SATS Q1 2021

THIS IS SATS

The Group, through our brands and concepts SATS, ELIXIA, Fresh Fitness and HiYoga, is the leading provider of fitness and training services in the Nordics with over 250 clubs, close to 9 000 employees and around 600 000 members.

Everyone is welcome at SATS, and our members have full flexibility to tailor their 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 are embracing the opportunities created by increased focus on health and wellness in our society, and are accelerating our growth plans by both expanding our club footprint and launching a new digital home training offering."

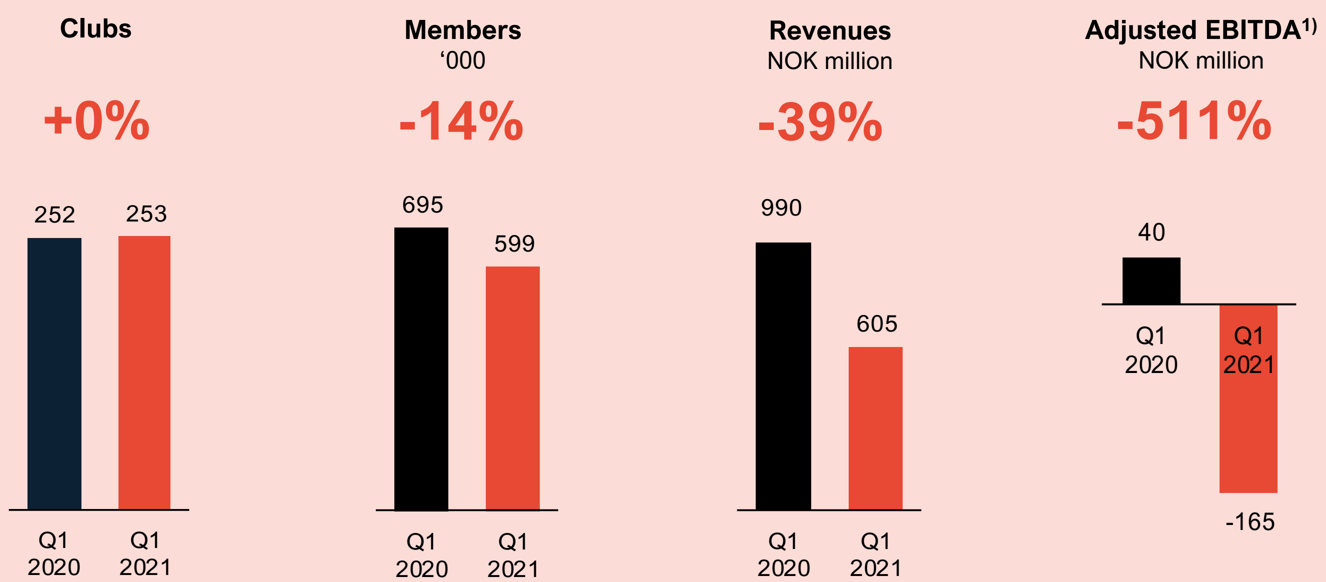
There has now been more than 12 months since we closed all our clubs in the Nordics. After reopening our clubs last year, we have seen new closures, and the majority of our clubs in e.g. Norway has now been closed for six months continuously. The result is clear; public health is suffering. Most of our members are not finding alternative ways to stay active. 40 million annual visits in our clubs are not replaced by other activities. Many employees have been temporarily laid off for a long period, and revenues are taking a severe negative hit.

For SATS as a company, it has been important to manage the crisis along two tracks. First, we need to handle the pandemic in the short term. We have changed our operational routines to ensure safe training. We have reduced operational costs. We have activated our members through digital training.

But even more importantly, we have been preparing ourselves for the opportunities arising after the pandemic. The megatrend in our society around health and wellness, and the willingness to invest in fitness and personal health, have never been stronger. Hence, we are ramping up our growth investments.

In 2020 and 2021, we are opening 30 new clubs, which is the strongest club expansion we have seen in many years. Additionally, are launching a new digital home training offering, unlike anything seen in the Nordics before – Mentra by SATS. A connected screen and a mirror. Curated and live content. Outstanding coaches and community circles. And later on, a bike and a treadmill will also be launched. Mentra by SATS is taking digital training to the next level, for both existing SATS members and non-members, in existing SATS geographies and new geographies. We will continue to fight inactivity. We will make more people than ever before healthier and happier.

Sondre Gravir
CEO



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

HIGHLIGHTS

- *Continued operational and financial set-back in the quarter, with imposed temporary club closures in Denmark and many Norwegian municipalities*
- *Total revenues of NOK 605 million, compared to NOK 990 million last year*
- *Adjusted EBITDA of negative NOK 165 million, NOK 205 million below last year*
- *Sufficient liquidity to handle a continued unsecure regulatory environment going forward, with a liquidity position of NOK 778 million, including cash and undrawn revolving credit facility (RCF)*
- *Signed an addendum to the RCF agreement after the balance sheet date, waiving the original covenants until October 2022*
- *Will accelerate club growth, as good opportunities are emerging, both in current and new clusters in the Nordics*
- *Announcing a next-level digital home training offering, to be launched in Q3*

Key Financial Figures and Alternative Performance Measures (APM)

	Q1 2021	Q1 2020	FY 2020
Amounts in NOK million (unless otherwise stated)			
Membership revenue	356	786	2 649
Other revenues	248	203	885
Total revenues	605	990	3 534
EBITDA	80	286	1 135
Margin (%)	*13%*	*29%*	*32%*
Operating profit excluding impairment	-175	23	90
Operating profit	-175	23	11
Profit/loss for the period	-221	-97	-325
Earnings per share (NOK)	-1.29	-0.57	-1.90
Adjusted Country EBITDA before impact of IFRS 16	-95	107	397
Margin (%)	*-16%*	*11%*	*11%*
Adjusted EBITDA before impact of IFRS 16	-165	40	146
Margin (%)	*-27%*	*4%*	*4%*
Maintenance Capex	25	69	185
Total Capex	37	95	290
Net debt	1 615	1 177	1 493
Operating cash flow	-124	117	-39
Clubs	253	252	253
Members (‘000)	599	695	628
ARPM (NOK/month)	329	477	492

[1)] As defined in Appendix under Alternative Performance Measures.

BOARD OF DIRECTORS' REPORT

ANALYSIS OF THE Q1 2021 FINANCIAL STATEMENTS

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

Statement of comprehensive income

Total revenues decreased by 39% to NOK 605 million in Q1 2021, compared to NOK 990 million in Q1 2020. Other revenues include NOK 108 million of governmental supporting packages from the Norwegian and Danish government. The revenues for all segments decreased in Q1 2021 compared to Q1 2020. The total member base decreased by 14% compared to last year, partly due to the divestment of nine clubs in Denmark in Q3 2020 but also as a consequence of lost membership sales during the closure periods. Adjusted for the divestment, the member base decreased by 12%. Reported ARPM decreased by 31%, mainly driven by an increase of frozen memberships. All memberships at closed clubs were frozen, and the number of frozen memberships at open clubs also increased due to the infection rates and reduced social mobility in society.

Total operating expenses decreased by 19% to NOK 780 million in Q1 2021, while operating expenses excluding depreciation and amortization decreased by 25% to NOK 524 million. Cost of goods sold decreased with lower retail sales, other operating expenses decreased due to closed clubs and personnel expenses decreased as a result of temporary lay-offs of employees at closed clubs. The operating loss decreased from NOK 23 million to a negative NOK 175 million. Profit decreased in Norway, Sweden and Finland compared to Q1 2020. In Denmark on the other hand, profit increased as a consequence of the divestment of nine unprofitable clubs in Denmark in Q3 2020, but was still negative by NOK 36 million.

Net financial expense in Q1 2021 was NOK 90 million, an increase of NOK 33 million compared to Q1 2020, mainly due to negative unrealized currency effects, partly offset by fair value adjustments for interest rate swaps. Income tax expense in Q1 2021 was positive by NOK 44 million.

Loss before tax was NOK 265 million in Q1 2021, compared to a loss of NOK 34 million in Q1 2020. Loss for the period was NOK 221 million in Q1 2021, compared to a loss of NOK 97 million in Q1 2020, while total comprehensive loss was NOK 190 million, compared to a loss of NOK 73 million in Q1 2020.

