SATS Q2 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 more than 600 000 members.

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

CONTENTS

WORDS FROM THE CEO

"We are very happy to see that members are eager to return to our clubs, even stronger than in the re-opening last year. It has also been great to welcome 8 500 colleagues back to their jobs as we opened our clubs. The re-opening has been a success and we are pleased to see strong new membership sales. The megatrend around health and wellness is strong, and we are thus focusing on investing in growth."

All clubs in the Nordics are now finally open again. We are very happy to see that members are eager to return to our clubs and we have welcomed our SATS colleagues back to work. We see very positive developments in visit and sales after re-opening, clearly indicating a strong demand for our product offering.

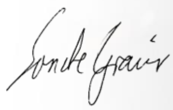
We have re-activated more members compared to the re-opening last year, and freeze rates are dropping across the group. We will do our best to catch up on the lost membership sales during the pandemic and attract new members to the SATS family. However, there are still restrictions in place, impacting the way we operate.

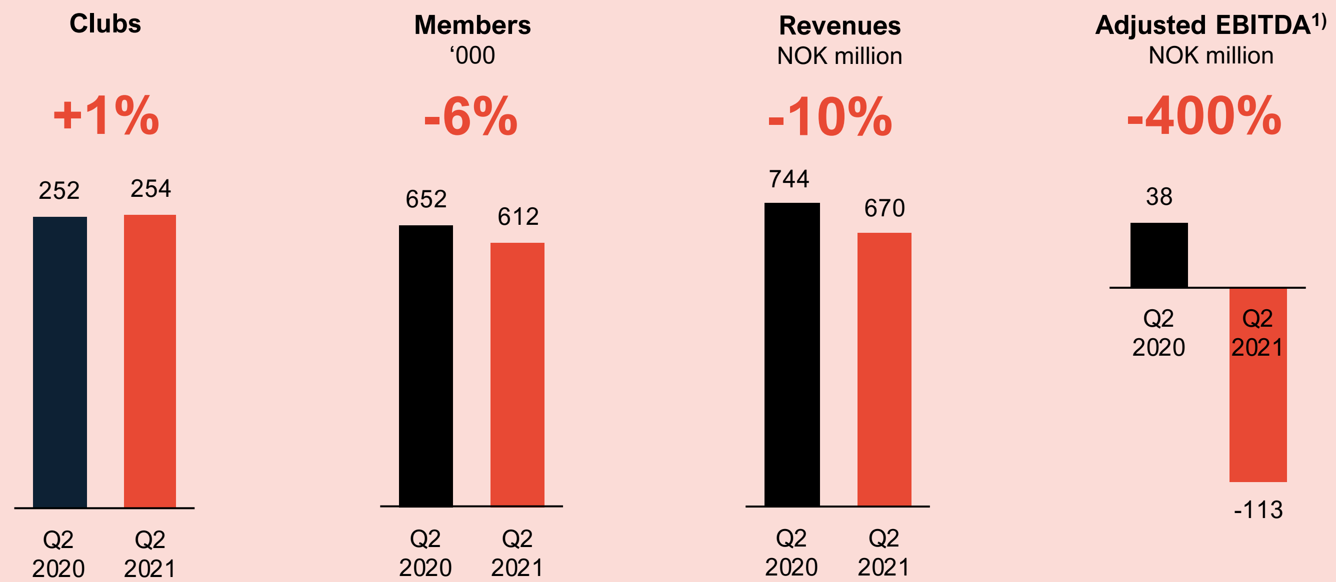
In the past 17 months, we have lived with the pandemic in the Nordics, with severe impact on people's lives. SATS has focused on safety for members and staff, and this is still a key priority for us. Despite increasing vaccination rates, we are not letting our guard down. SATS is a full-service premium provider with staff and large clubs. We will continue our focus on safe club environment and great product delivery.

SATS has ambitious long term growth targets, and the we aim to capture opportunities in the wake of the pandemic. We have already signed 19 new club openings throughout 2023 and see a good potential for additional club expansion. In parallel, we are stepping our digital product offering with the launch of Mentra by SATS in Q3.

I would like to take the opportunity to express my gratitude to members for their patience and for returning to our clubs. I would also like to thank our colleagues for outstanding efforts in this pandemic. Lastly, I wish all of you a great summer!

Sondre Gravir
CEO





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

HIGHLIGHTS

- *Full focus on re-opening clubs and re-gaining members following imposed club closures*
- *27% of our club capacity was closed during Q2 2021, compared 48% in Q2 2020*
- *All clubs were open by the end of the quarter, but still operating under regional and national restrictions*
- *Member base decreased by 6% compared to Q2 2020 to 612 000, or 4% adjusted for the sale of nine clubs in Denmark in Q3 2020*
- *Total revenues of NOK 670 million, compared to NOK 744 million last year. Revenues increased by 3% compared to last year when adjusting for government compensations*
- *Adjusted EBITDA of negative NOK 113 million, compared to NOK 38 million last year*
- *No compensation for fixed costs from the Norwegian government accrued for March to June, due to new restrictions in the compensation scheme for applicants part of a corporate group, with an estimated effect of NOK 70 million*
- *Sufficient liquidity to handle the current regulatory environment, with a liquidity position of NOK 495 million, including cash and undrawn revolving credit facility (RCF)*
- *Will accelerate club growth, as good opportunities are emerging, both in current and new clusters in the Nordics*
- *Preparations for commercial launch of Mentra by SATS in Q3 2021*

Key Financial Figures and Alternative Performance Measures (APM)[1]

	Q2 2021	Q2 2020	**YTD 2021**	YTD 2020
Amounts in NOK million (unless otherwise stated)				
Membership revenue	467	485	823	1 272
Other revenues	203	258	451	461
Total revenues	670	744	1 275	1 733
EBITDA	131	289	211	575
Margin (%)	*20%*	*39%*	*17%*	*33%*
Operating profit excluding impairment	-121	26	-296	49
Operating profit	-121	-36	-296	-13
Profit/loss for the period	-163	-114	-384	-212
Earnings per share (NOK)	-0.95	-0.67	-2.25	-1.24
Adjusted Country EBITDA before impact of IFRS 16	-52	98	-147	205
Margin (%)	*-8%*	*13%*	*-12%*	*12%*
Adjusted EBITDA before impact of IFRS 16	-113	38	-278	78
Margin (%)	*-17%*	*5%*	*-22%*	*4%*
Maintenance Capex	20	43	46	113
Total Capex	43	44	81	139
Net debt	1 895	1 336	1 895	1 336
Operating cash flow	-195	-173	-320	-56
Clubs	254	252	254	252
Members (‘000)	612	652	612	652
ARPM (NOK/month)	369	368	343	431

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

BOARD OF DIRECTORS' REPORT

ANALYSIS OF THE Q2 2021 FINANCIAL STATEMENTS

All financial statements show the period 1 April 2021 to 30 June 2021, compared to the accounts for the period 1 April 2020 to 30 June 2020.

