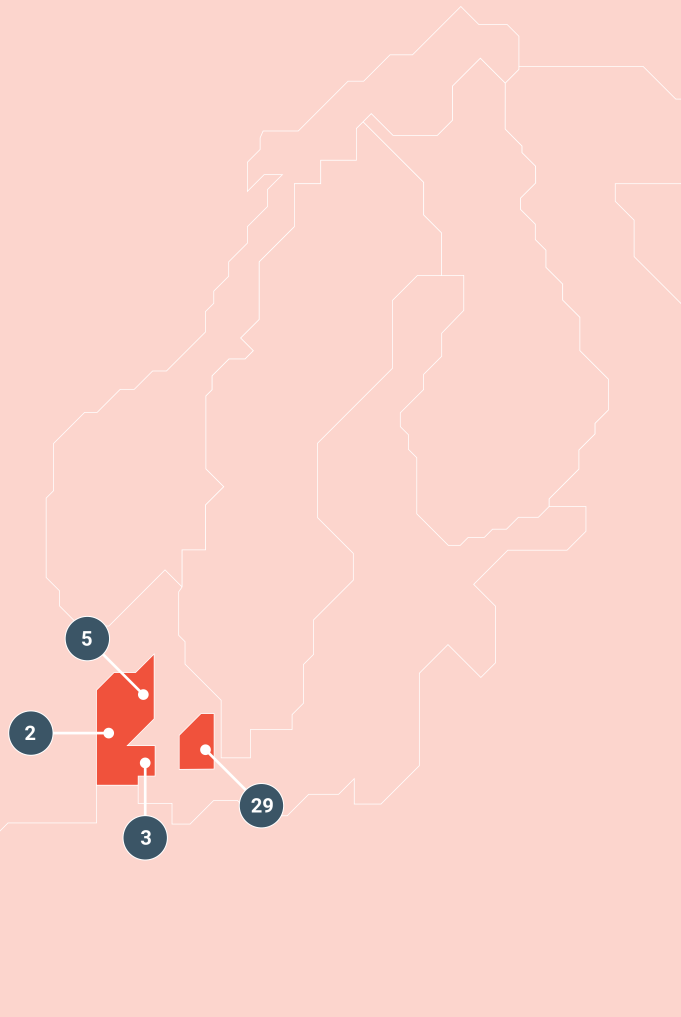
The Group acquired and consolidated SATS Denmark from 1 January 2019. Hence, there are no comparable figures for 2018. Total revenue in Denmark amounted to NOK 121 million in third quarter and NOK 377 million year to date. Country EBITDA in Denmark was NOK -16 million in the third quarter and NOK -33 million year to date.

Key Financial Figures

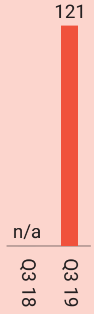
Amounts in NOK million (unless otherwise stated)	**Q3 2019**	Q3 2018	**YTD 2019**	YTD 2018	Year 2018
Total revenues	121		377		
EBITDA	11		62		
Operating profit	-35		-74		
Margin (%)	*-29%*		*-20%*		
Profit/loss for the period	-34		-81		

Key Financial Figures and Alternative Performance Measures (APM)

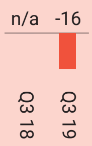
Amounts in NOK million (unless otherwise stated)	**Q3 2019**	Q3 2018	**YTD 2019**	YTD 2018	Year 2018
Membership revenue	100		319		
Other revenues	21		58		
Total revenues	121		377		
Adjusted Country EBITDA before impact of IFRS 16	-16		-33		
Margin (%)	*-14%*		*-9%*		
Adjusted EBITDA before impact of IFRS 16	-24		-55		
Margin (%)	*-20%*		*-15%*		
Members ('000)	99		99		
ARPM (NOK/month)	407		417		



Revenues
NOK million



Country EBITDA[1)]
NOK million



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

BUSINESS AND INDUSTRY OUTLOOK

The health and wellness sector is growing due to increased focus on health and well-being in the society, and robust global trends such as political push for health and digitalization is fueling health and fitness awareness. Fitness clubs, in particular full-service chains, are at the center of the health and wellness economy and positioned to expand their catchment into adjacencies. The addressable market in the Nordics is the most advanced in Europe in terms of penetration and, given highly fragmented markets both in terms of market value, clubs and members, the consolidation potential is significant. The Nordic markets have sustained their "penetration premium" relative to Europe and are expected to continue to do so. Nordic fitness memberships are among Europe's most affordable both relative to leisure overall spend and other "comparable" products/services, and the Nordic market is rebalancing as result of reduced supply side growth, driving industry consolidation and profitability. Low-cost concepts have been present in the Nordics for several years, but market share gain for low-cost providers has slowed in recent years as club roll-out pace has declined and is expected to continue at low levels.

SHAREHOLDERS INFORMATION

SATS ASA's share capital was NOK 239 million as at 30 September 2019, divided into 112 287 568 ordinary shares, each with a par value of NOK 2.125. All the shares have been fully paid and have equal rights. SATS did not own any treasury shares as at the balance sheet date. The number of shareholders as at 30 September 2019 was three.

DIVIDEND

The General Shareholder Meeting decided in June 2019 to repay paid in capital through a distribution of a dividend in the amount of NOK 1 500 million, NOK 53 per share. In order to create greater flexibility in connection with the IPO, the Board of Directors decided in September 2019 that NOK 500 million of the dividend of NOK 1 500 million is converted to equity prior to the IPO based on way of increasing the nominal value of the shares in SATS ASA. The dividend was settled in October 2019.

FINANCIAL POLICY

The Group intends to maintain a constant leverage ratio through returning excess capital to shareholders via dividends and share buybacks, on a semi-annual basis. The target leverage ratio is 2.0x, net debt (current and non-current bank borrowings less cash and cash equivalents) to Adjusted EBITDA before impact of IFRS 16. The Group maintains the flexibility to utilise its revolving credit facility to fund dividend payments to shareholders whilst remaining in line with the target leverage level.

RISK AND UNCERTAINTY FACTORS

The Group's operations are affected by several external factors. The risk factors considered to be most significant to the Group's future development are market risk, credit risk and liquidity risk. Please refer to the Group's Annual Report for 2018 (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

As at 23 October SATS ASA was accepted for listing on the Oslo Stock Exchange (Oslo Børs). The initial public offering was achieved by issuing 57 712 432 shares with a par value of NOK 2.125 at the price of NOK 23.5 per share, resulting in a net capital increase of NOK 1 311 million. Prior to the IPO, the company's shares have not been publicly traded.

SATS ASA has entered into a new revolving credit agreement with Swedbank. The new facility consists of a multicurrency revolving credit facility with a maximum principal amount of NOK 2 500 million. As at October 2019 SATS ASA refinanced all outstanding bank borrowings under the existing agreement. Further, to finance the general corporate purpose the Group made an initial draw down of NOK 1 300 million from the new facility. Interests on borrowings under the new facility will be paid at an annual interest rate equal to the applicable NIBOR plus a margin reliant on the leverage ratio of the Group.