Statement of financial position

Consolidated assets decreased by NOK 423 million to NOK 8 637 million in Q1 2021. A major driver of the decreased consolidated assets was currency translation effects from a strengthened NOK compared to last year. Right-of-use assets and intangible assets were the largest components of consolidated assets, amounting to NOK 4 230 million and NOK 2 540 million, respectively, on 31 March 2021. Both non-current assets and current assets decreased. The decrease in non-current assets was driven by the decrease in property, plant and equipment due to strengthened NOK. The decrease in current assets was primarily driven by a decrease in cash and cash equivalents.

Total liabilities increased from NOK 7 909 million as at 31 March 2020 to NOK 7 939 million as at 31 March 2021, primarily due to increased borrowings and higher lease liability.

As at 31 March 2021, consolidated equity amounted to NOK 698 million, representing an equity ratio of 8%, compared to NOK 1 150 million and 13% in Q1 2020.

Statement of cash flows

Net cash flow from the Group's operations was NOK 123 million in Q1 2021, compared to NOK 416 million in Q1 2020. The decreased cash flow from operations of NOK 293 million was mainly due a reduction in profit for the quarter. This quarter there was also a negative working capital effect, compared to last year when the increase in deferred revenue was higher than normal related to member compensation during the first club closure period.

Net cash outflow from investing activities amounted to NOK 38 million in Q1 2021, compared to an outflow of NOK 94 million in Q1 2020. The main reason for the decreased outflow was lower acquisition activity and lower maintenance activities in the quarter. The planned expansion in 2021 is backloaded, and higher expansion capital expenditures is expected in the coming quarters.

Net cash outflow from financing was NOK 67 million in Q1 2021, compared to a cash flow of NOK 312 million in Q1 2020. A precautionary draw-down of NOK 200 million on the credit facility was made in Q1 to ensure liquidity during the ongoing COVID-19 pandemic, while in the same quarter last year a draw-down of NOK 575 million was made for the same reason.

In Q1 2021, consolidated cash and cash equivalents increased net by NOK 18 million, compared to an increase of NOK 633 million in Q1 2020. As at the balance sheet date, the Group had cash and cash equivalents of NOK 488 million, compared to NOK 775 million as of the balance sheet date of 31 March 2020.

Segment development

The following sections of this report review each operating segment. Unless otherwise stated, comments regarding development reflect a comparison between Q1 2021 and Q1 2020.

NORWAY

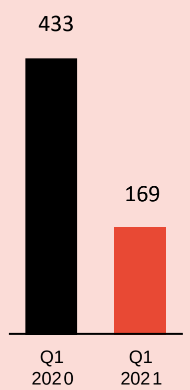
Norway is the largest operating segment in the Group with 41% of the consolidated total revenues in 2020 and 268 000 members at the end of Q1 2021. SATS is a well-known brand in Norway and the largest operator of fitness clubs.

Total revenues were NOK 169 million in Norway in Q1, a 61% decrease compared to the same quarter last year. The revenue drop was caused by imposed club closures in many municipalities, and thus 62% of the capacity being closed, compared to 22% last year. As in Q4 2020, all memberships at the closed clubs were frozen during the closure periods, resulting in a 57% ARPM reduction, which was the main driver behind the revenue drop. Additionally, the member base was 11% lower than last year, after extensive periods of clubs closures the past year has reduced the sales of new memberships.

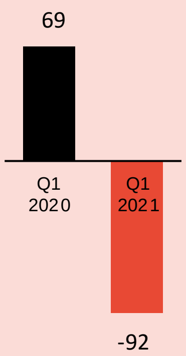
SATS has received supporting packages from the Norwegian government and certain municipalities, compensating for parts of the negative financial effects of the restrictions. The compensations, recognized as other revenue, summed up to 49 million in Q1. The compensation for March, estimated to NOK 25 million will be booked in Q2.

Country EBITDA decreased by NOK 161 million to a negative NOK 92 million, resulting in a negative quarterly Country EBITDA margin of 54%, 70 p.p. lower than in Q1 2020.

Revenues
NOK million
-61%



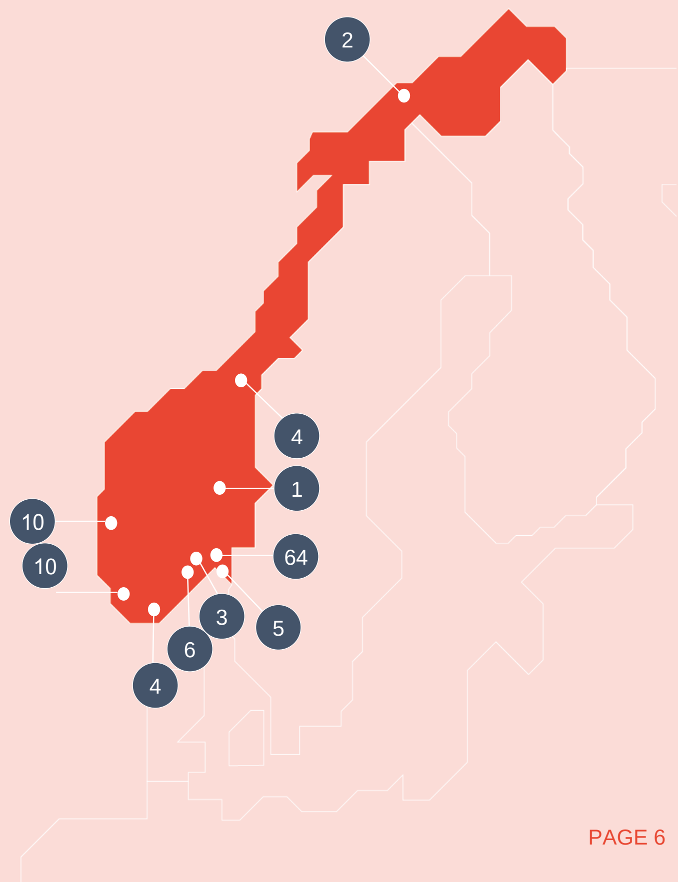
Country EBITDA[1)]
NOK million
-233%



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

Key Financial figures and Alternative Performance Measures (APM)

	Q1 2021	Q1 2020	FY 2020
Amounts in NOK million (unless otherwise stated)			
Membership revenue	76	345	1 032
Other revenues	93	88	414
Total revenues	169	433	1 445
EBITDA	-24	135	484
Margin (%)	*-14 %*	*31 %*	*33 %*
Operating profit	-121	38	98
Profit/loss for the period	-115	9	-4
Adjusted Country EBITDA before impact of IFRS 16	-92	69	217
Margin (%)	*-54 %*	*16 %*	*15 %*
Adjusted EBITDA before impact of IFRS 16	-127	33	82
Margin (%)	*-75 %*	*8 %*	*6 %*
Clubs	109	103	109
Members ('000)	268	301	280
ARPM (NOK/month)	206	482	416



SWEDEN

Sweden is the second-largest operating segment in the Group, with 38% of consolidated total revenues in 2020 and 206 000 members at the end of Q1 2021. SATS has maintained a very strong position in Sweden over the course of many years and is the largest operator of fitness clubs in terms of revenue.

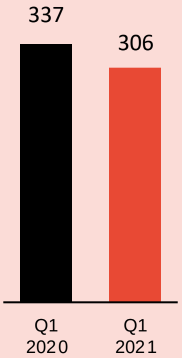
Total revenues decreased by 9% to NOK 306 million in Sweden in the quarter. The decrease was driven by a 11% reduction in the member base, as the membership sales have been negatively affected by the overall COVID-19 infection situation and strong governmental recommendations to reduce social mobility several quarters in a row. ARPM decreased by 1%, driven by an increase in frozen memberships due to the infection situation and a related eased freeze policy, partly offset by a weakening of NOK relative to SEK. Other revenues increased compared to the corresponding quarter last year, as the PT activity has been high among the active members.

Country EBITDA decreased by NOK 26 million to NOK 34 million, resulting in quarterly Country EBITDA margin of 11%, 7 p.p. down from Q1 2020.

