



SATS

INTERIM FINANCIAL STATEMENTS
Q2 / 2019

SATS AS
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

<i>Amounts in NOK thousand</i>	<i>Notes</i>	For the three months ended 30 June 2019	For the three months ended 30 June 2018 RESTATED ²⁾	For the six months ended 30 June 2019	For the six months ended 30 June 2018 RESTATED ²⁾	For the year ended 2018 RESTATED ²⁾
Revenue	2	1 002 951	820 628	2 012 919	1 653 257	3 259 139
Operating expenses						
Cost of goods sold		27 505	21 288	54 447	39 106	80 389
Personnel expenses		346 391	292 957	723 723	619 604	1 223 995
Depreciation and amortisation	7	246 561	177 238	482 135	355 244	738 964
Other operating expenses		227 569	167 385	479 343	365 072	687 850
Total operating expenses excluding impairment		848 026	658 868	1 739 648	1 379 027	2 731 198
Operating profit excluding impairment¹⁾		154 925	161 760	273 272	274 231	527 941
Impairment of intangible assets	3,6	0	0	0	0	264 811
Operating profit		154 925	161 760	273 272	274 231	263 129
Interest income		150	18	171	37	75
Finance income		1 803	3 984	3 673	12 891	21 713
Interest expense		-62 951	-57 241	-127 512	-115 408	-235 624
Finance expense		-345	-20 500	24 411	-42 820	-25 762
Net financial items		-61 343	-73 739	-99 258	-145 300	-239 598
Profit/(loss) before tax		93 582	88 021	174 014	128 931	23 531
Income tax expense		19 546	20 272	37 346	29 248	27 750
Profit/(loss) for the period		74 037	67 749	136 668	99 683	-4 219
Profit/(loss) for the year is attributable to:						
Equity holders of the Group		73 814	66 735	137 048	98 484	-6 086
Non-controlling interests		222	1 013	-380	1 199	1 867
Total allocation		74 037	67 749	136 668	99 683	-4 219
Earnings per share in NOK						
Basic earnings per share attributable to the ordinary equity	4	2,63	2,38	4,88	3,51	-0,22
Diluted earnings per share attributable to the ordinary equity	4	2,63	2,38	4,88	3,51	-0,22

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in NOK thousand</i>	<i>Notes</i>	For the three months ended 30 June 2019	For the three months ended 30 June 2018 RESTATED ²⁾	For the six months ended 30 June 2019	For the six months ended 30 June 2018 RESTATED ²⁾	For the year ended 2018 RESTATED ²⁾
Profit/(loss) for the year		74 037	67 749	136 668	99 683	-4 219
Other comprehensive income						
Currency translation adjustment - may be reclassified to profit or loss		4 192	13 296	-34 259	55 738	37 041
Other comprehensive income, net of tax		4 192	13 296	-34 259	55 738	37 041
Total comprehensive income for the period		78 228	81 045	102 409	155 421	32 822
Total comprehensive income is attributable to:						
Equity holders of the Group		78 006	80 232	102 789	154 466	30 911
Non-controlling interests		222	813	-380	955	1 911
Total comprehensive income for the period		78 228	81 045	102 409	155 421	32 822

¹⁾ For further information regarding Operating profit excluding impairment, please see note appendix non-GAAP measures.

²⁾ The comparative information has been restated as a result of the initial application of IFRS 16 as discussed in note 12.

SATS AS
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Amounts in NOK thousand</i>	<i>Notes</i>	30.06.2019	30.06.2018 RESTATED	31.12.2018 RESTATED
Assets				
Non-current assets				
Non-current intangible assets	6	2 441 929	2 580 515	2 371 699
Right-of use asset	8, 13	3 644 474	3 150 214	3 229 278
Non-current property, plant and equipment	7	671 106	520 311	598 080
Non-current financial assets	10	5 340	4 782	133 834
Deferred tax assets	14	204 134	162 423	148 997
Total non-current assets		6 966 983	6 418 246	6 481 888
Current assets				
Inventories		32 056	25 845	28 385
Accounts receivables		92 402	91 443	118 670
Other current receivables		40 225	57 884	118 651
Prepaid expenses and accrued income		229 594	155 643	174 386
Cash and cash equivalents		252 409	258 488	357 219
Total current assets		646 686	589 303	797 312
Total assets		7 613 669	7 007 549	7 279 199