Statement of comprehensive income
Total revenues decreased by 10% to NOK 670 million in Q2 2021, compared to NOK 744 million in Q2 2020, mainly as a consequence of the club closures across Norway, Denmark and Finland. During this closure period, all memberships were frozen by default, as opposed to last year. Revenues for all segments decreased in Q2 2021 compared to Q2 2020. The total member base decreased by 6% 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 4%. Reported ARPM remained flat.

Total operating expenses increased by 10% to NOK 791 million in Q2 2021, while operating expenses excluding depreciation and amortization increased by 19% to NOK 539 million. Cost of goods sold increased with higher retail sales. Higher personnel cost was a result of more clubs being open in Norway during Q2 2021 than in Q2 2020. The increase in other operating expenses was was largely due to higher marketing expenses, especially in Denmark and Norway, driven by re-opening of clubs.

The operating loss increased from negative NOK 36 million to negative NOK 121 million. Operating loss increased in Norway, Sweden and Finland compared to Q2 2020. In Denmark, the loss decreased because of the divestment of nine unprofitable clubs in Denmark in Q3 2020 but was still negative by NOK 33 million.

Net financial expense in Q2 2021 was NOK 70 million, a decrease of NOK 2 million compared to Q2 2020. The slight decrease was driven by a positive unrealized currency effect. Income tax expense in Q2 2021 was positive by NOK 27 million.

Loss before tax was NOK 190 million in Q2 2021, compared to a loss of NOK 108 million in Q2 2020. Loss for the period was NOK 163 million in Q2 2021, compared to a loss of NOK 114 million in Q2 2020, while total comprehensive loss was NOK 180 million, compared to a loss of NOK 142 million in Q2 2020.

No compensation for fixed costs from the Norwegian government accrued for the period March to June, due to new restrictions in the compensation scheme for applicants part of a corporate group. The estimated compensation for the four-month period would be approximately NOK 70 million if applying for support on entity level as in previous compensation scheme periods.

Statement of financial position
Consolidated assets decreased by NOK 823 million to NOK 8 266 million in Q2 2021, compared to Q2 2020. A major driver of the decreased consolidated assets was currency translation effects from a strengthened NOK compared to last year, as well as reduction in cash and cash equivalents. Right-of-use assets and intangible assets were the largest components of consolidated assets, amounting to NOK 4 129 million and NOK 2 579 million, respectively, on 30 June 2021. Both non-current assets and current assets decreased. The decrease in non-current assets was driven by the decrease in property, plant and equipment and right-of-use assets due to strengthened NOK, compared to Q2 2020. The decrease in current assets was primarily driven by a decrease in cash and cash equivalents and assets held for sale.

Total liabilities decreased from NOK 8 066 million as of 30 June 2020 to NOK 7 747 million as of 30 June 2021, primarily due to decreased lease liability.

As of 30 June 2021, consolidated equity amounted to NOK 519 million, representing an equity ratio of 6%, compared to NOK 1 024 million and 11% in Q2 2020.

Statement of cash flows
In Q2 2021, consolidated cash and cash equivalents decreased net by NOK 252 million, compared to a decrease of NOK 184 million in Q2 2020. As at the balance sheet date, the Group had cash and cash equivalents of NOK 228 million, compared to NOK 609 million as of the balance sheet date of 30 June 2020.

Net cash flow from the Group's operations was NOK 67 million in Q2 2021, compared to NOK 121 million in Q2 2020. The decreased cash flow from operations of NOK 54 million was mainly due the increased loss for the quarter. This quarter there was also a negative working capital effect. This was mainly driven by reduced payables to members after re-opening of clubs, compared to an an opposite effect last year. Reduced COVID-19 compensation accruals this quarter resulted in a positive cash flow effect, while in Q2 2020 COVID-19 compensation accruals were booked, resulting in a negative cash flow effect.

Net cash outflow from investing activities amounted to NOK 43 million in Q2 2021, compared to an outflow of NOK 45 million in Q2 2020. 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 NOK 275 million in Q2 2021, compared to a cash outflow of NOK 261 million in Q2 2020.

Segment development
The following sections of this report review each operating segment. Unless otherwise stated, comments regarding development reflect a comparison between Q2 2021 and Q2 2020.

NORWAY

Norway is the largest operating segment in the Group with 41% of the consolidated total revenues in 2020 and 276 000 members at the end of Q2 2021. SATS is a well-known brand in Norway and the largest operator of fitness clubs.

All clubs in Norway were re-opened by the end of the second quarter, but during the quarter, 44% of the total club capacity was closed, compared to 82% in the second quarter last year.

Total revenues were NOK 248 million in Q2. The development was flat from the same quarter last year, despite a lower closure ratio, as all memberships were frozen during club closures this year. Additionally, no compensation for fixed costs from the Norwegian government is accrued for the period March to June, due to new restrictions in the compensation scheme for applicants part of a corporate group, with an estimated effect of NOK 70 million.

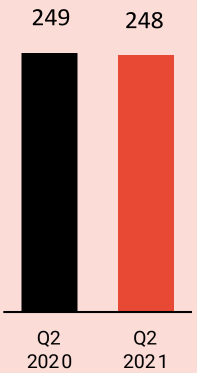
The member base was 1% lower than last year and 7% lower than in Q2 2019, as extensive periods of club closures the past year have restrained the sales of new memberships.

Country EBITDA decreased by NOK 70 million to a negative NOK 28 million, resulting in a negative quarterly Country EBITDA margin of 11%, 28 p.p. lower than in Q2 2020.