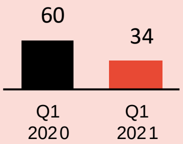
Key Financial Figures and Alternative Performance Measures (APM)

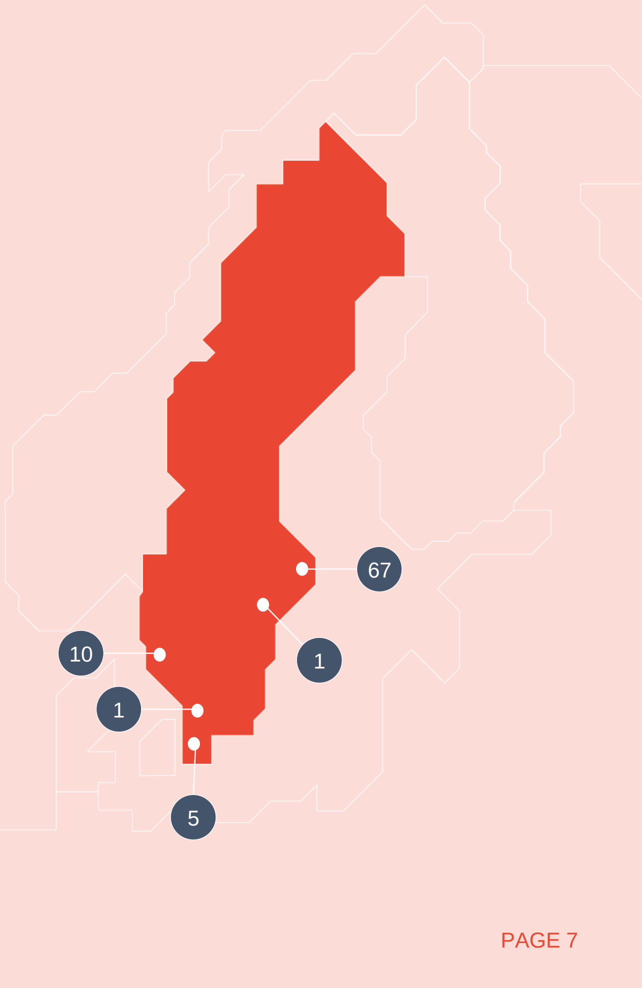
	Q1 2021	Q1 2020	FY 2020
Amounts in NOK million (unless otherwise stated)			
Membership revenue	228	266	1 074
Other revenues	78	71	280
Total revenues	306	337	1 354
EBITDA	89	107	506
Margin (%)	*29 %*	*32 %*	*37 %*
Operating profit	3	29	179
Profit/loss for the period	0	-6	90
Adjusted Country EBITDA before impact of IFRS 16	34	60	295
Margin (%)	*11 %*	*18 %*	*22 %*
Adjusted EBITDA before impact of IFRS 16	5	29	183
Margin (%)	*2 %*	*9 %*	*14 %*
Clubs	84	82	84
Members ('000)	206	232	216
ARPM (NOK/month)	483	487	506

Revenues
NOK million
-9%



Country EBITDA[1)]
NOK million
-43%





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

FINLAND

In Finland, the business is operated under the brand ELIXIA, and the Finnish operations, constituted 9% of consolidated total revenues in 2020. At the end of Q1 2021, ELIXIA Finland had 59 000 members. The Finnish fitness market is highly fragmented, and ELIXIA is the market leader.

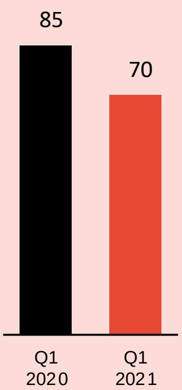
Total revenues summed up to NOK 70 million in Finland in Q1, a 17% decrease compared to the corresponding quarter last year. The member base has decreased by 7% compared to Q1 2020. All clubs were open during Q1, but the restrictions were tightened throughout the quarter, culminating in a limitation of maximum ten visitors per club at a time in Southern Finland, making it more challenging to sell new memberships. On 31 March, regional authorities in Helsinki and Turku decided to impose a lock-down of fitness clubs from 1 April. The ARPM was also affected by the restrictions, as the freeze level increased, resulting in a 13% ARPM decrease.

Country EBITDA decreased by NOK 15 million to a negative NOK 17 million and quarterly Country EBITDA margin was negative by 25%, down 21 p.p. compared to Q1 2020.

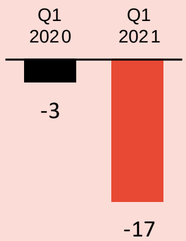
Key Financial Figures and Alternative Performance Measures (APM)

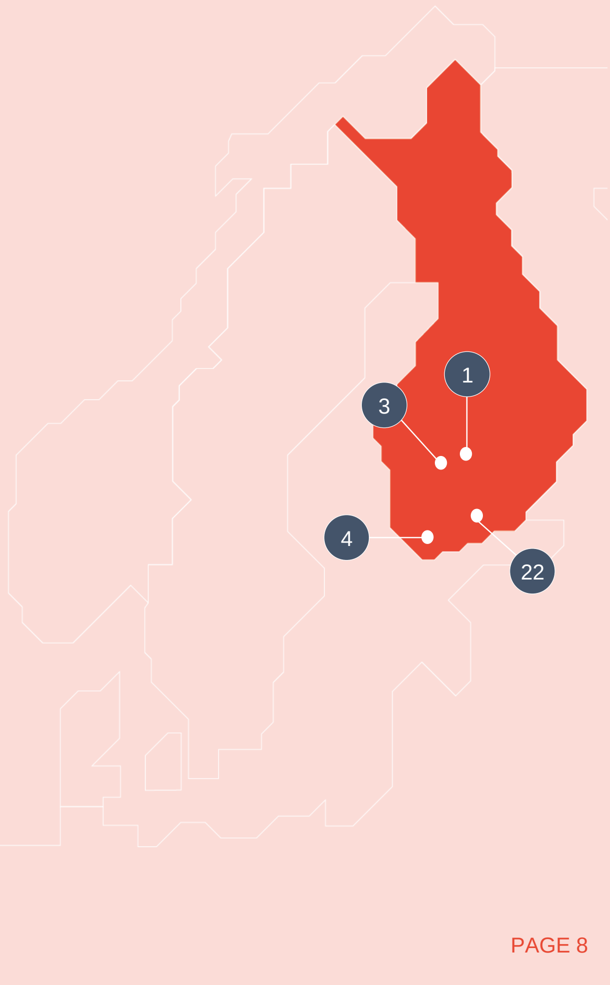
	Q1 2021	Q1 2020	FY 2020
Amounts in NOK million (unless otherwise stated)			
Membership revenue	52	69	248
Other revenues	19	16	78
Total revenues	70	85	326
EBITDA	3	19	81
Margin (%)	*5 %*	*22 %*	*25 %*
Operating profit	-23	(8)	-29
Profit/loss for the period	-28	-14	-64
Adjusted Country EBITDA before impact of IFRS 16	-17	-3	-11
Margin (%)	*-25 %*	*-3 %*	*-3 %*
Adjusted EBITDA before impact of IFRS 16	-22	-8	-29
Margin (%)	*-31 %*	*-9 %*	*-9 %*
Clubs	30	29	30
Members ('000)	59	63	60
ARPM (NOK/month)	395	454	445

Revenues
NOK million
-17%



Country EBITDA[1)]
NOK million
-496%





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

DENMARK

The Danish operation contributed with 12% of consolidated total revenues in 2020. SATS Denmark, with 66 000 members at the end of Q1 2021, is the second largest fitness operator in Denmark, focused around the Greater Copenhagen area.

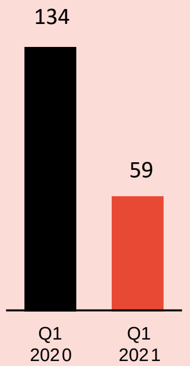
Total revenues decreased to NOK 59 million in Denmark in Q1, a decrease of 56% compared to Q1 2020. All clubs in Denmark were closed during the full first quarter, and as all memberships are frozen during the closure period, there was no membership revenue in the quarter. However, the Danish government compensated for parts of the negative financial effects of the closure, and the accrual for the expected compensation of NOK 59 million was booked as other revenue. The member base has dropped by 34% the past year, partly explained by a divestment of nine clubs in Q3 2020, but also by lost membership sales during the closure periods.