Disclaimer

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

Responsibility Statement

We confirm that, to the best of our knowledge, the condensed consolidated interim financial statements for the first nine months of 2019, which have been prepared in accordance with IFRS as adopted by EU and IAS 34 Interim Financial Reporting, give a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations. To the best of our knowledge, the interim report for the nine months of 2019 includes a fair review of important events that have occurred during the period and their impact on the condensed financial statements, the principal risks and uncertainties for the remaining three months of 2019, and major related party transactions.

Oslo, 7 November 2019
The Board of Directors

CONSOLIDATED INCOME STATEMENT

	Notes	Q3 2019	Q3 2018[2)]	YTD 2019	YTD 2018[2)]	2018[2)]
(Amounts in NOK million)						
Revenue	2	**938**	**752**	**2 951**	**2 405**	**3 259**
Operating expenses						
Cost of goods sold		28	18	83	57	80
Personnel expenses		329	267	1 052	887	1 224
Other operating expenses		233	158	713	523	688
Depreciation and amortisation	7	241	181	723	536	739
Total operating expenses excluding impairment		**831**	**624**	**2 571**	**2 003**	**2 731**
Operating profit excluding impairment[1)]		**107**	**128**	**380**	**402**	**528**
Impairment of intangible assets	3, 6	0	0	0	0	265
Operating profit		**107**	**128**	**380**	**402**	**263**
Interest income		0	0	1	0	0
Finance income		5	6	32	19	22
Interest expense		-64	-58	-192	-174	-236
Finance expense		-11	-2	-10	-45	-26
Net financial items		**-70**	**-55**	**-169**	**-200**	**-240**
Profit/loss before tax		**37**	**73**	**211**	**202**	**24**
Income tax expense		6	20	44	49	28
Profit/loss for the period		**31**	**53**	**168**	**152**	**-4**
Profit/loss for the year is attributable to:						
Equity holders of the Group		31	52	168	151	-6
Non-controlling interests		0	1	0	2	2
Total allocation		**31**	**53**	**168**	**152**	**-4**
Earnings per share in NOK						
Basic earnings per share attributable to equity holders of the company	4	0.28	0.46	1.50	1.34	-0.05
Diluted earnings per share attributable to equity holders of the company	4	0.28	0.46	1.50	1.34	-0.05

[1)] *For further information regarding Operating profit excluding impairment, please see appendix, Alternative Performance Measures.*
[2)] *The comparative information has been restated as a result of the initial application of IFRS 16 as discussed in note 12.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q3 2019	Q3 2018[1)]	YTD 2019	YTD 2018[1)]	2018[1)]
(Amounts in NOK million)					
Profit/loss for the year	**31**	**53**	**168**	**152**	**-4**
Other comprehensive income					
Currency translation adjustment – may be reclassified to profit or loss	20	-9	-15	48	37
Other comprehensive income, net of tax	**20**	**-9**	**-15**	**48**	**37**
Total comprehensive income for the period	**51**	**44**	**153**	**201**	**33**
Total comprehensive income is attributable to:					
Equity holders of the Group	51	43	154	199	31
Non-controlling interests	0	1	-1	2	2
Total comprehensive income for the period	**51**	**44**	**153**	**201**	**33**

[1)] *The comparative information has been restated as a result of the initial application of IFRS 16 as discussed in note 12.*

CONSOLIDATED BALANCE SHEET

(Amounts in NOK million)	Notes	30.09.2019	30.09.2018[1)]	31.12.2018[1)]
ASSETS				
Non-current assets				
Non-current intangible assets	6	2 460	2 578	2 372
Right-of use assets	8, 12	3 641	3 178	3 229
Non-current property, plant and equipment	7	704	527	598
Non-current financial assets	10	46	116	134
Deferred tax assets	14	215	162	149
Total non-current assets		**7 067**	**6 561**	**6 482**
Current assets				
Inventories		45	30	28
Accounts receivables		116	95	119
Other current receivables		45	112	119
Prepaid expenses and accrued income		236	218	174
Cash and cash equivalents		219	291	357
Total current assets		**660**	**746**	**797**
Total assets		**7 727**	**7 307**	**7 279**
EQUITY				
Share capital		239	225	225
Share premium		2 756	2 270	2 270
Other reserves		-1 286	-1 260	-1 271
Retained earnings		-1 818	-294	-462
Non controlling interests		-2	-4	-1
Total equity		**-111**	**937**	**761**
LIABILITIES				
Non-current liabilities				
Deferred tax liability	3	127	171	83
Borrowings	5, 11	1 708	1 739	1 787
Lease liability	5	3 271	2 924	2 949
Total non-current liabilities		**5 106**	**4 834**	**4 820**
Current liabilities				
Borrowings	5, 11	80	60	60
Lease liability	5, 11	745	574	611
Contract liability		507	466	431
Trade and other payables		127	71	107
Current tax liabilities		17	0	46
Public fees and charges payable		88	63	98
Other current liabilities	5	1 168	302	346
Total current liabilities		**2 732**	**1 537**	**1 699**
Total liabilities		**7 838**	**6 371**	**6 519**
Total equity and liabilities		**7 727**	**7 308**	**7 279**

[1)] *The comparative information has been restated as a result of the initial application of IFRS 16 as discussed in note 12.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts in NOK million)	Share capital	Share premium	Other reserves	Retained earnings	**Total attributable to owners of the group**	Non-controlling interests	**Total equity**
Equity 31 December 2017 reported	**225**	**2 270**	**-1 308**	**-149**	**1 038**	**-3**	**1 035**
IFRS 16 implementation effect				-296	-296	-3	-299
Equity 1 January 2018[1)]	**225**	**2 270**	**-1 308**	**-445**	**742**	**-6**	**736**
Profit/loss for the period				151	151	2	152
OCI for the period			48		48	0	48
Total comprehensive income for the period	**0**	**0**	**48**	**151**	**199**	**2**	**201**
Other items				0	0		0
Equity 30 September 2018[1)]	**225**	**2 270**	**-1 260**	**-294**	**941**	**-4**	**936**
Equity 1 January 2019[1)]	**225**	**2 270**	**-1 271**	**-462**	**762**	**-1**	**761**
Profit/loss for the period				168	168	0	168
OCI for the period			-14		-14	0	-15
Total comprehensive income for the period	**0**	**0**	**-14**	**168**	**154**	**-1**	**153**
Change in minority interests				0	0	0	0
Dividends				-1 525	-1 525		-1 525
Capital increase	14	486			500		500
Equity 30 September 2019	**239**	**2 756**	**-1 286**	**-1 818**	**-109**	**-2**	**-111**

[1)] *The comparative information has been restated as a result of the initial application of IFRS 16 as discussed in note 12.*

CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts in NOK million)	Notes	YTD 2019	YTD 2018[1)]	2018[1)]
Cash flow from operating activities				
Profit before tax		211	202	24
Adjustment for:				
Taxes paid in the period		-35	-15	-21
(Gain)/loss from disposal or sale of equipment	7	-1	-1	-1
Depreciation, amortisation and impairment	6, 7	723	536	1 004
Net financial items		169	200	240
Change in inventory		-14	0	2
Change in accounts receivable		9	4	-20
Change in trade payables		-14	-33	3
Change in other receivables and accruals		-99	-119	-58
Net cash flow from operations		**950**	**775**	**1 173**
Cash flow from investing				
Proceeds from sale of subsidiary		2	-1	5
Purchase of property, plant and equipment	6, 7	-171	-112	-198
Acquisition of subsidiary, net of cash acquired	14	-60	-23	-23
Net cash flow from investing		**-229**	**-135**	**-216**
Cash flow from financing				
Repayments of borrowings	5	-94	-60	-60
Proceeds from borrowings		59	150	150
Installments on lease liabilities	12	-554	-407	-565
Paid interests on borrowings	5	-57	-46	-77
Interests on lease liabilities	12	-140	-125	-170
Disbursement of dividend		-32	0	0
Other financial items		-40	-110	-127
Net cash flow from financing		**-859**	**-598**	**-849**
Net increase/(decrease) in cash and cash equivalents		**-138**	**42**	**107**
Effect of foreign exchange changes on cash and cash equivalents		0	0	1
Cash and cash equivalents at the beginning of the period		357	249	249
Cash and cash equivalents at the end of period		**219**	**291**	**357**

[1)] *The comparative information has been restated as a result of the initial application of IFRS 16 as discussed in note 12.*

NOTES		PAGE
Note 1	**General information and basis for preparation**	17
Note 2	**Segment information**	18
Note 3	**Profit and loss information**	21
Note 4	**Earnings per share**	22
Note 5	**Interest bearing liabilities**	23
Note 6	**Intangible assets**	24
Note 7	**Property, plant and equipment**	25
Note 8	**Right of use ("RoU") assets**	26
Note 9	**Financial instruments**	27
Note 10	**Related parties**	28
Note 11	**Events after the balance sheet date**	28
Note 12	**New accounting standards adopted 1 January 2019**	29
Note 13	**Critical estimates and judgements**	31
Note 14	**Business combination**	32

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. To comply with the Oslo Stock Exchange (Oslo Børs) listing requirements, the Group's parent company was transformed from an AS (limited company) to an ASA (public company) entity per September 2019 and the company was thus renamed to "SATS ASA". As an ASA entity, the Group's parent company is subject to the Norwegian Public Limited Company Act. The accompanying condensed 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 2018 are available at www.satsgroup.com and also upon request from the Company's registered office at Nydalsveien 28, Oslo.

Basis for preparation
These condensed 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 2018.

These condensed consolidated interim financial statements are unaudited.

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2018, except for the changes resulting from the adoption of IFRS 16 Leases as of 1 January 2019. The effect of changing the accounting policy is presented in note 12. Because of rounding differences, numbers or percentages may not add up to the sum totals. For the reporting period IFRIC 23 has been implemented in the Group accounting policies with no material impact on the Group's financial statements.

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
SATS implemented IFRS 16 using the full retrospective approach. 2018 financial information is hence restated in note 12. New accounting standards adopted 1 January 2019.

On 1 January 2019 SATS acquired 100% of the shares in the Danish fitness centre chain fitness dk. The acquisition was done with the aim of expanding the SATS concept to the Danish fitness market, and is expected to ensure profitability for the acquired entities by rebranding the centre profiles and reduce cost through economies of scale. The operating results, assets and liabilities of the acquired company are consolidated from 1 January 2019. Please see Note 14 Business combination for further information.

The financial position and performance of the Group was not, other than mentioned above, particularly affected by any events or transactions during the first nine months of 2019.

There were no other significant events or transactions in the three or nine months ended 30 September 2019 that affected the Group's financial position or performance.

NOTE 2 Segment information

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

The Group's chief operating decision maker is the Nordic Management Group, consisting of the CEO, group functions (CFO, CCO, CDO and HR-director), and the country managers. 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 derivatives).

The Nordic Management Group primarily uses EBITDA[2], EBITDA excluding IFRS 16[2], Adjusted EBITDA before impact of IFRS 16[2] and Adjusted Country EBITDA before impact of IFRS 16[2] (please see below and appendix Alternative Performance Measures) 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 2019 and Q3 2018, and the nine months ended 30 September 2019 and 2018 is as follows:

SATS Group	Norway	Sweden	Finland	Denmark	Group functions and other	**Total**
(Amounts in NOK million)						
Q3 2019						
Revenue						
Membership revenue	353	253	69	100	0	776
Other revenues	77	52	12	21	0	162
Total revenues	**430**	**306**	**81**	**121**	**0**	**938**

EBITDA[2] and EBITDA before impact of IFRS 16[2] reconcile to profit/loss for the period as follows:

	Norway	Sweden	Finland	Denmark	Group functions and other	Total
Profit/loss for the period	**39**	**45**	**-3**	**-34**	**-16**	**31**
Income tax expense	-11	-10	0	9	5	-6
Net financial items[3]	-21	-14	-6	-9	-20	-70
Operating profit	**71**	**69**	**3**	**-35**	**-2**	**107**
Depreciation and amortisation	-94	-65	-24	-46	-12	-241
EBITDA[2]	**165**	**134**	**27**	**11**	**10**	**348**
Impact of IFRS 16	97	65	22	41	0	225
EBITDA before impact of IFRS 16[2]	**68**	**69**	**6**	**-30**	**10**	**123**

	Norway	Sweden	Finland	Denmark	Group functions and other	Total
Q3 2018[1]						
Revenue						
Membership revenue	326	230	63	0	0	619
Other revenues	75	46	11	0	0	132
Total revenues	**401**	**277**	**74**	**0**	**0**	**752**

EBITDA[2] and EBITDA before impact of IFRS 16[2] reconcile to profit/loss for the period as follows:

	Norway	Sweden	Finland	Denmark	Group functions and other	Total
Profit/loss for the period	**31**	**38**	**-3**	**0**	**-13**	**53**
Income tax expense	-10	-11	0	0	1	-20
Net financial items[3]	-23	-14	-6	0	-12	-55
Operating profit	**64**	**62**	**2**	**0**	**-1**	**128**
Depreciation and amortisation	-90	-63	-20	0	-8	-181
EBITDA[2]	**154**	**125**	**22**	**0**	**7**	**308**
Impact of IFRS 16	97	66	20	0	0	183
EBITDA before impact of IFRS 16[2]	**57**	**59**	**2**	**0**	**7**	**125**

On 1 January 2019 SATS acquired 100% of the shares in the Danish fitness center chain fitness dk. The operating results and assets and liabilities of the acquired company is consolidated from 1 January 2019.