<i>Amounts in NOK thousand</i>	<i>Notes</i>	30.06.2019	30.06.2018 RESTATED	31.12.2018 RESTATED
Equity				
Total equity		-659 334	891 266	760 595
Liabilities				
Non-current liabilities				
Deferred tax liability	3	119 486	153 434	83 094
Borrowings	5,11	1 744 348	1 613 675	1 787 125
Lease liability	5	3 221 335	2 924 915	2 949 461
Total non-current liabilities		5 085 168	4 692 024	4 819 681
Current liabilities				
Borrowings	5,11	70 000	70 000	60 000
Lease liability	5,11	744 143	549 028	610 922
Contract liability		443 269	380 453	431 019
Trade and other payables		59 807	66 994	107 120
Current tax liabilities		18 716	0	45 733
Public fees and charges payable		101 578	77 651	98 161
Other current liabilities	5	1 750 322	280 132	345 971
Total current liabilities		3 187 835	1 424 258	1 698 925
Total liabilities		8 273 003	6 116 282	6 518 605
Total equity and liabilities		7 613 669	7 007 549	7 279 199

Oslo, 23rd of August 2019


Hugo Lund Maurstad
Chair of the Board


Eivind Røald
Board Member


Søren Rene Kristiansen
Board Member


Siren Sundby
Board Member


Bjørn Maaseide
Board Member


Sondre Gravir
CEO

SATS AS
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>Amounts in NOK thousand</i>	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	224 575	2 270 353	-1 308 167	-148 771	1 037 991	-3 246	1 034 744
IFRS 16 implementation effect				-298 806	-298 806		
Equity 1 January 2018 restated¹⁾	224 575	2 270 353	-1 308 167	-447 577	739 185	-3 246	735 939
Profit/(loss) for the period				99 683	99 683	-1 199	98 484
OCI for the period			55 738		55 738	-955	54 784
Total comprehensive income for the period	0	0	55 738	99 683	155 421	-2 153	153 268
Other items				-1 331	-1 331		-1 331
Change in minority interests					0	3 391	3 391
Equity 30 June 2018 restated¹⁾	224 575	2 270 353	-1 252 429	-349 225	893 275	-2 008	891 266
Equity 1 January 2019 restated¹⁾	224 575	2 270 353	-1 271 170	-461 958	761 801	-1 206	760 595
Profit/(loss) for the period				137 048	137 048	-380	136 668
OCI for the period			-34 258		-34 258	-1	-34 259
Total comprehensive income for the period	0	0	-34 258	137 048	102 790	-381	102 409
Change in minority interests				2 678	2 678	-2 678	0
Dividends				-1 524 583	-1 524 583		-1 524 583
Other items				2 246	2 246		2 246
Equity 30 June 2019	224 575	2 270 353	-1 305 427	-1 844 570	-655 069	-4 265	-659 334

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

SATS AS
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>Amounts in NOK thousand</i>	<i>Notes</i>	For the six months ended 30 June 2019	For the six months ended 30 June 2018 RESTATED ¹⁾	For the year ended 2018 RESTATED ¹⁾
Cash flow from operating activities				
Profit before tax		174 014	128 931	23 531
Adjustment for:				
Taxes paid in the period		-27 198	-11 101	-20 843
(Gain)/loss from disposal or sale of equipment	7	-226	-728	-608
Depreciation, amortisation and impairment	6,7	482 135	355 244	1 003 775
Net financial items		99 258	145 300	239 598
Change in inventory		-1 056	4 176	1 635
Change in accounts receivable		32 542	7 397	-19 831
Change in trade payables		-81 580	-36 695	3 432
Change in other receivables and accruals		-79 290	-119 048	-58 174
Net cash flow from operations		598 599	473 475	1 172 515
Cash flow from investing				
Proceeds from sale of subsidiary		0	2 167	4 777
Purchase of property, plant and equipment	6,7	-84 641	-68 470	-197 510
Acquisition of subsidiary, net of cash acquired	15	-60 438	0	-22 958
Net cash flow from investing		-145 079	-66 303	-215 691
Cash flow from financing				
Repayments of borrowings	5	-60 000	-20 900	-60 000
Proceeds from borrowings		58 741	0	150 000
Installments on lease liabilities	13	-374 994	-264 599	-565 261
Paid interests on borrowings	5	-36 725	-31 704	-76 684
Interests on lease liabilities	13	-92 240	-84 399	-170 320
Group contribution		-31 927	0	0
Other financial items		-20 129	-350	-127 184
Net cash flow from financing		-557 273	-401 952	-849 448
Net increase/(decrease) in cash and cash equivalents		-103 753	5 220	107 377
Effect of foreign exchange changes on cash and cash equivalents		-1 058	4 153	727
Cash and cash equivalents at the beginning of the period		357 219	249 115	249 115
Cash and cash equivalents at the end of period		252 408	258 488	357 219