Country EBITDA was in line with Q1 last year at a negative NOK 20 million. Quarterly Country EBITDA margin was -33%, down 18 p.p. compared to last year.

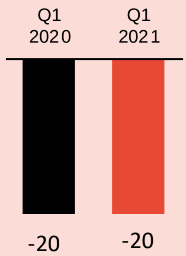
Key Financial Figures and Alternative Performance Measures (APM)

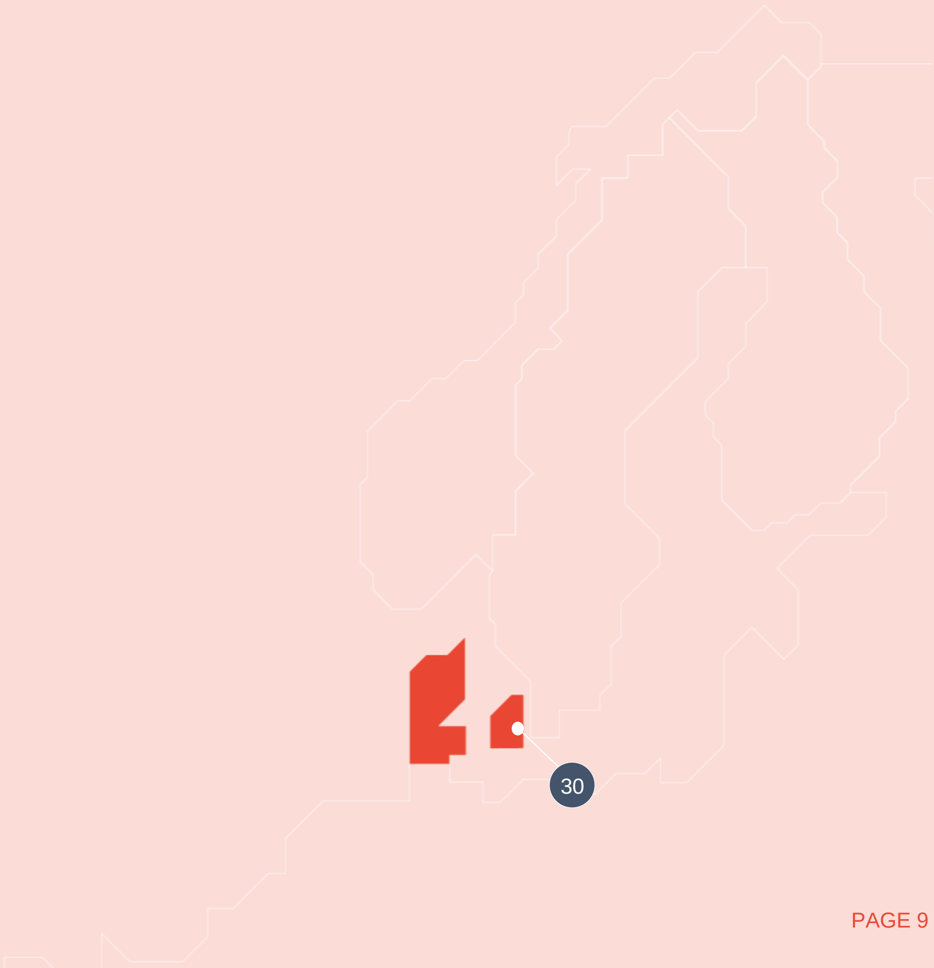
	Q1 2021	Q1 2020	FY 2020
Amounts in NOK million (unless otherwise stated)			
Membership revenue	0	106	295
Other revenues	59	28	113
Total revenues	59	134	408
EBITDA	7	14	26
Margin (%)	*12 %*	*11 %*	*6 %*
Operating profit excluding impairment	-29	-33	-144
Operating profit	-29	-33	-223
Profit/loss for the period	-36	-103	-317
Adjusted Country EBITDA before impact of IFRS 16	-20	-20	-104
Margin (%)	*-33 %*	*-15 %*	*-25 %*
Adjusted EBITDA before impact of IFRS 16	-25	-28	-130
Margin (%)	*-43 %*	*-21 %*	*-32 %*
Clubs	30	38	30
Members ('000)	66	99	72
ARPM (NOK/month)	285	456	401

Revenues
NOK million
-56%



Country EBITDA[1)]
NOK million
-1%





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

BUSINESS AND INDUSTRY OUTLOOK

The outbreak of COVID-19 has significantly impacted the fitness industry, as reduced sales during closure periods lowered the membership base. However, after the first wave of closures, SATS proved its ability to regain lost member sales and recover the healthy financial model proven prior to the pandemic. The company believes the megatrend around health and well-being has been strengthened during the pandemic, if anything, and expects to return to the healthy financials proven prior to the pandemic once the member base is back to pre-COVID-19 levels.

Further on, the pandemic has accelerated the digitalization of the fitness industry, resulting in a permanent shift, where digital fitness has gained a stable foothold. SATS will take part in this trend shift and sees opportunities to expand the product offering, rather than maintaining the digital offering as a substitute. The digital expansion provides an opportunity to grow at a higher pace than only through physical clubs.

SATS has a broad product offering, outperforming all competitors in practically all training categories. With an exhaustive and high-quality equipment park, a position as the leading personal trainer destination in the Nordics, and a range of highly regarded niche concepts, SATS has proven its ability to innovate attractive concepts and stay on top of relevant trends. Flexible membership increases the perceived value of a SATS membership and makes SATS relevant for all people and budgets — from price-sensitive one-club users to active members utilizing the full width of SATS' offering.

The company aims to continue to expand in the next years through acquisitions, greenfields and expansion of complementary product offerings. A key building block will be to grow and expand in the digital health and fitness space.

SHAREHOLDER INFORMATION

SATS ASA's share capital was NOK 365 million as at 31 March 2021, divided into 171 763 386 ordinary shares, each with a par value of NOK 2.125. All the shares have been fully paid and have equal rights. SATS owned 1 002 670 treasury shares as at the balance sheet date. The number of shareholders as at 31 March 2021 was 5 758.

FINANCIAL POLICY AND DIVIDEND

The company has an unsecured revolving credit facility agreement, consisting of a multicurrency revolving credit facility with a maximum principal amount of NOK 2 500 million. The 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.

SATS is experiencing a temporarily increased leverage due to reduced EBITDA during the COVID-19 related club closures. As a consequence, the company signed an addendum to the RCF agreement with the bank, waiving the original covenants until October 2022. Please see Events after the balance sheet date for more information about the addendum, as signed in April 2021.

RISK AND UNCERTAINTY FACTORS

SATS operates in a broad range of geographical markets in the highly competitive health and fitness industry. In achieving its long-term strategic objectives, SATS is inherently involved in taking risks. Please see the Group's 2020 Annual Report (Board of Directors' Report and Note 23) for a detailed description of the Group's risk factors and risk management policies and procedures.

EVENTS AFTER THE BALANCE SHEET DATE

On 31 March, regional authorities in the main Helsinki area in Finland decided to bring into force a new section from the infection disease law, including an imposed lock-down of all fitness clubs. The lock-down came into force on 1 April. Later on, regional authorities in Turku in Finland followed, and in total, ELIXIA Finland temporarily closed 27 of its 30 clubs. All Finnish clubs were reopened in April.

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

There have been no other material events subsequent to the reporting period that might have a significant effect on the consolidated interim financial statements for the first quarter of 2021.