[1] *The comparative information has been restated as a result of the initial application of IFRS 16 as discussed in note 12.*
[2] *For further information about definitions, please see appendix Alternative Performance Measures.*
[3] *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)						
YTD 2019						
Revenue						
Membership revenue	1 073	757	209	319	0	2 357
Other revenues	286	206	44	58	0	594
Total revenues	**1 359**	**962**	**253**	**377**	**0**	**2 951**

EBITDA[2] and EBITDA before impact of IFRS 16[2] reconcile to profit/loss for the period as follows:

Profit/loss for the period	**146**	**125**	**-3**	**-81**	**-20**	**168**
Income tax expense	-41	-32	0	22	7	-44
Net financial items[3]	-66	-36	-17	-28	-22	-169
Operating profit	**253**	**193**	**14**	**-74**	**-5**	**380**
Depreciation and amortisation	-284	-202	-69	-136	-32	-723
EBITDA[2]	**537**	**395**	**83**	**62**	**27**	**1 103**
Impact of IFRS 16	297	204	68	123	0	691
EBITDA before impact of IFRS 16[2]	**240**	**191**	**16**	**-61**	**27**	**412**

YTD 2018[1]						
Revenue						
Membership revenue	1 006	712	197	0	0	1 914
Other revenues	268	186	36	0	0	490
Total revenues	**1 274**	**898**	**233**	**0**	**0**	**2 405**

EBITDA[2] and EBITDA before impact of IFRS 16[2] reconcile to profit/loss for the period as follows:

Profit/loss for the period	**110**	**114**	**-5**	**0**	**-66**	**152**
Income tax expense	-33	-32	0	0	16	-49
Net financial items[3]	-73	-31	-17	0	-78	-200
Operating profit	**216**	**177**	**12**	**0**	**-3**	**402**
Depreciation and amortisation	-272	-181	-59	0	-23	-536
EBITDA[2]	**488**	**359**	**71**	**0**	**20**	**938**
Impact of IFRS 16	286	185	60	0	0	532
EBITDA before impact of IFRS 16[2]	**202**	**173**	**10**	**0**	**20**	**406**

On 1 January 2019 SATS acquired 100% of the shares in the Danish fitness center chain fitness dk. The operating results and assets and liabilities of the acquired company is consolidated from 1 January 2019.

[1] *The comparative information has been restated as a result of the initial application of IFRS 16 as discussed in note 12.*
[2] *For further information about definitions, please see appendix Alternative Performance Measures.*
[3] *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)						
FY 2018[1]						
Revenue						
Membership revenue	1 340	962	264	0	0	2 565
Other revenues	379	264	51	0	0	694
Total revenues	**1 719**	**1 225**	**315**	**0**	**0**	**3 259**

EBITDA[2] and EBITDA before impact of IFRS 16[2] reconcile to profit/(loss) for the period as follows:

Profit/loss for the year	**-43**	**146**	**-5**	**0**	**-103**	**-4**
Income tax expense	38	-32	0	0	-34	-28
Net financial items[3]	-98	-52	-24	0	-66	-240
Operating profit	**17**	**230**	**18**	**0**	**-2**	**263**
Impairment of intangible assets	-265	0	0	0	0	-265
Operating profit excluding impairment	**282**	**230**	**18**	**0**	**-2**	**528**
Depreciation and amortisation	-363	-261	-83	0	-32	-739
EBITDA[2]	**645**	**491**	**101**	**0**	**30**	**1 267**
Impact of IFRS 16	380	270	86	0	0	736
EBITDA before impact of IFRS 16[2]	**265**	**221**	**15**	**0**	**30**	**531**

On 1 January 2019 SATS acquired 100% of the shares in the Danish fitness center chain fitness dk. The operating results and assets and liabilities of the acquired company is consolidated from 1 January 2019.

1) *The comparative information has been restated as a result of the initial application of IFRS 16 as discussed in note 12.*
2) *For further information about definitions, please see appendix Alternative Performance Measures.*
3) *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

Significant items in profit and loss
Profit for the period includes the following items that are unusual because of their nature or incidence:

	Q3 2019	Q3 2018[1)]	**YTD 2019**	YTD 2018[1)]	2018[1)]
(Amounts in NOK million)					
Impairment of intangible assets	0	0	0	0	265

As of 1 January 2018, the Group`s opening balance for intangible assets included NOK 265 million recognised in relation to the ELIXIA brand name. The brand name was acquired through a business combination in 2014, when the brand name asset was recognised at fair value at the acquisition date. In 2018, management decided to implement a new branding strategy where the main goal is to harmonise the marketing profile across markets and regions of operations.

The new market strategy aimed to re-brand all the Group's fitness centres, except Fresh Fitness-centres under the logo SATS, and consequently the name ELIXIA will no longer be used. All existing fitness centres in Norway and Sweden have been branded under the SATS logo, hence management has estimated that little future expected cash flows from the brand name ELIXIA are expected to be generated. The value of the brand name has per the 2018 balance sheet date been determined to be nil.

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

Implementation of IFRS 16
The Group has implemented IFRS 16 as of 1 January, and all 2018 comparables have been restated to reflect the new standard. Please see note 12 for information of the implementation effects.

Income tax expense
Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year and is classified as deferred tax liability. The estimated average annual tax rate used for the 2019 interim reporting period is 22% for Norwegian and Danish entities, and 21,4% for the Swedish entities. The Finnish entity has losses carried forward not recognised in the balance sheet, and hence deferred tax asset is not recognised.

[1)] *The comparative information has been restated as a result of the initial application of IFRS 16 as discussed in note 12.*

NOTE 4 Earnings per share

Per the third quarter 2019 the shares of the company were split in the ratio 1 to 4 so that the number of shares was increased from 28 071 892 to 112 287 568. The updated number of shares have been applied as the denominator for all comparable reporting periods.

Basic earnings per share attributable to equity holders of the company

	Q3 2019	Q3 2018[1)]	**YTD 2019**	YTD 2018[1)]	2018[1)]
Basic earnings	0.28	0.46	1.50	1.34	-0.05
Total basic earnings per share	**0.28**	**0.46**	**1.50**	**1.34**	**-0.05**
Total number of outstanding shares	112 287 568	112 287 568	112 287 568	112 287 568	112 287 568

Diluted earnings per share attributable to equity holders of the company

	Q3 2019	Q3 2018[1)]	**YTD 2019**	YTD 2018[1)]	2018[1)]
Diluted earnings	0.28	0.46	1.50	1.34	-0.05
Total diluted earnings per share	**0.28**	**0.46**	**1.50**	**1.34**	**-0.05**
Total number of outstanding shares	112 287 568	112 287 568	112 287 568	112 287 568	112 287 568

Reconciliation of earnings used in calculating earnings per share

	Q3 2019	Q3 2018[1)]	**YTD 2019**	YTD 2018[1)]	2018[1)]
Basic earnings per share					
Profit/loss attributable to equity holders of the Group	31	52	168	151	-6
Profit used in calculating basic earnings per share	**31**	**52**	**168**	**151**	**-6**
Diluted earnings per share					
Profit/loss used in calculating diluted earnings per share	31	52	168	151	-6
Profit used in calculating diluted earnings per share	**31**	**52**	**168**	**151**	**-6**