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

SATS AS
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Contents

Notes	Page	Notes	Page
1 General information and basis for preparations.....	7	10 Related parties.....	18
2 Segment information.....	8	11 Events after the balance sheet date....	19
3 Profit and loss information.....	10	12 New accounting standards adopted 1 January 2019.....	20
4 Earnings per share.....	11	13 Critical estimates and judgements.....	22
5 Interest bearing liabilities.....	12	14 Business combination.....	23
6 Intangible assets.....	13	Auditor's report.....	25
7 Property, plant and equipment.....	14	Appendix non-GAAP measures.....	26
8 Right of use ("RoU") asset.....	15		
9 Financial instruments.....	16		



Note 1 **General information and basis for preparation**

General information

SATS (the "Group") consists of SATS AS (the "Company") and its subsidiaries. SATS AS is a limited company incorporated in Norway. The accompanying condensed consolidated interim financial statements include the financial statements of SATS AS and its subsidiaries. The consolidated financial statements of the Group as at and for the year ended 31 December 2018 are available 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. However, the primary financial statements are presented in a format consistent with the consolidated financial statements that are required to be presented in an annual financial report under IAS 1. 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 Groups 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 15 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 half year of 2019.

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

Note 2 Segment information

General

The Group's business is 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, since the acquisition of fitness dk, Denmark.

The Group's chief operating decision maker is the Nordic Management Group, consisting of the CEO, the 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 a measure of earnings before interest, tax, depreciation and amortisation (EBITDA, please see below and appendix non-GAAP 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 percent or more of total revenues.

Amounts in NOK thousand

Operating segment information

The segment information provided to the Nordic Management Group for the reportable segments for the three months ended 30 June 2019 and 2018 (2Q 2019 and 2Q 2018, respectively), and the six months ended 30 June 2019 and 2018 (HY1 2019 and HY1 2018, respectively) is as follows:

SATS	NORWAY	SWEDEN	FINLAND	DENMARK	GROUP FUNCTIONS AND OTHER	TOTAL
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Q2 2019

Revenue

Membership fees	358 114	250 750	69 236	106 339	0	784 440
Other	107 626	75 633	16 392	18 861	0	218 512
Total revenue	465 740	326 383	85 627	125 200	0	1 002 951

EBITDA* reconciles to profit before tax as follows:

EBITDA*	207 712	134 291	29 515	21 666	8 302	401 486
Depreciation and amortisation	-95 098	-67 997	-22 651	-50 361	-10 453	-246 561
Net financial items**	-22 031	-11 271	-5 549	-9 472	-13 021	-61 343
Income tax expense	-19 689	-11 741	0	8 088	3 796	-19 546
Profit/(loss) for the period	70 894	43 282	1 315	-30 079	-11 376	74 037

Q2 2018 - RESTATED

Revenue

Membership fees	336 354	233 945	67 148	0	0	637 448
Other	101 704	70 963	10 512	0	0	183 180
Total revenue	438 059	304 908	77 660	0	0	820 628

EBITDA* reconciles to profit before tax as follows:

EBITDA*	185 488	122 867	23 885	0	6 758	338 998
Depreciation and amortisation	-90 643	-59 471	-19 324	0	-7 800	-177 238
Net financial items**	-25 654	-9 793	-5 667	0	-32 626	-73 739
Income tax expense	-15 970	-11 793	0	0	7 491	-20 272
Profit/(loss) for the period	53 221	41 810	-1 105	0	-26 177	67 749

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.