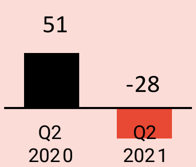
Key Financial figures and Alternative Performance Measures (APM)

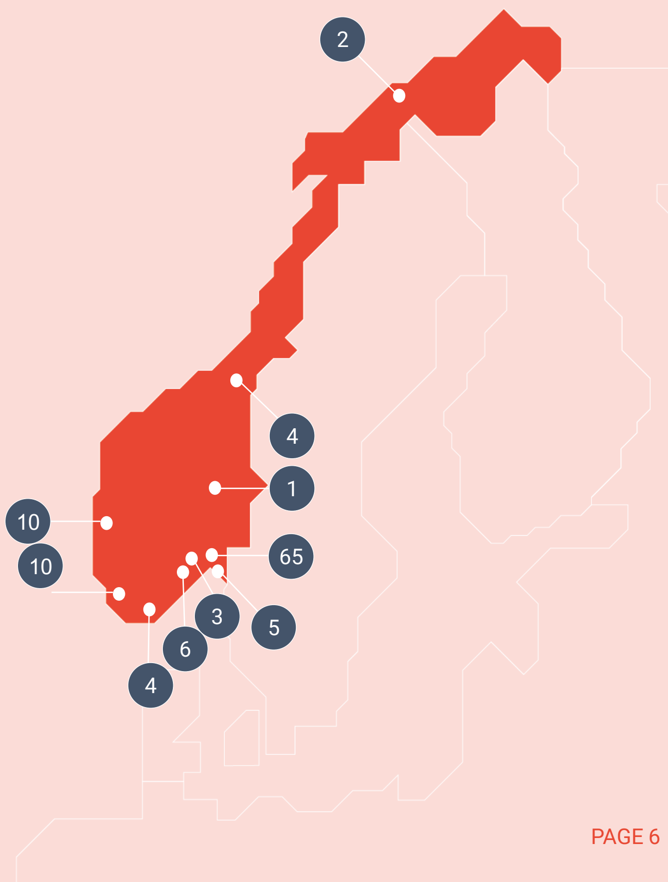
	Q2 2021	Q2 2020	**YTD 2021**	YTD 2020
Amounts in NOK million (unless otherwise stated)				
Membership revenue	167	128	243	473
Other revenues	80	121	173	209
Total revenues	248	249	417	682
EBITDA	44	117	20	251
Margin (%)	*18 %*	*47 %*	*5 %*	*37 %*
Operating profit	-53	20	-174	59
Profit/loss for the period	-63	-2	-178	7
Adjusted Country EBITDA before impact of IFRS 16	-28	51	-120	120
Margin (%)	*-11 %*	*20 %*	*-29 %*	*18 %*
Adjusted EBITDA before impact of IFRS 16	-61	19	-188	52
Margin (%)	*-25 %*	*8 %*	*-45 %*	*8 %*
Clubs	110	103	110	103
Members ('000)	276	280	276	280
ARPM (NOK/month)	303	286	250	393

Revenues
NOK million
-0%



Country EBITDA[1)]
NOK million
-167%





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

SWEDEN

Sweden is the second-largest operating segment in the Group, with 38% of consolidated total revenues in 2020 and 207 000 members at the end of Q2 2021. SATS has maintained a strong position in Sweden over the course of many years and is the largest operator of fitness clubs in terms of revenue.

The Swedish club portfolio was open throughout the full second quarter, but with operational restrictions.

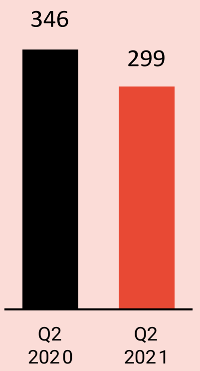
Total revenues decreased by 14% to NOK 299 million in Sweden in the quarter. The decrease was driven by a lower member base and an increased freeze rate. The member base dropped 6% compared to Q2 2020 and 9% compared to Q2 2019, driven by lower membership sales due to the overall COVID-19 infection situation and strong governmental recommendations to reduce social mobility several quarters in a row. The freeze rate was higher than normal but on the road to recovery during the quarter.

Country EBITDA decreased by NOK 63 million to NOK 24 million, resulting in quarterly Country EBITDA margin of 8%, 17 p.p. down from Q2 2020.

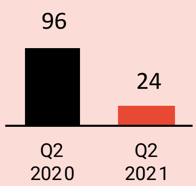
Key Financial Figures and Alternative Performance Measures (APM)

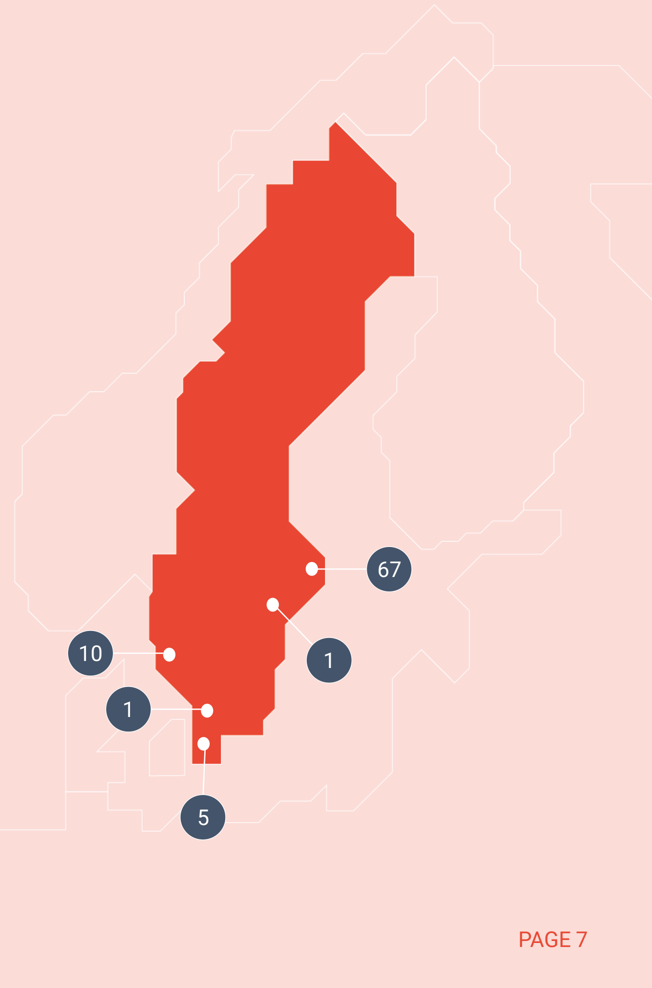
	Q2 2021	Q2 2020	**YTD 2021**	YTD 2020
Amounts in NOK million (unless otherwise stated)				
Membership revenue	221	273	450	539
Other revenues	77	73	155	144
Total revenues	299	346	605	683
EBITDA	81	151	169	259
Margin (%)	*27 %*	*44 %*	*28 %*	*38 %*
Operating profit	-4	69	-1	98
Profit/loss for the period	-16	45	-16	39
Adjusted Country EBITDA before impact of IFRS 16	24	96	58	155
Margin (%)	*8 %*	*28 %*	*10 %*	*23 %*
Adjusted EBITDA before impact of IFRS 16	-1	70	4	99
Margin (%)	*0 %*	*20 %*	*1 %*	*14 %*
Clubs	84	82	84	82
Members ('000)	207	221	207	221
ARPM (NOK/month)	482	510	477	506

Revenues
NOK million
-14%



Country EBITDA[1)]
NOK million
-72%





[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 At the end of Q2 2021, ELIXIA Finland had 58 000 members. The Finnish fitness market is highly fragmented, and ELIXIA is the market leader.