[1)] *The comparative information has been restated as a result of the initial application of IFRS 16 as discussed in note 12.*

NOTE 5 Interest bearing liabilities

Overview of interest bearing liabilities

	30.09.2019	30.09.2018[1)]	31.12.2018[1)]
(Amounts in NOK million)			
Current			
Bank borrowings	80	60	60
Lease liabilities	745	574	611
Total current interest-bearing liabilities	**825**	**634**	**671**
Non-current			
Bank borrowings	1 708	1 739	1 787
Lease liabilities	3 271	2 924	2 949
Total non-current interest-bearing liabilities	**4 979**	**4 663**	**4 737**
Total interest-bearing liabilities	**5 803**	**5 297**	**5 408**
Total bank borrowings	1 788	1 799	1 847
Cash and cash equivalents	219	291	357
Net debt[2)]	**1 570**	**1 508**	**1 490**

Please see Note 12 New accounting standards adopted 1 January 2019 for more information.

Covenants
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 during Q3 2019.

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 2019:

Bank borrowings	**Total**
(Amounts in NOK million)	
Less than 1 year	145
1-2 years	160
2-3 years	106
3-5 years	1 544
Total payment profile for borrowings	**1 955**

Lease liabilities	**Total**
Less than 1 year	908
1-2 years	812
2-3 years	734
3-5 years	1 098
More than 5 years	1 062
Total payments	**4 614**

Distribution of dividend
The general shareholder meeting decided in June 2019 to repay paid-in capital through a distribution of a dividend in the amount of NOK 1 500 million, NOK 53 per share. In order to create greater flexibility in connection with the IPO, the Board of Directors decided in September 2019 that NOK 500 million of the dividend of NOK 1 500 million is converted to equity prior to the IPO based on way of increasing the nominal value of the shares in SATS ASA. The divided was settled in October 2019.

1) The comparative information has been restated as a result of the initial application of IFRS 16 as discussed in note 12.
2) For further information regarding Net debt, please see appendix Alternative Performance Measures.

NOTE 6 Intangible assets

Goodwill

	Norway	Sweden	Finland	Denmark	**Total goodwill**
(Amounts in NOK million)					
At 31 December 2018					
Cost	1 762	181	579	0	2 522
Accumulated impairment	-199	0	-10	0	-209
Net book amount	**1 563**	**181**	**569**	**0**	**2 313**
YTD 2019					
Opening net book amount	1 563	181	569	0	2 313
Net effect of changes in foreign exchange	0	-8	-3	0	-11
Net additions/disposals	35	14	0	0	49
Closing net book amount	**1 599**	**187**	**566**	**0**	**2 351**
At 30 September 2019					
Cost	1 798	187	575	0	2 559
Accumulated impairment	-199	0	-10	0	-209
Net book amount	**1 599**	**187**	**566**	**0**	**2 351**
Useful life	Indefinite	Indefinite	Indefinite		
Amortisation method	Not amortised	Not amortised	Not amortised		

Other intangible assets

	Trademark	Internally developed software[1]	Customer base	Other	**Total other intangible assets**
(Amounts in NOK million)					
At 31 December 2018					
Cost	265	220	0	4	488
Accumulated amortisation and impairment	-265	-161	0	-3	-429
Net book amount	**0**	**58**	**0**	**0**	**59**
YTD 2019					
Opening net book amount	0	58	0	0	59
Net effect of changes in foreign exchange	0	-3	0	0	-3
Acquisition	2	0	0	0	2
Additions/disposals	0	40	50	0	89
Amortisation charge	0	-31	-6	0	-38
Closing net book amount	**2**	**64**	**43**	**0**	**109**
At 30 September 2019					
Cost	267	257	49	4	576
Accumulated amortisation and impairment	-265	-193	-6	-4	-467
Net book amount	**2**	**64**	**43**	**0**	**109**
Useful life	10 years	3 years	3–7 years	1–10 years	
Amortisation method	Straight-line	Straight-line	Straight-line	Straight-line	

[1] *Software consists of capitalised development costs being an internally generated intangible asset.*

NOTE 7 Property, plant and equipment

Property, plant and equipment

(Amounts in NOK million)	Capitalised leasehold improvements	Fitness equipment	Other fixtures and equipement	**Total fixed assets**
At 31 December 2018				
Cost	942	693	390	2 025
Accumulated depreciation	-576	-510	-341	-1 427
Net book amount	**366**	**184**	**49**	**598**
Pledged as security for liabilities				**598**
YTD 2019				
Opening net book amount	366	184	49	598
Net effect of changes in foreign exchange	-6	-3	-1	-10
Net additions/disposals	171	38	24	232
Depreciation charge	-62	-36	-19	-117
Closing net book amount	**468**	**182**	**53**	**704**
At 30 September 2019				
Cost	1 107	728	413	2 248
Accumulated depreciation and impairment	-639	-546	-360	-1 544
Net book amount	**468**	**182**	**53**	**704**
Pledged as security for liabilities				**704**
Useful life	10 years	5–9 years	3–7 years	
Depreciation method	Straight line	Straight line	Straight line	

NOTE 8 Right of use ("RoU") assets

RoU assets

	Premise rental	Other leases	**Total RoU assets**
(Amounts in NOK million)			
At 1 January 2018			
Cost	6 295	21	6 315
Accumulated depreciation	-2 969	0	-2 969
Net book amount	**3 325**	**21**	**3 346**
YTD 2018			
At 1 January 2018	3 325	21	3 346
Net effect of changes in foreign exchange	-111	-1	-111
Additions/disposals	357	2	359
Depreciation charge	-408	-7	-415
Closing net book amount	**3 163**	**15**	**3 178**
At 30 September 2018			
Cost	6 541	22	6 563
Accumulated depreciation	-3 378	-7	-3 385
Net book amount	**3 163**	**15**	**3 178**
Year ended 31 December 2018			
At 1 January 2018	3 325	21	3 346
Net effect of changes in foreign exchange	-30	0	-30
Additions/disposals	487	2	489
Depreciation charge	-566	-10	-576
Closing net book amount	**3 216**	**13**	**3 229**
At 31 December 2018			
Cost	6 752	23	6 775
Accumulated depreciation	-3 536	-10	-3 545
Net book amount	**3 216**	**13**	**3 229**
YTD 2019			
At 1 January 2019	3 216	13	3 229
Net effect of changes in foreign exchange	-56	0	-57
Additions/disposals	985	59	1 044
Depreciation charge	-556	-18	-575
Closing net book amount	**3 588**	**54**	**3 641**
At 30 September 2019			
Cost	7 680	81	7 761
Accumulated depreciation	-4 092	-28	-4 120
Net book amount	**3 588**	**54**	**3 641**
Useful life	1–15 years	1–5 years	
Depreciation method	Straight-line	Straight-line	

NOTE 9 Financial instruments

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.