SATS	NORWAY	SWEDEN	FINLAND	DENMARK	GROUP FUNCTIONS AND OTHER	TOTAL
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HY1 2019

Revenue

Membership fees	719 560	503 422	139 757	218 501	0	1 581 239
Other	209 068	153 472	32 366	36 775	0	431 680
Total revenue	928 628	656 894	172 123	255 275	0	2 012 919

EBITDA* reconciles to profit before tax as follows:

EBITDA*	371 783	260 525	56 053	50 521	16 524	755 406
Depreciation and amortisation	-189 946	-136 892	-45 245	-90 248	-19 803	-482 135
Net financial items**	-45 039	-21 888	-11 237	-18 684	-2 409	-99 258
Income tax expense	-29 856	-21 671	0	12 180	2 000	-37 346
Profit/(loss) for the period	106 942	80 074	-429	-46 231	-3 687	136 668

HY1 2018 - RESTATED

Revenue

Membership fees	680 244	481 554	133 277	0	0	1 295 075
Other	192 874	139 456	25 853	0	0	358 182
Total revenue	873 118	621 010	159 130	0	0	1 653 257

EBITDA* reconciles to profit before tax as follows:

EBITDA*	334 593	233 639	48 209	0	13 033	629 475
Depreciation and amortisation	-182 443	-118 856	-38 801	0	-15 145	-355 244
Net financial items**	-50 299	-17 067	-11 568	0	-66 366	-145 300
Income tax expense	-7 079	-37 212	0	0	15 043	-29 248
Profit/(loss) for the period	94 772	60 504	-2 160	0	-53 434	99 683

SATS	NORWAY	SWEDEN	FINLAND	DENMARK	GROUP FUNCTIONS AND OTHER	TOTAL
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FY 2018 - RESTATED

Revenue

Membership fees	1 339 713	961 583	263 787	0	0	2 565 083
Other	379 238	263 713	50 997	0	108	694 056
Total revenue	1 718 951	1 225 296	314 784	0	108	3 259 139

EBITDA* and Underlying EBITDA* reconciles to profit before tax as follows:

EBITDA*	379 961	491 138	101 334	0	29 659	1 002 093
Underlying EBITDA*	644 773	491 138	101 334	0	29 659	1 266 904
Depreciation and amortisation	-362 624	-261 304	-82 926	0	-32 109	-738 964
Impairment of intangible assets	-264 811	0	0	0	0	-264 811
Net financial items**	-98 085	-51 805	-23 581	0	-66 126	-239 598
Income tax expense	38 100	-31 747	0	0	-34 104	-27 750
Profit/(loss) for the year	-42 647	146 282	-5 174	0	-102 680	-4 219

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.

*) For further information about EBITDA and Underlying EBITDA, please see appendix non-GAAP measures.

**) 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.

Amounts in NOK thousand

Significant items in profit and loss

Profit for the period includes the following items that are unusual because of their nature or incidence:

	Q2 2019	Q2 2018 RESTATED ¹⁾	HY1 2019	HY1 2018 RESTATED ¹⁾	FY 2018 RESTATED ¹⁾
Impairment of intangible assets	0	0	0	0	264 811

Q2 is defined as the reporting period from 1 April to 30 June and HY1 is defined as the reporting period from 1 January to 30 June.

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.

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.

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

Amounts in NOK

Basic earnings per share attributable to ordinary equity

	Q2 2019	Q2 2018 RESTATED ¹⁾	HY1 2019	HY1 2018 RESTATED ¹⁾	FY 2018 RESTATED ¹⁾
Basic earnings	2,63	2,38	4,88	3,51	-0,22
Total basic earnings	2,63	2,38	4,88	3,51	-0,22
Total number of outstanding shares	28 071 892	28 071 892	28 071 892	28 071 892	28 071 892

Diluted earnings per share attributable to ordinary equity

	Q2 2019	Q2 2018 RESTATED ¹⁾	HY1 2019	HY1 2018 RESTATED ¹⁾	FY 2018 RESTATED ¹⁾
Diluted earnings	2,63	2,38	4,88	3,51	-0,22
Total diluted earnings per share	2,63	2,38	4,88	3,51	-0,22
Total number of outstanding shares	28 071 892	28 071 892	28 071 892	28 071 892	28 071 892

Amounts in NOK thousand

Reconciliation of earnings used in calculating earnings per share

	Q2 2019	Q2 2018 RESTATED ¹⁾	HY1 2019	HY1 2018 RESTATED ¹⁾	FY 2018 RESTATED ¹⁾
<i>Basic earnings per share</i>					
Profit/(Loss) attributable to Equity holders of the Group	73 814	66 735	137 048	98 484	-6 086
Profit used in calculating basic earnings per share	73 814	66 735	137 048	98 484	-6 086
<i>Diluted earnings per share</i>					
Profit/(Loss) used in calculating diluted earnings per share	73 814	66 735	137 048	98 484	-6 086
Profit used in calculating diluted earnings per share	73 814	66 735	137 048	98 484	-6 086