The majority of the clubs in Finland were closed during April, resulting in a total of 26% of the capacity being closed in the second quarter, compared to 45% in the second quarter last year.

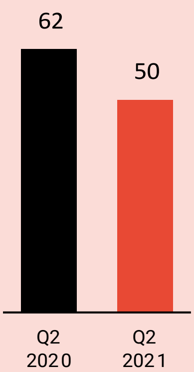
Total revenues summed up to NOK 50 million in Finland in Q2, a 19% decrease compared NOK 62 million in the corresponding quarter last year. The member base decreased by 4% compared to Q2 2020 and 6% compared to Q2 2019. However, the main driver for the revenue decrease was the freeze of all memberships at closed clubs during the closure period in April.

Country EBITDA decreased by NOK 12 million to a negative NOK 24 million and quarterly Country EBITDA margin was negative by 47%, down 28 p.p. compared to Q2 2020.

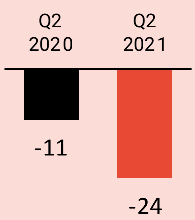
Key Financial Figures and Alternative Performance Measures (APM)

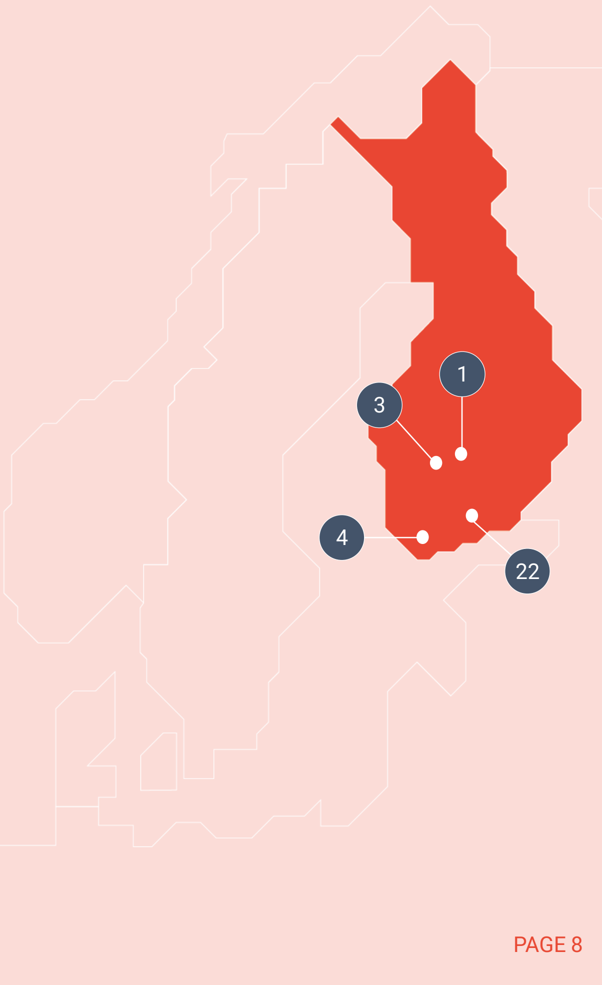
	Q2 2021	Q2 2020	**YTD 2021**	YTD 2020
Amounts in NOK million (unless otherwise stated)				
Membership revenue	36	46	88	115
Other revenues	13	16	32	32
Total revenues	50	62	120	147
EBITDA	-3	13	1	32
Margin (%)	*-5 %*	*21 %*	*1 %*	*22 %*
Operating profit	-28	-16	-50	-23
Profit/loss for the period	-33	-28	-61	-43
Adjusted Country EBITDA before impact of IFRS 16	-24	-11	-41	-14
Margin (%)	*-47 %*	*-18 %*	*-34 %*	*-9 %*
Adjusted EBITDA before impact of IFRS 16	-28	-15	-50	-23
Margin (%)	*-55 %*	*-25 %*	*-41 %*	*-16 %*
Clubs	30	29	30	29
Members ('000)	58	60	58	60
ARPM (NOK/month)	285	333	340	400

Revenues
NOK million
-19%



Country EBITDA[1)]
NOK million
-96%





[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 71 000 members at the end of Q2 2021, is the second largest fitness operator in Denmark, focused around the Greater Copenhagen area.

All the Danish clubs re-opened on 6 May, resulting in 27% of the capacity during the second quarter being closed, compared to 66% in Q2 2020.

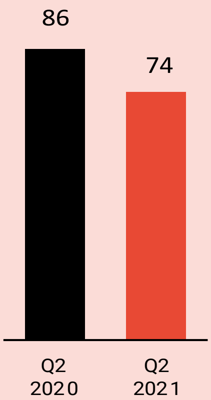
Total revenues in Denmark decreased to NOK 74 million in the quarter, down 15% compared to Q2 2020. The decrease was driven by a 6% member base reduction when adjusting for the divestment of nine clubs in Q3 2020, caused by lost membership sales during the past year of COVID-19 and club closures. Compared to Q2 2019, pre-COVID, the member base was down 29%, or 13% adjusted for the mentioned club divestment. The Danish government has over time compensated for parts of the negative financial effects of the closures, totaling NOK 42 million in Q2 2020 and NOK 22 million this quarter.

The nine divested clubs accounted for 43% of the Country EBITDA loss in Q2 2020. Thus, Country EBITDA increased by 38% to a negative NOK 24 million this quarter. Quarterly Country EBITDA margin was -33%, up 13 p.p. compared to last year.

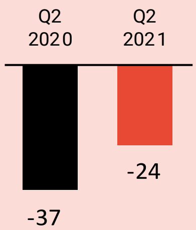
Key Financial Figures and Alternative Performance Measures (APM)