DISCLAIMER

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

Oslo, 29 April 2021
The Board of Directors

CONSOLIDATED INCOME STATEMENT

	Notes	Q1 2021	Q1 2020	2020
(Amounts in NOK million)				
Revenue	2	**605**	**990**	**3 534**
Operating expenses				
Cost of goods sold		-14	-43	-122
Personnel expenses		-316	-394	-1 352
Other operating expenses		-194	-266	-925
Depreciation and amortization	6, 7, 8	-255	-263	-1 045
Total operating expenses		**-780**	**-967**	**-3 445**
Operating profit excluding impairment		**-175**	**23**	**90**
Impairment of assets held for sale		0	0	-78
Operating profit		**-175**	**23**	**11**
Finance income		21	61	100
Interest expense		-73	-63	-269
Finance expense		-38	-56	-98
Net financial items		**-90**	**-57**	**-267**
Profit/loss before tax		**-265**	**-34**	**-255**
Income tax expense	3	44	-63	-69
Profit/loss for the period		**-221**	**-97**	**-325**
Profit/loss for the year is attributable to:				
Equity holders of the Group		-221	-97	-325
Total allocation		**-221**	**-97**	**-325**
Earnings per share in NOK				
Basic earnings per share attributable to equity holders of the company	4	-1.29	-0.57	-1.90
Diluted earnings per share attributable to equity holders of the company	4	-1.29	-0.57	-1.90

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q1 2021	Q1 2020	2020
(Amounts in NOK million)			
Profit/loss for the year	**-221**	**-97**	**-325**
Other comprehensive income			
Currency translation adjustment - may be reclassified to profit or loss	31	25	-20
Other comprehensive income, net of tax	**31**	**25**	**-20**
Total comprehensive income for the period	**-190**	**-73**	**-345**
Total comprehensive income is attributable to:			
Equity holders of the Group	-190	-73	-345
Total comprehensive income for the period	**-190**	**-73**	**-345**

CONSOLIDATED BALANCE SHEET

	Notes	31.03.2021	31.03.2020	31.12.2020
(Amounts in NOK million)				
ASSETS				
Non-current assets				
Intangible assets	6	2 540	2 599	2 578
Right-of-use assets	8	4 230	4 174	4 568
Property, plant and equipment	7	702	824	758
Other non-current receivables		36	48	38
Deferred tax assets	3	161	151	166
Total non-current assets		**7 670**	**7 797**	**8 107**
Current assets				
Inventories		48	47	48
Accounts receivables		80	166	120
Other current receivables		35	62	85
Prepaid expenses and accrued income		317	214	274
Cash and cash equivalents		488	775	456
Total current assets		**967**	**1 263**	**983**
Total assets		**8 637**	**9 059**	**9 091**
EQUITY				
Share capital		365	361	365
Share premium		4 013	3 990	4 013
Treasury shares		-17	0	-19
Other reserves		27	40	-4
Retained earnings		-3 690	-3 241	-3 470
Total equity		**698**	**1 150**	**885**
LIABILITIES				
Non-current liabilities				
Deferred tax liability	3	49	86	90
Borrowings	5	2 091	1 943	1 938
Lease liability	5	3 834	3 716	4 167
Derivative financial instruments	9	16	45	36
Total non-current liabilities		**5 990**	**5 789**	**6 231**
Current liabilities				
Borrowings	5	11	8	11
Lease liability	5	780	853	795
Contract liability		415	606	441
Trade and other payables		102	169	119
Current tax liabilities		14	23	40
Public fees and charges payable		182	107	145
Other current liabilities		444	354	424
Total current liabilities		**1 949**	**2 120**	**1 975**
Total liabilities		**7 939**	**7 909**	**8 206**
Total equity and liabilities		**8 637**	**9 059**	**9 091**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts in NOK million)	Share capital	Share premium	Treasury shares	Other reserves[1)]	Retained earnings	Total attributable to owners of the Group	Total equity
Equity 1 January 2020	**361**	**3 990**	**0**	**15**	**-3 143**	**1 223**	**1 223**
Profit/loss for the period					-97	-97	-97
OCI for the period				25		25	25
Total comprehensive income for the period	**0**	**0**	**0**	**25**	**-97**	**-73**	**-73**
Equity 31 March 2020	**361**	**3 990**	**0**	**40**	**-3 241**	**1 150**	**1 150**
Equity 1 January 2021	**365**	**4 013**	**-19**	**-4**	**-3 469**	**885**	**885**
Profit/loss for the period					-221	-221	-221
OCI for the period				31		31	31
Total comprehensive income for the period	**0**	**0**	**0**	**31**	**-221**	**-190**	**-190**
Investment program				1		1	1
Proceeds from sale of own shares			2			2	2
Equity 31 March 2021	**365**	**4 013**	**-17**	**27**	**-3 690**	**698**	**698**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Q1 2021	Q1 2020	2020
(Amounts in NOK million)				
Cash flow from operations				
Profit before tax		-265	-34	-255
Adjustment for:				
Taxes paid in the period		-23	-17	-22
Gain/loss from disposal or sale of equipment		0	0	-1
Depreciation, amortization and impairment	6, 7, 8	255	263	1 123
Net financial items		90	57	267
Change in inventory		0	-6	-7
Change in accounts receivable		40	-29	16
Change in trade payables		-17	47	-3
Change in other receivables and accruals		43	135	-5
Net cash flow from operations		**123**	**416**	**1 113**
Cash flow from investing				
Sale of subsidiary, net of cash		0	0	-42
Purchase of property, plant and equipment	6, 7	-38	-81	-230
Proceeds from property, plant and equipment		0	0	1
Acquisition of subsidiary, net of cash acquired		0	-13	-60
Net cash flow from investing		**-38**	**-94**	**-331**
Cash flow from financing				
Repayments of borrowings	5	0	0	-2
Proceeds from borrowings	5	200	575	575
Instalments on lease liabilities	5	-195	-200	-803
Paid interests on borrowings	5	-24	-13	-78
Interests on lease liabilities	5	-50	-49	-196
Proceeds from issues of shares	4	0	0	26
Purchase of own shares		0	0	-20
Proceeds from sale of own shares		2	0	1
Transaction costs from issues of new shares		0	0	-2
Other financial items		1	0	-1
Net cash flow from financing		**-67**	**312**	**-499**
Net increase/decrease in cash and cash equivalents		**18**	**633**	**283**
Effect of foreign exchange changes on cash and cash equivalents		14	-24	7
Cash and cash equivalents at the beginning of the period		456	165	165
Cash and cash equivalents at the end of period		**488**	**775**	**456**

NOTES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1 General information and basis for preparation

General information
SATS (the "Group") consists of SATS ASA (the “company") and its subsidiaries. The accompanying consolidated interim financial statements include the financial statements of SATS ASA and its subsidiaries. The consolidated financial statements of the Group for the year ended 31 December 2020 are available at www.satsgroup.com.

Basis for preparation
These consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as adopted by the European Union (the "EU") and additional requirements in the Norwegian Securities Trading Act. This interim financial report does not include all information and disclosures required by International Financial Accounting Standards ("IFRS") for a complete set of annual financial statements. Accordingly, this report should be read in conjunction with the annual report for the year ended 31 December 2020.

These consolidated interim financial statements are unaudited.

The accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2020. Because of rounding differences, numbers or percentages may not add up to the sum totals. 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
Please see Note 3 Profit and loss information for financial effects from the outbreak of the coronavirus disease 2019 (COVID-19).

The financial position and performance of the Group was not, other than mentioned above, particularly affected by any events or transactions during the first three months of 2021.

NOTE 2 Segment information

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, Head of Group functions 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 financing and derivatives).

The Nordic Management Group primarily uses EBITDA[1)], EBITDA excluding IFRS 16[1)], Adjusted EBITDA before impact of IFRS 16[1)] and Adjusted Country EBITDA before impact of IFRS 16[1)] 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 Q1 2021, Q1 2020 and the year ended 31 December 2020 is as follows:

SATS Group	Norway	Sweden	Finland	Denmark	Group functions and other	**Total**
(Amounts in NOK million)						
Q1 2021						
Revenue						
Membership revenue	76	228	52	0	0	356
Other revenues	93	78	19	59	0	248
Total revenues	**169**	**306**	**70**	**59**	**0**	**605**
EBITDA[1)] and EBITDA before impact of IFRS 16[1)] reconcile to profit/loss for the period as follows:						
EBITDA before impact of IFRS 16[1)]	**-127**	**5**	**-22**	**-25**	**5**	**-165**
Impact of IFRS 16	104	84	25	33	0	245
EBITDA[1)]	**-24**	**89**	**3**	**7**	**5**	**80**
Depreciation and amortization	-97	-86	-26	-36	-10	-255
Operating profit	**-121**	**3**	**-23**	**-29**	**-5**	**-175**
Net financial items[2)]	-27	-3	-5	-7	-49	-90
Income tax expense	33	0	0	0	11	44
Profit/loss for the period	**-115**	**0**	**-28**	**-36**	**-42**	**-221**
Q1 2020						
Revenue						
Membership revenue	345	266	69	106	0	786
Other revenues	88	71	16	28	0	203
Total revenues	**433**	**337**	**85**	**134**	**0**	**990**
EBITDA[1)] and EBITDA before impact of IFRS 16[1)] reconcile to profit/loss for the period as follows:						
EBITDA before impact of IFRS 16[1)]	**33**	**29**	**-8**	**-29**	**11**	**37**
Impact of IFRS 16	102	78	27	43	0	249
EBITDA[1)]	**135**	**107**	**19**	**14**	**11**	**286**
Depreciation and amortization	-96	-78	-26	-48	-15	-263
Operating profit	**38**	**29**	**-8**	**-33**	**-4**	**23**
Net financial items[2)]	-27	-36	-11	-8	25	-57
Income tax expense	-2	1	4	-61	-4	-63
Profit/loss for the period	**9**	**-6**	**-14**	**-103**	**17**	**-97**

[1)] For further information about definitions, please see the appendix Alternative Performance Measures.
[2)] Finance income and expenses are allocated to Group functions and other, as this type of activity is derived by the central treasury function, which manages the cash position of the Group.