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

Amounts in NOK thousand

Overview of interest bearing liabilities

	30.06.2019	30.06.2018 RESTATED ¹⁾	31.12.2018 RESTATED ¹⁾
<i>Current</i>			
Bank borrowings	70 000	70 000	60 000
Lease liabilities	744 143	549 028	610 922
Total current interest-bearing liabilities	814 143	619 028	670 922
<i>Non-current</i>			
Bank borrowings	1 744 348	1 613 675	1 787 125
Lease liabilities	3 221 335	2 924 915	2 949 461
Total non-current interest-bearing liabilities	4 965 682	4 538 590	4 736 586
Total interest-bearing liabilities	5 779 825	5 157 618	5 407 508

Please see Note 13 New accounting standards adopted 1 January 2019 for more information.

Covenants

Compliance with financial borrowing covenants

SATS AS 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 AS has complied with the financial covenants related to its borrowing facility during Q2 2019.

Payment profile

Amounts in NOK thousand

The following table shows the undiscounted payment profile of the Group's interest bearing liabilities, based on the remaining period as of 30 June 2019:

Bank borrowings	Total	Lease liabilities	Total
		Less than 1 year	905 667
Less than 1 year	140 595	1-2 years	808 191
1-2 years	150 864	2-3 years	729 278
2-3 years	156 694	3-5 years	1 081 593
3-5 years	1 547 897	More than 5 years	1 025 095
Total payment profile for borrowings	1 996 050	Total payments	4 549 824

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 TNOK 1 500 000, NOK 53 per share.

The date of payment of the dividend is set to be the earlier of the date the net proceeds from the primary offering in a potential Initial Public Offering (IPO) are received by the Group and 15 December 2019. If a primary offering is not completed by this date, the dividend will be left outstanding as an interest bearing shareholder loan maturing on 31 December 2020.

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

Note 6 Intangible assets

Amounts in NOK thousand

Goodwill	NORWAY	SWEDEN	FINLAND	DENMARK	Total goodwill
At 31 December 2018 restated					
Cost	1 762 301	181 041	578 526	0	2 521 868
Accumulated impairment	-198 916	0	-9 931	0	-208 847
Net book amount	1 563 385	181 041	568 595	0	2 313 021
Six month period ended 30 June 2019					
Opening net book amount	1 563 385	181 041	568 595	0	2 313 021
Net effect of changes in foreign exchange	0	-9 805	-14 546	0	-24 351
Net additions / disposals	35 431	9 216	0	0	44 647
Closing net book amount	1 598 816	180 453	554 049	0	2 333 317
At 30 June 2019					
Cost	1 797 732	180 452	563 980	0	2 542 164
Accumulated impairment	-198 916	0	-9 931	0	-208 847
Net book amount	1 598 816	180 452	554 049	0	2 333 317
Useful life	Indefinite	Indefinite	Indefinite		
Amortisation method	Not amortised	Not amortised	Not amortised		

Amounts in NOK thousand

Other intangible assets	Trademark	Internally developed software*	Customer base	Other	Total other intangible assets
At 31 December 2018 restated					
Cost	264 811	219 716	0	3 618	488 145
Accumulated amortisation and impairment	-264 811	-161 235	0	-3 421	-429 467
Net book amount	0	58 481	0	197	58 678
Period ended 30 June 2019					
Opening net book amount	0	58 481	0	197	58 679
Net effect of changes in foreign exchange	0	-3 064	-1 306	0	-4 370
Acquisition	1 937	0	0	0	1 937
Additions / disposals	0	25 165	50 848	0	76 012
Amortisation charge	-81	-19 723	-3 772	-70	-23 646
Closing net book amount	1 856	60 859	45 770	127	108 612
At 30 June 2019					
Cost	266 747	241 816	49 542	3 618	561 724
Accumulated amortisation and impairment	-264 892	-180 958	-3 772	-3 491	-453 113
Net book amount	1 856	60 859	45 770	127	108 611
Useful life	10 years	3 years	3 - 7 years	1 - 10 years	
Amortisation method	Straight-line	Straight-line	Straight-line	Straight-line	