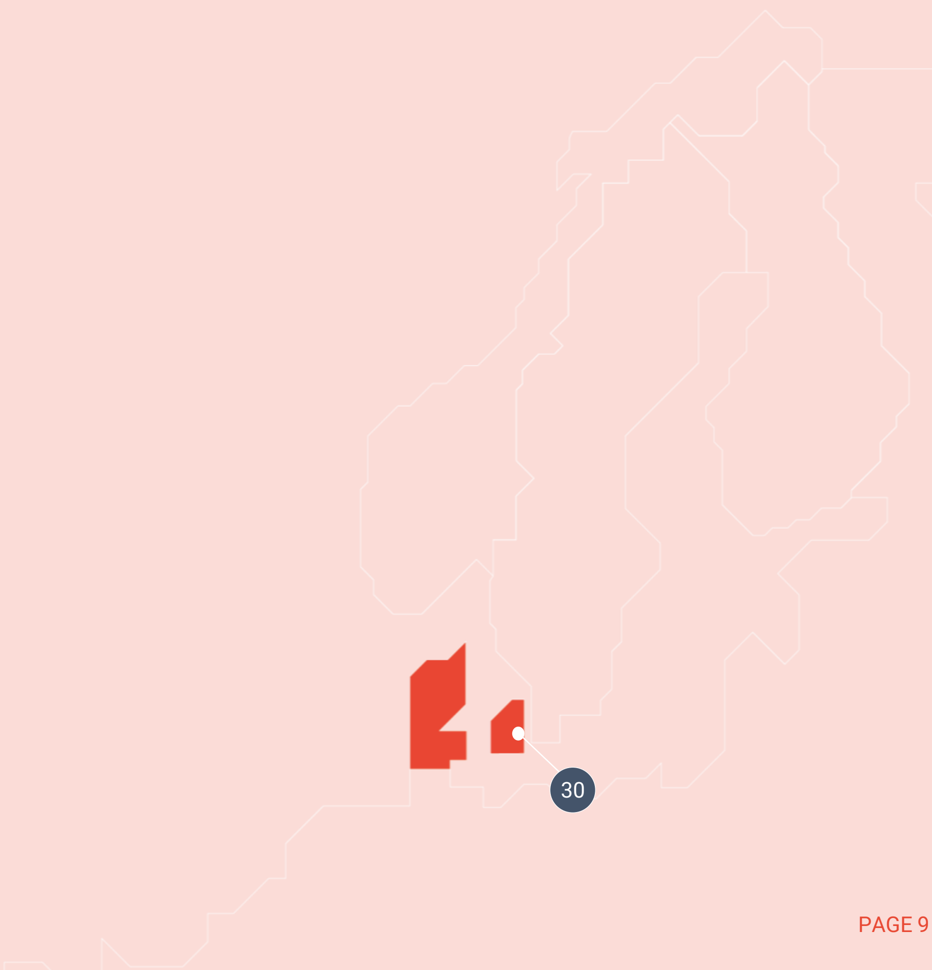
	Q2 2021	Q2 2020	**YTD 2021**	YTD 2020
Amounts in NOK million (unless otherwise stated)				
Membership revenue	42	39	42	145
Other revenues	32	48	90	76
Total revenues	74	86	133	220
EBITDA	3	0	10	15
Margin (%)	*4 %*	*0 %*	*7 %*	*7 %*
Operating profit excluding impairment	-33	-44	-63	-77
Operating profit	-33	-106	-63	-139
Profit/loss for the period	-42	-114	-78	-217
Adjusted Country EBITDA before impact of IFRS 16	-24	-37	-44	-57
Margin (%)	*-33 %*	*-43 %*	*-33 %*	*-26 %*
Adjusted EBITDA before impact of IFRS 16	-29	-43	-55	-71
Margin (%)	*-40 %*	*-50 %*	*-41 %*	*-32 %*
Clubs	30	38	30	38
Members ('000)	71	91	71	91
ARPM (NOK/month)	359	302	309	390

Revenues
NOK million
-15%



Country EBITDA[1)]
NOK million
+38%





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

BUSINESS AND INDUSTRY OUTLOOK
The COVID-19 pandemic continued to negatively impact the fitness industry in the second quarter of 2021 in the Nordics. With easing of restrictions towards the end of the quarter, SATS achieved visits on par, higher reactivation compared with the re-opening last year, and reduced freeze rates. However, there there are still restrictions in SATS' markets and uncertainty relating to the impact on the clubs in the short term. Overall, the company believes the megatrend around health and well-being has been strengthened during the pandemic, as people more than ever see the benefits of staying healthy.

The pandemic has also accelerated the digitalization of the fitness industry, reinforcing the trend of digital fitness. 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 is committed in taking a part in this trend and to develop an attractive, high-quality hybrid offering. The commercial launch of Mentra by SATS is scheduled for Q3 2021.

SATS will continue to strive for a full service and broad product offering in a hybrid format. SATS will focus on offering offering an exhaustive and high-quality equipment park, the position as the leading personal training destination in the Nordics, and a range of highly regarded niche concepts. SATS will continue to offer flexible memberships ensuring SATS is relevant for everyone.

SATS aims to continue to expand through acquisitions, greenfields and through new product launches. SATS has has already signed 19 new club openings by 2023, and further openings are expected to be announced. The company expects to return to healthy financials once the member base and activities are back to pre-COVID-19 levels.

SHAREHOLDER INFORMATION
SATS ASA's share capital was NOK 365 million as at 30 June 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 910 769 treasury shares as at the balance sheet date. The number of shareholders as at 30 June 2021 was 6 060.

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 6 September 2021.

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.

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

EVENTS AFTER THE BALANCE SHEET DATE
There have been no material events subsequent to the reporting period that might have a significant effect on the consolidated interim financial statements for the second 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, 13 July 2021
The Board of Directors

CONSOLIDATED INCOME STATEMENT

	Notes	Q2 2021	Q2 2020	YTD 2021	YTD 2020	2020
(Amounts in NOK million)						
Revenue	2	**670**	**744**	**1 275**	**1 733**	**3 534**
Operating expenses						
Cost of goods sold		-27	-19	-41	-62	-122
Personnel expenses		-314	-262	-631	-655	-1 352
Other operating expenses		-198	-175	-392	-441	-925
Depreciation and amortization	6, 7, 8	-252	-262	-507	-526	-1 045
Total operating expenses		**-791**	**-717**	**-1 570**	**-1 684**	**-3 445**
Operating profit excluding impairment		**-121**	**26**	**-296**	**49**	**90**
Impairment of assets held for sale		0	-62	0	-62	-78
Operating profit		**-121**	**-36**	**-296**	**-13**	**11**
Finance income		17	9	23	70	100
Interest expense		-73	-64	-145	-127	-269
Finance expense		-14	-17	-38	-73	-98
Net financial items		**-70**	**-72**	**-160**	**-129**	**-267**
Profit/loss before tax		**-190**	**-108**	**-456**	**-142**	**-255**
Income tax expense	3	27	-6	72	-69	-69
Profit/loss for the period		**-163**	**-114**	**-384**	**-212**	**-325**
Profit/loss for the year is attributable to:						
Equity holders of the Group		-163	-114	-384	-212	-325
Total allocation		**-163**	**-114**	**-384**	**-212**	**-325**
Earnings per share in NOK						
Basic earnings per share attributable to equity holders of the company	4	-0.95	-0.67	-2.25	-1.24	-1.90
Diluted earnings per share attributable to equity holders of the company	4	-0.95	-0.67	-2.24	-1.24	-1.90