SATS Group	Norway	Sweden	Finland	Denmark	Group functions and other	**Total**
(Amounts in NOK million)						
2020						
Revenue						
Membership revenue	1 032	1 074	248	295	0	2 649
Other revenues	414	280	78	113	1	885
Total revenues	**1 445**	**1 354**	**326**	**408**	**1**	**3 534**
EBITDA[1] and EBITDA before impact of IFRS 16[1] reconcile to profit/loss for the period as follows:						
EBITDA before impact of IFRS 16[1]	**78**	**183**	**-29**	**-133**	**37**	**136**
Impact of IFRS 16	406	323	110	159	0	998
EBITDA[1]	**484**	**506**	**81**	**26**	**37**	**1 135**
Depreciation and amortization	-386	-328	-110	-170	-51	-1 045
Operating profit excluding impairment	**98**	**179**	**-29**	**-144**	**-13**	**90**
Impairment of assets held for sale	0	0	0	-78	0	-78
Operating profit	**98**	**179**	**-29**	**-223**	**-13**	**11**
Net financial items[2]	-99	-78	-24	-33	-33	-267
Income tax expense	-3	-11	-10	-61	17	-69
Profit/loss for the year	**-4**	**90**	**-64**	**-317**	**-29**	**-325**

[1] For further information about definitions, please see the appendix Alternative Performance Measures.
[2] Finance income and expenses are allocated to Group functions and other, as this type of activity is derived by the central treasury function, which manages the cash position of the Group.

NOTE 3 Profit and loss information

COVID-19
The COVID-19 situation has, also into the first months of 2021, continued to negatively affect the societies in the Nordic countries and to set the terms for SATS' operations. This is naturally also reflected in the result for the first quarter.

During the quarter, 106 out of 109 clubs in Norway were closed for various periods, summing up to 62% of the capacity, measured as number of clubs multiplied by number of days. The full Danish club portfolio, consisting of 30 clubs, was closed for the full quarter. All memberships at closed clubs have been frozen during the closure period. The open clubs in Norway, Sweden and Finland were operated with strong infection control measures and the overall sentiment in the society and reduced social mobility also led to increased freeze of memberships at the open clubs.

The revenue loss is caused by lower membership fees, due to both frozen memberships at the closed clubs and higher freeze rates at the open clubs, but also paused personal training and retail sales. The revenue loss is partly compensated for by governmental compensation packages from the Norwegian and Danish governments, in addition to reduced personnel costs due to temporary layoffs of personnel at closed clubs. Fixed cost compensation is reflected as other revenue.

Income tax expense
On both SATS Group level and on segment level, the actual tax expense is used as basis for 2020 full year income tax recognition, whereas standardized tax rates are used for tax reporting purposes for the Q1 2021 for Norway and Sweden. Deferred tax assets for Denmark and Finland are not recognized in Q1 2021 due to the uncertainty from the COVID-19 effects.

Definitions
In the interim financial statements, Q1 is defined as the reporting period from 1 January to 31 March.

NOTE 4 Earnings per share

Earnings per share are calculated by dividing profit attributable to holders of shares in the parent company by a weighted average number of shares outstanding. Earnings per share after dilution is calculated by dividing profit/loss attributable to holders of shares in the parent company by the average of the number of shares outstanding, adjusted for the dilution effect of shares from a share investment program delivering matching shares in 2023.

On 1 October 2020, SATS announced a share repurchase program under which the company repurchased 1 100 000 own shares. 97 330 of these shares were acquired by the CEO, Sondre Gravir in December 2020. As at the balance sheet date of 31 March 2021, the company holds 1 002 670 treasury shares.

In the table below, the number of outstanding shares in Q1 2021 equals the number of outstanding shares after the issuance of new shares on 8 July 2020 subtracted treasury shares.

Basic earnings per share attributable to equity holders of the company

(NOK per share)	**Q1 2021**	Q1 2020	2020
Basic earnings	-1.29	-0.57	-1.90
Total basic earnings per share	**-1.29**	**-0.57**	**-1.90**
Total number of outstanding shares	170 760 716	170 000 000	170 663 904

Diluted earnings per share attributable to equity holders of the company

(NOK per share)	**Q1 2021**	Q1 2020	2020
Diluted earnings	-1.29	-0.57	-1.90
Total diluted earnings per share	**-1.29**	**-0.57**	**-1.90**
Total number of outstanding shares	171 286 179	170 000 000	170 918 475

Reconciliation of earnings used in calculating earnings per share

(Amounts in NOK million)	**Q1 2021**	Q1 2020	2020
Basic earnings per share			
Profit/loss attributable to equity holders of the Group	-221	-97	-325
Profit used in calculating basic earnings per share	**-221**	**-97**	**-325**
Diluted earnings per share			
Profit/loss used in calculating diluted earnings per share	-221	-97	-325
Profit used in calculating diluted earnings per share	**-221**	**-97**	**-325**

NOTE 5 Interest-bearing liabilities

Overview of interest-bearing liabilities	31.03.2021	31.03.2020	31.12.2020
(Amounts in NOK million)			
Current			
Bank borrowings	11	8	11
Lease liabilities	780	853	795
Total current interest-bearing liabilities	**791**	**861**	**806**
Non-current			
Bank borrowings	2 091	1 943	1 938
Lease liabilities	3 834	3 716	4 167
Total non-current interest-bearing liabilities	**5 925**	**5 659**	**6 105**
Total interest-bearing liabilities	**6 716**	**6 520**	**6 910**
Total bank borrowings	2 102	1 951	1 949
Cash and cash equivalents	488	775	456
Net debt[1]	**1 615**	**1 177**	**1 493**

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

Long-term loan facility agreement
The company has an unsecured revolving credit facility (RCF) agreement, consisting of a multicurrency RCF with a maximum principal amount of NOK 2 500 million. Updated addendums were signed in July 2020 and in March 2021.

In January, the company made a precautionary draw-down of the RCF of NOK 200 million to secure available liquidity. After the draw-down, the remaining undrawn amount sums up to approximately NOK 290 million.

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

The facility will mature in full in October 2024, and no installment payments are due before this time. Interests payable will depend on the principal amount of the facility at any given time. However, based on a draw-down of NOK 2 092 million as of the balance sheet date of 31 March 2021, the annual interest payment is expected to be in the range of NOK 40 to 72 million.

Covenants
The 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. The facility agreement does not contain any restrictions on dividend payments.

SATS is experiencing a temporarily increased leverage due to reduced EBITDA during the COVID-19 related club closures. As a consequence, the company signed an addendum to the RCF agreement with the bank, waiving the original covenants until October 2022. The addendum includes adjusted covenants which will be applicable to and including 30 September 2022, subject to voluntary cancellation by SATS at any time. The financial covenants set out quarterly minimum levels for liquidity and Adjusted EBITDA. SATS cannot distribute any dividend to the shareholders during the amendment period and shall be compliant with the original covenants once the amendment period expires.