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

Note 7
Property, plant and equipment

Amounts in NOK thousand

Property, plant and equipment	Capitalised leasehold improvements	Fitness equipment	Other fixtures and equipment	Total fixed assets
At 31 December 2018 restated				
Cost	942 173	693 329	389 822	2 025 325
Accumulated depreciation	-576 468	-509 653	-341 123	-1 427 244
Net book amount	365 705	183 676	48 699	598 080
Pledged as security for liabilities				598 080
Quarter ended 30 June 2019				
Opening net book amount	365 705	183 676	48 699	598 080
Net effect of changes in foreign exchange	-10 285	-4 507	-911	-15 702
Net additions / disposals*	131 212	18 591	15 942	165 745
Depreciation charge	-40 996	-23 622	-12 399	-77 017
Closing net book amount	445 636	174 138	51 331	671 105
At 30 June 2019				
Cost	1 063 100	707 413	404 853	2 175 366
Accumulated depreciation and impairment	-617 464	-533 275	-353 522	-1 504 261
Net book amount	445 636	174 138	51 331	671 105
Pledged as security for liabilities				671 105
Useful life	10 years	5 - 9 years	5 - 7 years	
Depreciation method	Straight line	Straight line	Straight line	

Note 8
Right of use ("RoU") assets

Amounts in NOK thousand

RoU assets	Premise rental	Other leases	Total RoU assets
At 1 January 2018			
Cost	6 294 661	20 791	6 315 452
Accumulated depr. depreciation	-2 969 393	0	-2 969 393
Net book amount	3 325 267	20 791	3 346 059
Period ended 30 June 2018			
At 1 January 2018	3 325 267	20 791	3 346 059
Net effect of changes in foreign exchange	-118 089	-859	-118 948
Additions / disposals	195 794	1 731	197 525
Depreciation charge	-269 495	-4 927	-274 422
Closing net book amount	3 133 478	16 736	3 150 214
Period ended 30 June 2018			
Cost	6 372 366	21 663	6 394 029
Accumulated depr. depreciation	-3 238 888	-4 927	-3 243 815
Net book amount	3 133 478	16 736	3 150 214
Year ended 31 December 2018			
At 1 January 2018	3 325 267	20 791	3 346 059
Net effect of changes in foreign exchange	-29 963	-260	-30 223
Additions / disposals	487 205	2 086	489 291
Depreciation charge	-566 338	-9 511	-575 849
Closing net book amount	3 216 172	13 106	3 229 278
Year ended 31 December 2018			
Cost	6 751 903	22 617	6 774 519
Accumulated depr. depreciation	-3 535 731	-9 511	-3 545 242
Net book amount	3 216 172	13 106	3 229 278
Period ended 30 June 2019			
At 1 January 2019	3 216 172	13 106	3 229 278
Net effect of changes in foreign exchange	-74 246	-369	-74 615
Additions / disposals	810 826	59 065	869 892
Depreciation charge	-367 646	-12 435	-380 081
Closing net book amount	3 585 106	59 368	3 644 474
At 30 June 2019			
Cost	7 484 310	81 049	7 565 360
Accumulated depreciation	-3 899 204	-21 682	-3 920 886
Net book amount	3 585 106	59 368	3 644 474
Useful life	1 - 15 years	1 - 5 years	
Depreciation method	Straight-line	Straight-line	

Overview

Through its activities, the Group will be exposed to different types of financial risks: market risk, credit risk and liquidity risk. This note presents information related to the Group's exposure to such risks, the Group's objectives, policies and procedures for risk management and handling, as well as the Group's management of capital. The interim condensed 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 Groups 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 has been no transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments from last balance sheet date.

Amounts in NOK thousand

Assets	30.06.2019		30.06.2018 RESTATED ¹⁾		31.12.2018 RESTATED ¹⁾	
	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
Other non-current receivables	1 184	0	1 276	0	131 071	0
Accounts receivable	92 402	0	91 443	0	118 670	0
Other current receivables	40 225	0	57 884	0	118 651	0
Derivatives	0	4 156	0	3 506	0	2 763
Cash and cash equivalents	252 409	0	258 488	0	357 219	0
Total	386 220	4 156	409 091	3 506	725 611	2 763