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts in NOK million)	**Q2 2021**	Q2 2020	**YTD 2021**	YTD 2020	2020
Profit/loss for the year	**-163**	**-114**	**-384**	**-212**	**-325**
Other comprehensive income					
Currency translation adjustment - may be reclassified to profit or loss	-17	-28	14	-3	-20
Other comprehensive income, net of tax	**-17**	**-28**	**14**	**-3**	**-20**
Total comprehensive income for the period	**-180**	**-142**	**-369**	**-215**	**-345**
Total comprehensive income is attributable to:					
Equity holders of the Group	-180	-142	-369	-215	-345
Total comprehensive income for the period	**-180**	**-142**	**-369**	**-215**	**-345**

CONSOLIDATED BALANCE SHEET

	Notes	**30.06.2021**	30.06.2020	31.12.2020
(Amounts in NOK million)				
ASSETS				
Non-current assets				
Intangible assets	6	2 579	2 564	2 578
Right-of-use assets	8	4 129	4 268	4 568
Property, plant and equipment	7	683	785	758
Other non-current receivables		37	39	38
Deferred tax assets	3	163	149	166
Total non-current assets		**7 592**	**7 805**	**8 107**
Current assets				
Inventories		50	43	48
Accounts receivables		80	132	120
Other current receivables		46	24	85
Prepaid expenses and accrued income		271	322	274
Assets held for sale		0	154	0
Cash and cash equivalents		228	609	456
Total current assets		**674**	**1 284**	**983**
Total assets		**8 266**	**9 089**	**9 091**
EQUITY				
Share capital		365	361	365
Share premium		4 013	3 990	4 013
Paid in capital not yet registered		0	16	0
Treasury shares		-17	0	-19
Other reserves		11	12	-4
Retained earnings		-3 853	-3 355	-3 470
Total equity		**519**	**1 024**	**885**
LIABILITIES				
Non-current liabilities				
Deferred tax liability	3	30	78	90
Borrowings	5	2 111	1 938	1 938
Lease liability	5	3 725	3 862	4 167
Derivative financial instruments	9	16	53	36
Other non-current liabilities		4	0	0
Total non-current liabilities		**5 886**	**5 931**	**6 231**
Current liabilities				
Borrowings	5	11	7	11
Lease liability	5	793	799	795
Lease liabilities directly associated with assets held for sale		0	197	0
Contract liability		420	510	441
Trade and other payables		102	104	119
Current tax liabilities		11	23	40
Public fees and charges payable		214	173	145
Other current liabilities		309	323	424
Total current liabilities		**1 861**	**2 135**	**1 975**
Total liabilities		**7 747**	**8 066**	**8 206**
Total equity and liabilities		**8 266**	**9 089**	**9 091**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts in NOK million)	Share capital	Share premium	Treasury shares	Other reserves[1)]	Paid in capital not yet registered	Retained earnings	**Total attributable to owners of the Group**	**Total equity**
Equity 1 January 2020	**361**	**3 990**	**0**	**15**	**0**	**-3 143**	**1 223**	**1 223**
Profit/loss for the period						-212	-212	-212
OCI for the period				-3			-3	-3
Total comprehensive income for the period	**0**	**0**	**0**	**-3**	**0**	**-212**	**-215**	**-215**
Paid in capital not yet registered					16		16	16
Equity 30 June 2020	**361**	**3 990**	**0**	**12**	**16**	**-3 355**	**1 024**	**1 024**
Equity 1 January 2021	**365**	**4 013**	**-19**	**-4**	**0**	**-3 469**	**885**	**885**
Profit/loss for the period						-384	-384	-384
OCI for the period				14			14	14
Total comprehensive income for the period	**0**	**0**	**0**	**14**	**0**	**-384**	**-369**	**-369**
Investment program				1			1	1
Proceeds from sale of own shares			2				2	2
Equity 30 June 2021	**365**	**4 013**	**-17**	**11**	**0**	**-3 853**	**519**	**519**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Q2 2021	Q2 2020	YTD 2021	YTD 2020	2020
(Amounts in NOK million)						
Cash flow from operations						
Profit before tax		-190	-108	-456	-142	-255
Adjustment for:						
Taxes paid in the period		-2	0	-25	-17	-22
Gain/loss from disposal or sale of equipment		0	0	0	0	-1
Depreciation, amortization and impairment	6, 7, 8	252	325	507	588	1 123
Net financial items		70	72	160	129	267
Change in inventory		-2	4	-2	-2	-7
Change in accounts receivable		0	34	41	4	16
Change in trade payables		0	-64	-17	-17	-3
Change in other receivables and accruals		-60	-141	-18	-6	-5
Net cash flow from operations		**67**	**121**	**189**	**537**	**1 113**
Cash flow from investing						
Sale of subsidiary, net of cash		0	0	0	0	-42
Purchase of property, plant and equipment	6, 7	-43	-45	-81	-126	-230
Proceeds from property, plant and equipment		0	0	1	1	1
Acquisition of subsidiary, net of cash acquired		0	0	0	-13	-60
Net cash flow from investing		**-43**	**-45**	**-81**	**-139**	**-331**
Cash flow from financing						
Repayments of borrowings	5	-1	-1	-1	-1	-2
Proceeds from borrowings	5	0	0	200	575	575
Installments on lease liabilities	5	-196	-208	-391	-408	-803
Paid interests on borrowings	5	-35	-16	-58	-29	-78
Interests on lease liabilities	5	-48	-49	-98	-99	-196
Proceeds from issues of shares	4	0	0	0	0	26
Paid in capital not yet registered		0	16	0	16	0
Purchase of own shares		0	0	0	0	-20
Proceeds from sale of own shares		0	0	2	0	1
Transaction costs from issues of new shares		0	0	0	0	-2
Other financial items		5	-2	5	-2	-1
Net cash flow from financing		**-275**	**-261**	**-342**	**51**	**-499**
Net increase/decrease in cash and cash equivalents		**-252**	**-184**	**-233**	**449**	**283**
Effect of foreign exchange changes on cash and cash equivalents		-8	19	5	-5	7
Cash and cash equivalents at the beginning of the period		488	775	456	165	165
Cash and cash equivalents at the end of period		**228**	**609**	**228**	**609**	**456**

NOTES		PAGE
Note 1	**General information and basis for preparation**	17
Note 2	**Segment information**	18
Note 3	**Profit and loss information**	20
Note 4	**Earnings per share**	21
Note 5	**Interest-bearing liabilities**	22
Note 6	**Intangible assets**	23
Note 7	**Property, plant and equipment**	24
Note 8	**Right of use ("RoU") assets**	25
Note 9	**Financial instruments**	26
Note 10	**Related parties**	28
Note 11	**Events after the balance sheet date**	28
Note 12	**New IFRS standards**	29
Note 13	**Critical estimates and judgements**	29

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1 General information and basis for preparation

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

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

These consolidated interim financial statements are unaudited.