Compliance with financial borrowing covenants
SATS ASA executes the financing functions within the Group, holds the long-term financing agreement with the Group's long-term lenders, and provides long-term financing to other Group entities. SATS ASA has complied with the financial covenants related to its borrowing facility throughout 2019 and 2020.

Payment profile
The following table shows the undiscounted payment profile of the Group's interest bearing liabilities, based on the remaining period as of 31 March 2021:

Bank borrowings	Total
(Amounts in NOK million)	
Less than 1 year	72
1-2 years	60
2-3 years	40
3-5 years	2 140
More than 5 years	1
Total payments	**2 312**

Lease liabilities	Total
(Amounts in NOK million)	
Less than 1 year	957
1-2 years	888
2-3 years	811
3-5 years	1 295
More than 5 years	1 331
Total payments	**5 282**

NOTE 6 Intangible assets

Goodwill	Norway	Sweden	Finland	Denmark	Total goodwill
(Amounts in NOK million)					
At 31 December 2020					
Cost	1 838	220	608	0	2 667
Accumulated impairment	-199	0	-10	0	-209
Net book value	**1 640**	**220**	**598**	**0**	**2 458**
Period ended 31 March 2021					
Opening net book amount	1 640	220	598	0	2 458
Net effect of changes in foreign exchange	0	-14	-27	0	-41
Net additions/disposals	0	0	0	0	0
Closing net book value	**1 640**	**206**	**571**	**0**	**2 417**
At 31 March 2021					
Cost	1 838	206	581	0	2 626
Accumulated impairment	-199	0	-10	0	-209
Net book value	**1 640**	**206**	**571**	**0**	**2 417**
Useful life	Indefinite	Indefinite	Indefinite		
Amortization method	Not amortized	Not amortized	Not amortized		

Other intangible assets	Trademark	Internally developed software[1)]	Customer list	Other	Total other intangible assets
(Amounts in NOK million)					
At 31 December 2020					
Cost	267	352	58	4	680
Accumulated amortization and impairment	-265	-273	-18	-4	-560
Net book value	**2**	**78**	**40**	**0**	**120**
Period ended 31 March 2021					
Opening net book amount	2	78	40	0	120
Effect of changes in foreign exchange cost	0	-23	-2	0	-26
Effect of changes in foreign exchange accumulated depreciation	0	18	1	0	19
Acquisition	0	0	0	0	0
Additions/disposals	0	24	0	0	24
Amortization charge	0	-10	-3	0	-13
Closing net book value	**2**	**87**	**35**	**0**	**123**
At 31 March 2021					
Cost	267	352	56	4	678
Accumulated amortization and impairment	-265	-265	-21	-4	-555
Net book value	**2**	**87**	**35**	**0**	**124**
Useful life	10 years	3 years	3 - 7 years	1 - 10 years	
Amortization method	Straight-line	Straight-line	Straight-line	Straight-line	

[1)] Software consists of capitalised development expenditure being an internally generated intangible asset.

NOTE 7 Property, plant and equipment

Property, plant and equipment	Capitalized leasehold improvements	Fitness equipment	Other fixtures and equipment	**Total tangible fixed assets**
(Amounts in NOK million)				
At 31 December 2020				
Cost	1 421	844	461	2 726
Accumulated depreciation	-935	-636	-397	-1 968
Net book value	**486**	**208**	**64**	**758**
Period ended 31 March 2021				
Opening net book amount	486	208	64	758
Additions	3	6	6	15
Effect of changes in foreign exchange cost	-53	-25	-12	-90
Reclassifications additions	7	-8	1	0
Depreciation charge	-23	-13	-7	-43
Effect of changes in foreign exchange accumulated depreciation	35	18	10	63
Disposals costs	-4	-5	0	-9
Disposals costs accumulated depreciations	4	5	0	9
Reclassifications depreciations	-7	7	-1	0
Closing net book value	**449**	**192**	**60**	**702**
At 31 March 2021				
Cost	1 374	812	455	2 641
Accumulated depreciation and impairment	-925	-620	-395	-1 939
Net book value	**449**	**192**	**60**	**702**
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 2020			
Cost	8 152	87	8 238
Accumulated depreciation	-4 290	-36	-4 326
Net book value	**3 862**	**51**	**3 912**
Year ended 31 December 2020			
At 1 January 2020	3 862	51	3 912
Additions/disposals	1 286	-13	1 272
Effect of changes in foreign exchange cost	221	5	227
Depreciation charge	-786	-20	-806
Effect of changes in foreign exchange accumulated depreciation	-37	-1	-38
Closing net book value	**4 546**	**22**	**4 568**
At 31 December 2020			
Cost	9 659	79	9 737
Accumulated depreciation	-5 113	-57	-5 170
Net book value	**4 546**	**22**	**4 568**
Period ended 31 March 2021			
At 1 January 2021	4 546	22	4 568
Effect of changes in foreign exchange cost	-191	-3	-194
Additions/disposals	-2	0	-2
Depreciation charge	-196	-3	-199
Effect of changes in foreign exchange accumulated depreciation	56	2	58
Closing net book value	**4 213**	**18**	**4 230**
At 31 March 2021			
Cost	9 466	76	9 541
Accumulated depreciation	-5 253	-58	-5 311
Net book value	**4 213**	**18**	**4 230**
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.

Exchange rate - sensitivity analysis
As shown below, the Group is primarily exposed to changes in the SEK/NOK, EUR/NOK and DKK/NOK exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from the profit or loss in the Group's foreign subsidiaries, borrowings, intercompany loans and bank accounts in currencies other than where the legal entity is located. EUR, SEK and DKK are strengthened by 10% against NOK in the sensitivity analysis below. A 10% weaker NOK against SEK/EUR/DKK results in a negative effect of NOK 16 million on Profit/loss before tax when re-consolidating the last 12 months. Re-consolidating the balance sheet as of 31 March 2021 with a weaker NOK results in a positive effect of NOK 55 million.

	Profit in foreign currency	Borrowings, intercompany loans and bank accounts in foreign currency	**Total**
(Amounts in NOK million)			
SEK/NOK exchange rate - increase 10%[1)]	6	49	55
EUR/NOK exchange rate - increase 10%[1)]	-6	6	0
DKK/NOK exchange rate - increase 10%[1)]	-16	0	-16
Effect on Profit/loss before tax	**-16**	**55**	**39**

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

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

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

	31.03.2021		31.03.2020		31.12.2020	
Financial instruments - Assets	**Assets measured at amortized cost**	**Fair value through profit and loss**	Assets measured at amortized cost	Fair value through profit and loss	Assets measured at amortized cost	Fair value through profit and loss
(Amounts in NOK million)						
Other non-current receivables	36	0	48	0	38	0
Accounts receivables	80	0	166	0	120	0
Other current receivables	35	0	62	0	85	0
Cash and cash equivalents	488	0	775	0	456	0
Total financial assets	**638**	**0**	**1 050**	**0**	**699**	**0**

	31.03.2021		31.03.2020		31.12.2020	
Financial instruments - Liabilities	**Liabilities measured at amortized cost**	**Fair value through profit and loss**	Liabilities measured at amortized cost	Fair value through profit and loss	Liabilities measured at amortized cost	Fair value through profit and loss
(Amounts in NOK million)						
Borrowings	2 102	0	1 951	0	1 949	0
Lease liabilities	4 614	0	4 569	0	4 962	0
Trade and other payables	102	0	169	0	119	0
Derivatives	0	16	0	45	0	36
Other current liabilities	444	0	354	0	424	0
Total financial liabilities	**7 263**	**16**	**7 042**	**45**	**7 454**	**36**

Financial derivative instruments

The Group has the following derivative financial instruments:

(Amounts in NOK million)	**31.03.2021**	31.03.2020	31.12.2020
Non-current liabilities			
Interest rate swap contracts	16	45	36
Total non-current derivative financial instrument liabilities	**16**	**45**	**36**

Overview of interest swaps per 31 March 2021

Interest rate swaps	Notional in currency million	Maturity	Fixed rate	**Unrealised gain/loss 31.03.2021**
IRS NOK	694	28.10.2026	1.751	-14
IRS SEK	200	28.10.2024	0.430	-2
Fair value of the Group`s interest rate swaps as of 31 March 2021 in NOK million				**-16**

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

NOTE 10 Related parties

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

Profit or loss items

Related party	Relationship	Type of services	**Q1 2021**	Q1 2020	2020
(Amounts in NOK thousand)					
Altor	Shareholder of HFN Group AS	Other expenses	0	-51	-72
Total related party profit or loss items			**0**	**-51**	**-72**

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

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

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

NOTE 11 Events after the balance sheet date

On 31 March, regional authorities in the main Helsinki area in Finland decided to bring into force a new section from the infection disease law, including an imposed lock-down of all fitness clubs. The lock-down came into force on 1 April. Later on, regional authorities in Turku in Finland followed, and in total, ELIXIA Finland temporarily closed 27 of its 30 clubs. All Finnish clubs were reopened in April.