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

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

	30.09.2019		30.09.2018[1]		31.12.2018[1]	
Assets	**Assets measured at amortised cost**	**Fair value through profit and loss**	Assets measured at amortised cost	Fair value through profit and loss	Assets measured at amortised cost	Fair value through profit and loss
(Amounts in NOK million)						
Other non-current receivables	41	0	110	0	131	0
Accounts receivables	116	0	95	0	119	0
Other current receivables	45	0	112	0	119	0
Derivatives	0	5	0	6	0	3
Cash and cash equivalents	219	0	291	0	357	0
Total	**421**	**5**	**608**	**6**	**726**	**3**

	30.09.2019		30.09.2018[1]		31.12.2018[1]	
Liabilities	**Liabilities measured at amortised cost**	**Fair value through profit and loss**	Liabilities measured at amortised cost	Fair value through profit and loss	Liabilities measured at amortised cost	Fair value through profit and loss
(Amounts in NOK million)						
Borrowings	1 788	0	1 799	0	1 847	0
Lease liabilities	4 015	0	3 498	0	3 560	0
Trade and other payables	127	0	71	0	107	0
Other current liabilities	1 168	0	302	0	346	0
Total financial liabilities	**7 098**	**0**	**5 670**	**0**	**5 861**	**0**

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

	30.09.2019	30.09.2018[1]	31.12.2018[1]
(Amounts in NOK million)			
Non-current assets			
Interest rate swap contracts	5	6	3
Total non-current derivative financial instrument assets	**5**	**6**	**3**

Overview of interest swaps per 30 September 2019

Interest rate swaps	Notional in currency million	Maturity	Fixed rate	**Unrealised gain/loss 30.09.2019**
IRS NOK	773	29.09.2021	1.28	6
IRS EUR	13	29.09.2021	0.09	-2
Fair value of the Group`s interest rate swaps as of 30 September 2019 in NOK million				**5**

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

[1] *The comparative information has been restated as a result of the initial application of IFRS 16 as discussed in note 12.*

NOTE 10 Related parties

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

Profit or loss items

Related party	Relationship	Type of services	**30.09.2019**	30.09.2018[1)]	2018[1)]
(Amounts in NOK million)					
Run Holding AS	Sister company	Foreign exchange loss (gains) unrealised	0	1	-1
Run Bidco ApS	Sister company	Foreign exchange loss (gains) unrealised	0	2	-1
Run Holding AS	Sister company	Interest rate on loan	0	0	-2
Run Bidco ApS	Sister company	Interest rate on loan	0	0	-2
Elixia Holding IV AS	Shareholder of SATS Group AS	Interest rate on loan	0	0	0
Altor	Shareholder of SATS Group AS	Restructuring costs	0	0	0
SATS Group AS	Shareholder	Interest rate on loan	-3	-2	0
Metropolis Health Club AB	Minority interest	Accounting services	0	0	0
SATS Grenland AS	Minority interest	IT, accounting and other services	3	3	4
Total related party profit or loss items			**0**	**4**	**-2**

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

Run Holding AS and Run Bidco ApS are consolidated in the SATS AS Group from 1 January 2019. In Annual Report 2018 the entities are treated as related parties.

Balance sheet items

Related party	Relationship	Type of services	**30.09.2019**	30.09.2018[1)]	2018[1)]
(Amounts in NOK million)					
Altor & Tryghedsgruppen s.m.b.a	Shareholder of SATS Group AS	Acquisition of Run Holding AS	35	0	0
SATS Management Invest AS	Shareholder	Dividend	-125	0	0
SATS Management Invest AS	Shareholder	Capital injection	42	0	0
SATS Group AS	Shareholder	Borrowings	118	46	67
SATS Group AS	Shareholder	Dividend	-1 357	0	0
SATS Group AS	Shareholder	Capital injection	452	0	0
Hansemgruppen Holding AS	Shareholder	Dividend	-18	0	0
Hansemgruppen Holding AS	Shareholder	Capital injection	6	0	0
Run Holding AS	Sister company	Loan	0	39	42
Run Bidco ApS	Sister company	Loan	0	70	88
Elixia Holding IV AS	Shareholder of SATS Group AS	Loan	0	1	1
Total related party balance sheet items			**-847**	**156**	**197**

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. Please see note 5 Interest bearing liabilities for further information about related party borrowings.

[1)] *The comparative information has been restated as a result of the initial application of IFRS 16 as discussed in note 12.*

NOTE 11 Events after the balance sheet date

IPO
A significant event after the reporting date occurred with SATS' initial public offering (IPO) of its ordinary shares, whereby on 23 October 2019 the Group parent company SATS ASA was accepted for listing on the Oslo Stock Exchange (Oslo Børs).

The IPO was achieved by issuing 57 712 432 shares with a par value of NOK 2.125 at the price of NOK 23.5 per share, resulting in a net capital increase of NOK 1 311 million. Prior to the IPO, the company's shares have not been publicly traded.

The IPO transaction will be reflected in the fourth quarter interim financial statements, where net proceeds from the IPO will be recognized as increased share capital and share premium.

New long term loan facility agreement
In September the Company entered into a new unsecured revolving credit facility agreement with Swedbank, as part of its transition towards the IPO, with the new agreement coming into effect per the listing.

The new facility consist of a multicurrency revolving credit facility with a maximum principal amount of NOK 2 500 million. Per October 2019 SATS refinanced all outstanding bank borrowings under the existing agreement. Further, to finance the general corporate purpose the Group made an initial draw down of NOK 1 300 million from the new facility.

Interests on borrowings under the new 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 an expected initial draw down of NOK 1 300 million, the annual interest rate is expected be in the ratio of NOK 50 to 55 million.

The new loan facility agreement includes a financial covenant requiring the leverage ratio, Net Debt to EBITDA, not to exceed 4.25x until the date falling two years after the date of the agreement, and not to exceed 4.00x thereafter. Net Debt is defined as current and non-current bank borrowings less cash and cash equivalents. EBITDA is defined as EBITDA excluding special items and adjusted for lease expenses applying IAS 17 Leases. The new facility agreement does not contain any restrictions on divided payments.

The Board of Directors are not aware of any other material events that have occurred after the balance sheet date and before the date of the approval of the interim financial statements that provide new information about conditions that existed at the balance sheet date (that are not currently reflected in the interim financial statements), nor have any significant events occurred after the balance sheet date that require further disclosures.

NOTE 12 New accounting standards adopted 1 January 2019

New standards adopted by the Group
The following standards and amendments have been adopted by SATS Group for the first time for the financial year beginning on 1 January 2019:

IFRS 16, Leases
Adoption of IFRS 16, Leases removes the distinction between operating and finance leases and requires lessees to recognise nearly all leases in the consolidated statement of financial position. Under the new standard, a right-of-use asset and a financial liability to pay rentals are recognised.