The accounting policies applied by the Group in these consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements for the year ended 31 December 2020. Because of rounding differences, numbers or percentages may not add up to the sum totals. Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.

Significant changes in the current reporting period
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 six 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, country managers and the heads of Group functions. The Nordic Management Group is responsible for allocating resources and assessing the performance of the segments.

The Group's performance is reviewed by the Nordic Management Group by geographical area of operations which are identified as Norway, Sweden, Finland and Denmark. The "Group functions and other" column relates to other business activities, such as HQ functions and other unallocated items (mainly financing and derivatives).

The Nordic Management Group primarily uses EBITDA[1)], EBITDA before impact of 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 Q2 2021, Q2 2020, YTD 2021, YTD 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)						
Q2 2021						
Revenue						
Membership revenue	167	221	36	42	0	467
Other revenues	80	77	13	32	0	203
Total revenues	**248**	**299**	**50**	**74**	**0**	**670**
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)]	**-61**	**-1**	**-28**	**-29**	**6**	**-113**
Impact of IFRS 16	105	82	25	32	0	244
EBITDA[1)]	**44**	**81**	**-3**	**3**	**6**	**131**
Depreciation and amortization	-98	-84	-25	-36	-9	-252
Operating profit	**-53**	**-4**	**-28**	**-33**	**-3**	**-121**
Net financial items[2)]	-27	-19	-5	-9	-9	-70
Income tax expense	18	7	0	0	3	27
Profit/loss for the period	**-63**	**-16**	**-33**	**-42**	**-9**	**-163**
Q2 2020						
Revenue						
Membership revenue	128	273	46	39	0	485
Other revenues	121	73	16	48	1	258
Total revenues	**249**	**346**	**62**	**86**	**1**	**744**
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)]	**15**	**69**	**-15**	**-46**	**8**	**31**
Impact of IFRS 16	102	82	28	46	0	257
EBITDA[1)]	**117**	**151**	**13**	**0**	**8**	**289**
Depreciation and amortization	-96	-83	-28	-44	-11	-262
Operating profit excluding impairment	**20**	**69**	**-16**	**-44**	**-4**	**26**
Impairment of assets held for sale	0	0	0	-62	0	-62
Operating profit	**20**	**69**	**-16**	**-106**	**-4**	**-36**
Net financial items[2)]	-23	-12	-13	-9	-16	-72
Income tax expense	1	-12	0	0	5	-6
Profit/loss for the period	**-2**	**45**	**-28**	**-114**	**-15**	**-114**

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)						
YTD 2021						
Revenue						
Membership revenue	243	450	88	42	0	823
Other revenues	173	155	32	90	0	451
Total revenues	417	605	120	133	0	**1 275**
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]	**-188**	**4**	**-50**	**-55**	**11**	**-278**
Impact of IFRS 16	209	166	50	64	0	489
EBITDA[1]	**20**	**169**	**1**	**10**	**11**	**211**
Depreciation and amortization	-195	-170	-51	-72	-18	-507
Operating profit	**-174**	**-1**	**-50**	**-63**	**-8**	**-296**
Net financial items[2]	-54	-22	-10	-16	-57	-160
Income tax expense	51	7	0	0	14	72
Profit/loss for the period	**-178**	**-16**	**-61**	**-78**	**-51**	**-384**
YTD 2020						
Revenue						
Membership revenue	473	539	115	145	0	1 272
Other revenues	209	144	32	76	1	461
Total revenues	**682**	**683**	**147**	**220**	**1**	**1 733**
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]	**48**	**99**	**-23**	**-74**	**19**	**69**
Impact of IFRS 16	204	160	55	89	0	507
EBITDA[1]	**251**	**259**	**32**	**15**	**19**	**575**
Depreciation and amortization	-193	-160	-55	-92	-26	-526
Operating profit excluding impairment	**59**	**98**	**-23**	**-77**	**-7**	**49**
Impairment of assets held for sale	0	0	0	-62	0	-62
Operating profit	**59**	**98**	**-23**	**-139**	**-7**	**-13**
Net financial items[2]	-50	-49	-23	-16	9	-129
Income tax expense	-2	-11	4	-61	1	-69
Profit/loss for the period	**7**	**39**	**-43**	**-217**	**2**	**-212**

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 continued to negatively affect the Nordic countries, including the terms for SATS' operation. This is reflected in the result for the second quarter 2021.

In the second quarter, 27% of the group capacity was closed due to government restrictions, measured as number of clubs multiplied by number of days closed. In Norway, clubs were closed in the greater Oslo region until late May, in addition to some closures in other parts of the country during the quarter. In Denmark, all 30 clubs were closed until early May. In Finland, the majority of the clubs were closed in April. In Sweden, all clubs have remained open in the quarter. All memberships at closed clubs have been frozen during the closure period. Infection control measures and the overall sentiment in the society contributed to increased freeze of memberships in open clubs.

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

No compensation for fixed costs from the Norwegian government accrued for the period March to June, due to new restrictions in the compensation scheme for applicants part of a corporate group. The estimated compensation for the four-month period would be approximately NOK 70 million if applying for support on entity level as in previous compensation scheme periods.

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 Q2 2021 for Norway and Sweden. Deferred tax assets for Denmark and Finland are not recognized in Q2 2021 due to uncertainty related to the long term COVID-19 effects and that future taxable profits will be available against the unused tax losses within a reasonable time frame.

Definitions
In the interim financial statements, Q2 is defined as the reporting period from 1 April to 30 June.

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 established a share repurchase program under which the company repurchased 1 100 000 own shares. 97 97 330 of these shares were acquired by the CEO, Sondre Gravir, in December 2020 and a total of 91 901 shares were acquired by the the Nordic Chief Digital Officer and the Country Managers in Norway and Finland in April 2021. As at the balance sheet date of 30 June 2021, the company holds 910 769 treasury shares.