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

There have been no other material events subsequent to the reporting period that might have a significant effect on the consolidated interim financial statements for the first quarter of 2021.

NOTE 12 New IFRS standards

New standards adopted by the Group
No standards or amendments have been adopted by SATS Group for the first time for the financial year beginning on 1 January 2021.

NOTE 13 Critical estimates and judgements

Critical estimates
The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

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

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

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

Goodwill
Goodwill is recognized at NOK 2 417 million per the balance sheet date. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. The recoverable amount of the cash generating units (CGUs) is determined based on value-in-use calculations which require the use of several assumptions. The calculations use cash flow projections based on financial budgets and prognoses approved by management covering a five-year period for Norway and Sweden and a seven-year period for Finland and Denmark. Cash flows beyond the five- and seven year period are extrapolated using the estimated growth rates stated in Note 11 Intangible assets in the Annual Report for 2020. These growth rates are consistent with forecasts included in economic outlook reports specific to the area in which each CGU operates.

Sensitivity analyses show that no reasonable change in any of the key assumptions would cause the recoverable amount to be lower than the carrying value. For Finland, sensitivity analyses show that the headroom is limited, and the development will be monitored closely in the months to come.

Deferred tax assets
Deferred tax assets are recognized for Norway in Q1 2021 due to expectations of taxable profits after reopening all clubs when the restrictions from the COVID-19 pandemic are repealed. There are not booked any deferred tax assets for the Finnish and Danish segments in Q1 2021.

Lease
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension or termination option related to premise lease contracts. This assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment. During the current financial period, there was no material financial effect of revising lease terms to reflect the effect of exercising extension or termination options.

Fair value estimates
The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. Specific valuation techniques used to value financial instruments include:
- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities, a contingent consideration receivable and certain derivative contracts, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

APPENDIX

ALTERNATIVE PERFORMANCE MEASURES

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

Alternative Performance Measures reflect adjustments based on the following items:

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

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

EBITDA before impact of IFRS 16 margin
EBITDA before impact of IFRS 16 divided by total revenue.

Adjusted EBITDA before impact of IFRS 16
Adjusted EBITDA before impact of IFRS 16 is a measure of EBITDA adjusted for (i) lease expenses applying IAS 17 Leases, (ii) impairment charges, (iii) revenue and costs from closed clubs, and (iiii) certain extraordinary items affecting comparability. The Group has presented this APM because it considers it to be an important supplemental measure to understand the underlying profit generation in the Group's operating activities. Please see reconciliation to profit or loss before tax in table below.

Adjusted EBITDA before impact of IFRS 16 margin
Adjusted EBITDA before impact of IFRS 16 divided by total revenue.

Adjusted Country EBITDA before impact of IFRS 16
Adjusted Country EBITDA before impact of IFRS 16 is a measure of Adjusted EBITDA before impact of IFRS 16 per segment, which is the Group's segment measure, before allocation of Group overhead and cost allocations. The Group has presented this APM because it considers it to be an important supplemental measure to understand the underlying profit generation in the Group's geographic segments without the impact of Group overhead and cost allocations. Please see reconciliation to profit or loss before tax in table below.

Adjusted Country EBITDA before impact of IFRS 16 margin
Adjusted Country EBITDA before impact of IFRS 16 divided by total revenue.

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

TOTAL	Q1 2021	Q1 2020	2020
(Amounts in NOK million)			
EBITDA before impact of IFRS 16	**-165**	**37**	**136**
(ii) Revenue and costs from closed clubs	0	1	1
(iii) Comparability adjustments on Country level	0	0	6
(iiii) Comparability adjustments on Group level	0	2	2
Adjusted EBITDA before impact of IFRS 16	**-165**	**40**	**146**
Group overhead and cost allocation	70	66	251
Adjusted Country EBITDA before impact of IFRS 16	**-95**	**107**	**397**

NORWAY	Q1 2021	Q1 2020	2020
(Amounts in NOK million)			
EBITDA before impact of IFRS 16	**-127**	**33**	**78**
(ii) Revenue and costs from closed clubs	0	0	0
(iii) Comparability adjustments	0	0	4
Adjusted EBITDA before impact of IFRS 16	**-127**	**33**	**82**
Group overhead and cost allocation	-35	-37	-135
Adjusted Country EBITDA before impact of IFRS 16	**-92**	**69**	**217**

SWEDEN	Q1 2021	Q1 2020	2020
(Amounts in NOK million)			
EBITDA before impact of IFRS 16	**5**	**29**	**183**
(ii) Revenue and costs from closed clubs	0	0	0
(iii) Comparability adjustments	0	0	0
Adjusted EBITDA before impact of IFRS 16	**5**	**29**	**183**
Group overhead and cost allocation	-29	-30	-112
Adjusted Country EBITDA before impact of IFRS 16	**34**	**60**	**295**

FINLAND	Q1 2021	Q1 2020	2020
(Amounts in NOK million)			
EBITDA before impact of IFRS 16	**-22**	**-8**	**-29**
(ii) Revenue and costs from closed clubs	0	0	0
(iii) Comparability adjustments	0	0	0
Adjusted EBITDA before impact of IFRS 16	**-22**	**-8**	**-29**
Group overhead and cost allocation	-5	-5	-18
Adjusted Country EBITDA before impact of IFRS 16	**-17**	**-3**	**-11**

DENMARK	Q1 2021	Q1 2020	2020
(Amounts in NOK million)			
EBITDA before impact of IFRS 16	**-25**	**-29**	**-133**
(ii) Revenue and costs from closed clubs	0	1	1
(iii) Comparability adjustments	0	0	2
Adjusted EBITDA before impact of IFRS 16	**-25**	**-28**	**-130**
Group overhead and cost allocation	-6	-8	-26
Adjusted Country EBITDA before impact of IFRS 16	**-20**	**-20**	**-104**

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

Leverage ratio
Net debt divided by last twelve months Adjusted EBITDA before impact of IFRS 16.

Capital expenditure
Capital expenses (capex) is a measure of total investments in the period both in the operations and in new business either through business combinations (acquisitions) or through new club openings (greenfields). Capital expenditures consist of both maintenance capex and expansion capex and the source of capex is the Statement of cashflows.

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

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

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

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

DEFINITIONS

Term	Definition
Adjusted Country EBITDA before impact of IFRS 16	Adjusted EBITDA before impact of IFRS 16 less allocation of Group overhead and cost allocations
Adjusted Country EBITDA before impact of IFRS 16 margin	Adjusted Country EBITDA before impact of IFRS 16 divided by total revenue
Adjusted EBITDA before impact of IFRS 16	EBITDA adjusted for (i) closed clubs; (ii) certain items affecting comparability; and (iii) the impact of implementation of the new IFRS 16 lease standard
Adjusted EBITDA before impact of IFRS 16 margin	Adjusted EBITDA before impact of IFRS 16 divided by total revenue
Average number of members per club	Number of clubs at the end of the period divided by the average member base
Average revenue per member (ARPM)	Average revenue per member per month, calculated as total revenue divided by the average member base
Capex: Club portfolio capital expenditures	Maintenance capital expenditures less IT capital expenditures
Capex: Expansion capital expenditures	The sum of investments related to acquisitions and greenfields, as well as CAPEX related to the perfect club initiative 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

9 FEB 2021	Q4 2020 Results
13 APR 2021	Annual Report 2020
30 APR 2021	Q1 2021 Results
11 MAY 2021	Annual General Meeting 2021
14 JUL 2021	Q2 2021 Results
29 OCT 2021	Q3 2021 Results

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