Liabilities	30.06.2019		30.06.2018 RESTATED ¹⁾		31.12.2018 RESTATED ¹⁾	
	Liabilities measured at amortised cost	Fair value through profit and loss	Assets measured at amortised cost	Fair value through profit and loss	Liabilities measured at amortised cost	Fair value through profit and loss
Borrowings	1 814 348	0	1 683 675	0	1 847 125	0
Lease liabilities	3 965 478	0	3 473 943	0	3 560 383	0
Trade and other payables	59 807	0	66 994	0	107 120	0
Other current liabilities	1 750 322	0	280 132	0	345 971	0
Total financial liabilities	7 589 954	0	5 504 744	0	5 860 599	0

Financial derivative instruments

The Group has the following derivative financial instruments:

Amounts in NOK thousand

	30.06.2019	31.06.2018 RESTATED ¹⁾	31.12.2018 RESTATED ¹⁾
Non-current asset			
Interest rate swap contracts	4 156	3 506	2 763
Total non-current derivative financial instrument liabilities	4 156	3 506	2 763

Amounts in NOK thousand

Overview of interest swaps per 30 June 2019

Interest rate swaps	Notional in currency thousand	Maturity	Fixed rate	Unrealised gain/loss 30.06.2019
IRS NOK	773 000	29.09.2021	1,28	5 745
IRS EUR	12 786	29.09.2021	0,09	-1 589
Fair value of the Group`s interest rate swaps as of 30 June 2019 in NOK thousand				4 156

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.

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

Amounts in NOK thousand

Related party	Relationship	Type of services	30.06.2019	30.06.2018 RESTATED ¹⁾	FY 2018 RESTATED ¹⁾
Run Holding AS	Sister company	Foreign exchange loss (gains) unrealised	0	0	-1 332
Run Bidco ApS	Sister company	Foreign exchange loss (gains) unrealised	0	0	-1 206
Run Holding AS	Sister company	Interest rate on loan	0	0	-1 518
Run Bidco ApS	Sister company	Interest rate on loan	0	0	-1 615
Elixia Holding IV AS	Shareholder of SATS Group AS	Interest rate on loan	-25	-15	-38
Altor	Shareholder of SATS Group AS	Restructuring costs	128	130	309
Metropolis Health Club AB	Minority interest	Accounting services	75	68	133
SATS Grenland AS	Minority interest	IT, accounting and other services	2 013	2 436	3 614
Total related party profit or loss items			2 192	2 619	-1 654

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 January 1, 2019. In Annual Report 2018 the entities are treated as related parties.

Balance sheet items

Amounts in NOK thousand

Related party	Relationship	Type of services	30.06.2019	30.06.2018 RESTATED ¹⁾	31.12.2018 RESTATED ¹⁾
Altor & Tryghedsgruppen s.m.b.a	Shareholder of SATS Group AS	Acquisition of Run Holding AS	34 800	0	0
SATS Management Invest AS	Shareholder	Dividend	-125 250	0	0
SATS Group AS	Shareholder	Borrowings	78 740	36 091	66 526
SATS Group AS	Shareholder	Dividend	-1 357 050	0	0
Hansemgruppen Holding AS	Shareholder	Dividend	-17 700	0	0
Run Holding AS	Sister company	Loan	0	0	41 855
Run Bidco ApS	Sister company	Loan	0	0	87 936
Elixia Holding IV AS	Shareholder of SATS Group AS	Loan	1 184	878	1 083
Total related party balance sheet items			-1 385 276	36 969	197 400

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.

Amended long term financing facility

SATS has per June 2019 entered into a commitment agreement with Swedbank to replace the current long term financing facility. The new loan agreement is contingent on an initial public offering (IPO), and will include a MNOK 2 500 revolving credit facility with maturity date in 2026. The interest margin on the facility is contingent on the Group's post IPO leverage levels.

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.

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 condensed 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.

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 the finance cost.

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 are 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 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 Condensed consolidated statements of financial position

Amounts in NOK million	Reported 30 Jun 2018	Change IFRS 16	Restated 30 Jun 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	73	162	76	73	149	91	71	162
RoU assets	0	3 150	3 150	0	3 229	3 229	0	3 346	3 346
Prepaid expenses	208	-52	156	227	-52	174	213	-53	160
Total assets	298	3 171	3 468	303	3 250	3 552	304	3 364	3 668
Equity	1 188	-297	891	1 063	-302	761	1 035	-299	736
Current lease liabilities	5	544	549	5	606	611	5	551	555
Non-current lease liabilities	1	2 924	2 925	4	2 945	2 949	5	3 112	3 117
Total equity and liabilities	1 195	3 171	4 365	1 071	3 249	4 320	1 044	3 364	4 408