Transition method
SATS implemented IFRS 16 using the full retrospective approach. As such, 2018 financial information is required to be restated in these financial statements. The impact of the new lease standard is reflected in the opening balance of 1 January 2018.

SATS ASA has performed a full assessment as to whether the company's arrangements contain a lease. This means that the practical expedient under IFRS 16.C3 not to reassess whether a contract is, or contains, a lease has not been used.

Key accounting decisions and principles
SATS presents the right-of-use assets and lease liabilities as separate line-items in the statement of financial position. Lease liabilities are split into current, due within one year, and non-current, due after more than one year.

In the statement of profit or loss, depreciation and impairment expenses related to right-of-use assets are presented as part of the total depreciation and impairment expenses. Interest expenses related to the lease liabilities are presented as part of interest expense.

Key assumptions applied in determining the estimated values of the lease liability and right-of-use asset include the assessment of the lease term, including purchase, extension or termination option, and the appropriate discount rate. The lease term is impacted by the assessment of the reasonably certain criterion in respect of renewal or termination options.

As the implicit discount rates of SATS' leases are not readily available, SATS applied the incremental borrowing rate applicable at the lease commencement dates of a lease to determine the discounted value of the lease liabilities. Upon modification of a lease, the remeasurement of the lease liability is performed using the applicable discount rate at the date of the remeasurement. The two capitalisation exemptions proposed by the standard, lease contracts with a lease term of less than 12 months and lease contracts for which the underlying asset has a low value, have been applied. The payments for such leases is recognised in the income statement on a straight-line basis over the lease contract period.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, adjusted for initial direct costs and lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method over the shorter of the lease term or the useful life of the underlying asset. In addition, the right-of-use asset has been reduced by any impairment charges and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at the present value of future lease payments at the commencement date, discounted using the Group's incremental borrowing rate.

The Group has elected to separate lease and non-lease components included in lease payments for property leases. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate; initially measured using the index or rate as at the commencement date;
- (if any) amounts expected to be payable under a residual value guarantee;
- (if any) lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured, a matching adjustment is made to the carrying amount of the right-of-use asset. The weighted average incremental borrowing rate per the reporting date was 4.62%.

SATS has recognised a deferred tax position for all jurisdictions of operation except for Finland as it has determined that the IFRS 16 accounting effects will not be applicable for the Group entities' corporate income tax filings.

Lease income from operating leases where the Group is a lessor are recognised as income on a straight-line basis over the lease term. There are no material financial lease arrangements where the Group is a lessor.

Financial statement impact
The financial statement effects from implementing IFRS 16 are outlined in the tables below.

IFRS 16 effects on Consolidated Balance Sheet

(Amounts in NOK million)	Reported 30 Sept 2018	Change IFRS 16	Restated 30 Sept 2018	Reported 31 Dec 2018	Change IFRS 16	Restated 31 Dec 2018	Reported 31 Dec 2017	Change IFRS 16	Restated 1 Jan 2018
Deferred tax asset	90	72	162	76	73	149	91	71	162
RoU assets	0	3 178	3 178	0	3 229	3 229	0	3 346	3 346
Prepaid expenses	215	-52	162	227	-52	174	213	-53	160
Total assets	**304**	**3 198**	**3 502**	**303**	**3 250**	**3 552**	**304**	**3 364**	**3 668**
Equity	**1 280**	**-344**	**937**	**1 063**	**-302**	**761**	**1 035**	**-299**	**736**
Current lease liabilities	3	571	574	5	606	611	5	551	555
Non-current lease liabilities	2	2 922	2 924	4	2 945	2 949	5	3 112	3 117
Total equity and liabilities	**1 286**	**3 149**	**4 435**	**1 071**	**3 249**	**4 320**	**1 044**	**3 364**	**4 408**

IFRS 16 effects on Consolidated Statements of Comprehensive Income

(Amounts in NOK million)	Reported Q3 2018	Change IFRS 16	Restated Q3 2018	Reported YTD 2018	Change IFRS 16	Restated YTD 2018	Reported FY 2018	Change IFRS 16	Restated FY 2018
Total revenue	**752**	**0**	**752**	**2 405**	**0**	**2 405**	**3 259**	**0**	**3 259**
Cost of goods sold	-18	0	-18	-57	0	-57	-80	0	-80
Personnel expenses	-267	0	-267	-887	0	-887	-1 224	0	-1 224
Property lease expenses	-242	183	-59	-751	532	-219	-1 015	736	-279
Depreciation and amortisation	-40	-141	-181	-121	-415	-536	-163	-576	-739
Other operating expenses	-99	0	-99	-304	0	-304	-409	0	-409
Impairment of intangible assets	0	0	0	0	0	0	-265	0	-265
Operating profit	**86**	**42**	**128**	**285**	**117**	**402**	**103**	**160**	**263**
Net financial items	-14	-41	-55	-74	-125	-200	-69	-170	-239
Income tax expense	-20	0	-20	-51	2	-49	-30	2	-28
Profit/loss for the period	**52**	**2**	**53**	**160**	**-7**	**153**	**4**	**-8**	**-4**
Other comprehensive income	-9	0	-9	37	11	48	32	5	37
Total comprehensive income	**43**	**2**	**44**	**197**	**4**	**201**	**36**	**-3**	**33**

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 asset, recognition of deferred tax assets for carried forward tax losses etc.

Management has recognised a deferred tax assets for Danish segment based on historic tax losses carried forward. The deferred tax asset is recognized based on management's expectation of future tax profits. The historic tax losses carried forward in the Finnish segment has not been recognised as a deferred tax assets as an uncertainty related to the usability of the losses has been identified.

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.

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 recognise 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.

NOTE 14 Business combination

Acquisition of Fitness DK A/S
On 1 January 2019 SATS acquired 100% of the shares in the Danish fitness centre chain fitness dk Group. The acquisition was done with the aim of expanding the SATS concept to the Danish fitness market, and is expected to ensure profitability for the acquired entities by rebranding the centre profiles and reduce cost through economies of scale.

The operating results and assets and liabilities of the acquired company was consolidated from 1 January 2019.

Details of the purchase consideration

(Amounts in NOK million)

Purchase consideration:	
Cash paid	36.0
Total purchase consideration	**36.0**

The assets and liabilities recognised as a result of the acquisition are as follows[1]:

	Fair value at acquisition[1]
Cash and cash equivalents	34.2
Right-of-use asset	662.8
Property, plant and equipment	106.3
Customer base	43.4
Receivables	72.0
Net deferred tax assets	47.0
Payables	128.7
Borrowings	129.8
Lease liabilities	662.8
Deferred tax on customer base	8.4
Fair value of net identifiable assets acquired	**36.0**

Recognised goodwill	
Total purchase consideration	36.0
Less: fair value of net identifiable assets acquired	36.0
Recognised goodwill	**-**

The amounts of revenue recognised from the acquiree since the acquisition date is disclosed in the segment reporting for Denmark, note 2. Deferred tax assets in Denmark is primarily based on historic tax losses carried forward. The deferred tax asset is recognised based on expectation of future tax profits.