IFRS 16 effects on Condensed consolidated statements of comprehensive income

Amounts in NOK million	Reported Q2 2018	Change IFRS 16	Restated Q2 2018	Reported HY1 2018	Change IFRS 16	Restated HY1 2018	Reported FY 2018	Change IFRS 16	Restated FY 2018
Total revenue	820	0	820	1 653	0	1 653	3 259	0	3 259
Cost of goods sold	-21	0	-21	-39	0	-39	-80	0	-80
Personnel expenses	-293	0	-293	-619	0	-619	-1 224	0	-1 224
Property lease expenses	-249	173	-76	-509	349	-160	-1 015	736	-279
Depreciation and amortisation	-40	-137	-177	-81	-274	-355	-163	-576	-739
Other operating expenses	-91	0	-91	-205	0	-205	-409	0	-409
Impairment of intangible assets	0	0	0	0	0	0	-265	0	-265
Operating profit	126	36	162	200	75	275	103	160	263
Net financial items	-32	-42	-74	-61	-84	-145	-69	-170	-239
Income tax expense	-21	1	-20	-31	2	-29	-30	2	-28
Profit/(loss) for the period	73	-5	68	108	-7	101	4	-8	-4
Other comprehensive income	13	0	13	46	9	55	32	5	37
Total comprehensive income	86	-5	81	154	2	156	36	-3	33

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 recognized 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 recognized 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.

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.

Amounts in NOK [millions]

Details of the purchase consideration

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*:

	Fair value at acquisition*
Cash and cash equivalents	34,6
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	129,1
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
Less: non-controlling interest	
Recognised goodwill	-

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

Acquisition of Fitness.Xpress AS and Gym & Motion i Åkersberga AB

On 3 January SATS acquired the Norwegian fitness club Fitness.Xpress 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.

Amounts in NOK [millions]

Details of the purchase consideration

Purchase consideration:

Cash paid	62,3
Total purchase consideration	62,3

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

	Fair value at acquisition*
Cash and cash equivalents	3,2
Right-of-use asset	77,7
Property, plant and equipment	2,0
Customer base	14,6
Receivables	6,9
Payables	6,1
Lease liabilities	77,7
Deferred tax	3,3
Fair value of net identifiable assets acquired	17,3

Recognised goodwill

Total purchase consideration	62,3
Less: fair value of net identifiable assets acquired	17,3
Recognised goodwill	45,0

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

AUDITOR'S REPORT

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To the Board of Directors of SATS AS

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying consolidated interim balance sheet of SATS AS as of 30 June 2019, the income statement and the cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISAs), and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information does not present fairly, in all material respects, the financial position of the entity as at 30 June 2019, and its financial performance and its cash flows for the six-month period then ended in accordance with IAS 34 Interim Financial Reporting.

Oslo, 23 August 2019
Deloitte AS



Eivind Ungersness
State Authorised Public Accountant

Appendix non-GAAP 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 non-GAAP financial measures provide management and other users with additional meaningful financial information that should be considered when assessing the Group's ongoing performance. Management, the board of directors and the long term lenders regularly uses supplemental non-GAAP financial measures to understand, manage and evaluate the business and its operations. These non-GAAP measures are among the factors used in planning for and forecasting future periods, including assessment of financial covenants compliance.

Non-GAAP financial measures reflect adjustments based on the following items:

EBITDA

EBITDA is a measure of earnings before deducting net financial items, taxes and depreciation charges. Please see reconciliation to profit or loss before tax in Note 2 Segment information.

Underlying EBITDA

Underlying EBITDA is a measure of earnings before deducting net financial items, taxes, depreciation, amortisation and impairment charges. Please see reconciliation to profit or loss before tax in Note 2 Segment information.

Operating profit excluding impairment

Operating profit excluding impairment is defined as operating profit adjusted for any recognized impairment for the period. This line item is presented as management believe this presentation will more adequately represent the Groups underlying operating performance for the year.

	HY1 2019	HY1 2018 RESTATED ¹⁾	FY 2018 RESTATED ¹⁾
Operating profit	273 272	154 925	103 397
Impairment of intangible assets	0	0	264 811
Operating profit excluding impairment	273 272	154 925	368 208

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





SATS

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