[1] *The assets and liabilities recognized are based on preliminary purchase price allocation analysis, and may be subject to future adjustments.*

Acquisition of FitnessXpress AS, Gym & Motion i Åkersberga AB and Viscus AB
On 3 January 2019 SATS acquired the Norwegian fitness club FitnessXpress AS located in Oslo and on 2 May 2019 SATS acquired 100% of the issued shares in Gym & Motion i Åkersberga AB, a fitness club located in Österåker Municipality in Sweden. The operating results, assets and liabilities of the acquired companies has been consolidated from 3 January and 2 May 2019 respectively.

On 1 July SATS acquired 100% of the shares in Viscus AB, a business located in Gotenburg and Södertälje, offering personal training services and group excercise aiming at the corporate market. The operating results, assets and liabilities of Viscus AB has been consolidated from 1 July 2019.

Details of the purchase consideration	
(Amounts in NOK million)	
Purchase consideration:	
Cash paid	62.5
Total purchase consideration	**62.5**

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value at acquisition[1)]
(Amounts in NOK million)	
Cash and cash equivalents	3.2
Right-of-use asset	79.7
Property, plant and equipment	4.1
Customer base	14.6
Receivables	7.8
Payables	7.1
Lease liabilities	79.7
Deferred tax	3.3
Fair value of net identifiable assets acquired	**19.3**
Recognised goodwill	
Total purchase consideration	62.5
Less: fair value of net identifiable assets acquired	19.3
Recognised goodwill	**43.2**

The goodwill is attributable to the workforce and the expected profitability of the acquired business.

[1)] *The assets and liabilities recognized are based on preliminary purchase price allocation analysis, and may be subject to future adjustments.*

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:

Operating profit excluding impairment
Operating profit excluding impairment is defined as operating profit adjusted for any recognised impairment for the period. This APM is presented as management believe this presentation will more adequately represent the Group's underlying operating performance for the year, without the impact of the impairment charge related to the discontinuation of the ELIXIA brand.

EBITDA
EBITDA is a measure of earnings before deducting net financial items, taxes, amortisation 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 profit/loss for the period to Adjusted Country EBITDA before impact of IFRS 16

TOTAL	**Q3 2019**	Q3 2018[1)]	**YTD 2019**	YTD 2018[1)]	FY 2018[1)]
(Amounts in NOK million)					
EBITDA before impact of IFRS 16	**123**	**125**	**412**	**406**	**267**
(ii) Impairment of intangible assets	0	0	0	0	265
(iii) Revenue and costs from closed clubs	0	1	0	0	2
(iiii) Comparability adjustments	6	0	6	3	5
Adjusted EBITDA before impact of IFRS 16	**129**	**127**	**418**	**409**	**539**
Group overhead and cost allocation	61	48	182	146	185
Adjusted Country EBITDA before impact of IFRS 16	**190**	**175**	**600**	**555**	**724**

NORWAY	**Q3 2019**	Q3 2018[1)]	**YTD 2019**	YTD 2018[1)]	FY 2018[1)]
(Amounts in NOK million)					
EBITDA before impact of IFRS 16	**68**	**57**	**240**	**202**	**0**
(ii) Impairment of intangible assets	0	0	0	0	265
(iii) Revenue and costs from closed clubs	0	2	0	1	4
(iiii) Comparability adjustments	0	-4	0	-4	-5
Adjusted EBITDA before impact of IFRS 16	**68**	**55**	**240**	**199**	**264**
Group overhead and cost allocation	-32	-29	-96	-83	-108
Adjusted Country EBITDA before impact of IFRS 16	**100**	**84**	**335**	**283**	**372**

SWEDEN	**Q3 2019**	Q3 2018[1)]	**YTD 2019**	YTD 2018[1)]	FY 2018[1)]
(Amounts in NOK million)					
EBITDA before impact of IFRS 16	**69**	**59**	**191**	**173**	**221**
(ii) Impairment of intangible assets	0	0	0	0	0
(iii) Revenue and costs from closed clubs	0	0	0	1	1
(iiii) Comparability adjustments	0	0	0	0	0
Adjusted EBITDA before impact of IFRS 16	**69**	**59**	**191**	**174**	**222**
Group overhead and cost allocation	-27	-26	-78	-74	-96
Adjusted Country EBITDA before impact of IFRS 16	**96**	**85**	**270**	**248**	**318**

FINLAND	**Q3 2019**	Q3 2018[1)]	**YTD 2019**	YTD 2018[1)]	FY 2018[1)]
(Amounts in NOK million)					
EBITDA before impact of IFRS 16	6	2	16	10	15
(ii) Impairment of intangible assets	0	0	0	0	0
(iii) Revenue and costs from closed clubs	0	0	0	-2	-2
(iiii) Comparability adjustments	0	0	0	3	3
Adjusted EBITDA before impact of IFRS 16	**6**	**1**	**16**	**11**	**17**
Group overhead and cost allocation	-4	-4	-13	-13	-17
Adjusted Country EBITDA before impact of IFRS 16	**10**	**6**	**28**	**25**	**34**

DENMARK	**Q3 2019**	Q3 2018[1)]	**YTD 2019**	YTD 2018[1)]	FY 2018[1)]
(Amounts in NOK million)					
EBITDA before impact of IFRS 16	**-30**	**0**	**-61**	**0**	**0**
(ii) Impairment of intangible assets	0	0	0	0	0
(iii) Revenue and costs from closed clubs	0	0	0	0	0
(iiii) Comparability adjustments	6	0	6	0	0
Adjusted EBITDA before impact of IFRS 16	**-24**	**0**	**-55**	**0**	**0**
Group overhead and cost allocation	-8	0	-23	0	0
Adjusted Country EBITDA before impact of IFRS 16	**-16**	**0**	**-33**	**0**	**0**

[1)] *The comparative information has been restated as a result of the initial application of IFRS 16 as discussed in note 12.*

Net debt
Current and non-current borrowings for the period (excluding property lease liabilities recognised 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) and investments in greenfield. The measure is defined as the sum of Aqcuisition of subsidiary from the Statement of cashflows including investments in greenfields.

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 exluding IFRS 16 less Maintenance capex.

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 by 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 and greenfields
Capex: IT capital expenditures	Capital expenditures associated with developing software programs
Capex: Maintenance capital expenditures	Total capital expenditures less expansion 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 e.g. commercial functions, IT, finance and administration
Leverage ratio	Net debt divided by last twelve months adjusted EBITDA before impact of IFRS 16
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 as of 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
Operating profit excluding impairment	Operating profit adjusted for any recognised impairment
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

2191234 • BOLT.as

Investor Relations Contacts

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

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

-

SATS ASA
Nydalsveien 28
0484 Oslo

Telefon +47 23 30 70 00
www.sats.no