In the table below, the number of outstanding shares in Q2 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)	**Q2 2021**	Q2 2020	**YTD 2021**	YTD 2020	2020
Basic earnings	-0.95	-0.67	-2.25	-1.24	-1.90
Total basic earnings per share	**-0.95**	**-0.67**	**-2.25**	**-1.24**	**-1.90**
Total number of outstanding shares	170 837 468	170 000 000	170 799 304	170 000 000	170 663 904

Diluted earnings per share attributable to equity holders of the company

(NOK per share)	**Q2 2021**	Q2 2020	**YTD 2021**	YTD 2020	2020
Diluted earnings	-0.95	-0.67	-2.24	-1.24	-1.90
Total diluted earnings per share	**-0.95**	**-0.67**	**-2.24**	**-1.24**	**-1.90**
Total number of outstanding shares	171 362 931	170 000 000	171 324 767	170 000 000	170 918 475

Reconciliation of earnings used in calculating earnings per share

(Amounts in NOK million)	**Q2 2021**	Q2 2020	**YTD 2021**	YTD 2020	2020
Basic earnings per share					
Profit/loss attributable to equity holders of the Group	-163	-114	-384	-212	-325
Profit/loss used in calculating basic earnings per share	**-163**	**-114**	**-384**	**-212**	**-325**
Diluted earnings per share					
Profit/loss used in calculating diluted earnings per share	-163	-114	-384	-212	-325
Profit/loss used in calculating diluted earnings per share	**-163**	**-114**	**-384**	**-212**	**-325**

NOTE 5 Interest-bearing liabilities

Overview of interest-bearing liabilities	30.06.2021	30.06.2020	31.12.2020
(Amounts in NOK million)			
Current			
Bank borrowings	11	7	11
Lease liabilities	793	799	795
Total current interest-bearing liabilities	**805**	**805**	**806**
Non-current			
Bank borrowings	2 111	1 938	1 938
Lease liabilities	3 725	3 862	4 167
Total non-current interest-bearing liabilities	**5 836**	**5 800**	**6 105**
Total interest-bearing liabilities	**6 641**	**6 605**	**6 910**
Total bank borrowings	2 123	1 945	1 949
Cash and cash equivalents	228	609	456
Net debt[1)]	**1 895**	**1 336**	**1 493**

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

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

As per the end of the second quarter, the remaining undrawn amount summed up to approximately NOK 267 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 2 113 million as of the balance sheet date of 30 June 2021, the annual interest payment is expected to be in the range of NOK 38 to 70 million.

Covenants
The loan facility agreement includes a financial covenant requiring the leverage ratio, Net Debt to EBITDA, not to exceed 4.25x until 6 September 2021. The facility agreement does not contain any restrictions on dividend payments.

SATS is experiencing a temporarily increased leverage due to reduced LTM EBITDA during the COVID-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 2020 and 2021.

Payment profile
The following table shows the undiscounted payment profile of the Group's interest bearing liabilities, based on the remaining period as of 30 June 2021:

Bank borrowings	Total
(Amounts in NOK million)	
Less than 1 year	70
1-2 years	50
2-3 years	38
3-5 years	2 149
More than 5 years	0
Total payments	**2 306**

Lease liabilities	Total
(Amounts in NOK million)	
Less than 1 year	966
1-2 years	889
2-3 years	804
3-5 years	1 256
More than 5 years	1 239
Total payments	**5 154**

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 30 June 2021					
Opening net book amount	1 640	220	598	0	2 458
Net effect of changes in foreign exchange	0	-8	-17	0	-25
Closing net book value	**1 640**	**212**	**581**	**0**	**2 433**
At 30 June 2021					
Cost	1 838	212	591	0	2 642
Accumulated impairment	-199	0	-10	0	-209
Net book value	**1 640**	**212**	**581**	**0**	**2 433**
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	681
Accumulated amortization and impairment	-265	-273	-18	-4	-561
Net book value	**2**	**78**	**40**	**0**	**120**
Period ended 30 June 2021					
Opening net book amount	2	78	40	0	120
Effect of changes in foreign exchange cost	0	-12	-1	0	-14
Effect of changes in foreign exchange accumulated amortization	0	10	0	0	10
Additions/disposals	1	52	2	0	55
Amortization charge	0	-18	-6	0	-25
Closing net book value	**2**	**109**	**35**	**0**	**146**
At 30 June 2021					
Cost	268	391	59	4	722
Accumulated amortization and impairment	-266	-282	-24	-4	-575
Net book value	**2**	**109**	**35**	**0**	**146**
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 capitalized 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 30 June 2021				
Opening net book amount	486	208	64	758
Additions	8	8	11	27
Effect of changes in foreign exchange cost	-31	-15	-7	-53
Reclassifications additions	7	-8	1	0
Depreciation charge	-45	-26	-14	-85
Effect of changes in foreign exchange accumulated depreciation	20	10	6	36
Disposals costs	-4	-7	0	-12
Disposals costs accumulated depreciations	4	7	0	12
Reclassifications depreciations	-7	7	-1	0
Closing net book value	**440**	**185**	**59**	**683**
At 30 June 2021				
Cost	1 401	822	465	2 688
Accumulated depreciation	-962	-637	-406	-2 005
Net book value	**440**	**185**	**59**	**683**
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 30 June 2021			
At 1 January 2021	4 546	22	4 568
Effect of changes in foreign exchange cost	-110	-2	-112
Additions/disposals	40	0	40
Depreciation charge	-391	-6	-397
Effect of changes in foreign exchange accumulated depreciation	30	1	32
Closing net book value	**4 114**	**15**	**4 129**
At 30 June 2021			
Cost	9 588	77	9 665
Accumulated depreciation	-5 474	-62	-5 536
Net book value	**4 114**	**15**	**4 129**
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 30 million on Profit/loss before tax when re-consolidating the last 12 months. Re-consolidating borrowings, intercompany loans and bank accounts in foreign currency as of 30 June 2021 with a weaker NOK results in a positive effect of NOK 32 million.

(Amounts in NOK million)	Profit in foreign currency	Borrowings, intercompany loans and bank accounts in foreign currency	**Total**
SEK/NOK exchange rate - increase 10%[1)]	-4	26	22
EUR/NOK exchange rate - increase 10%[1)]	-10	7	-3
DKK/NOK exchange rate - increase 10%[1)]	-16	0	-16
Effect on Profit/loss before tax	**-30**	**32**	**3**

[1)] *Holding all other variables constant.*

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

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

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

	30.06.2021		30.06.2020		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	37	0	39	0	38	0
Accounts receivables	80	0	132	0	120	0
Other current receivables	46	0	24	0	85	0
Cash and cash equivalents	228	0	609	0	456	0
Total financial assets	**390**	**0**	**805**	**0**	**699**	**0**

	30.06.2021		30.06.2020		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	2 123	0	1 945	0	1 949	0
Lease liabilities	4 518	0	4 660	0	4 962	0
Trade and other payables	102	0	104	0	119	0
Derivatives	0	16	0	53	0	36
Other current liabilities	309	0	323	0	424	0
Total financial liabilities	**7 053**	**16**	**7 032**	**53**	**7 454**	**36**

Financial derivative instruments

The Group has the following derivative financial instruments:

	30.06.2021	30.06.2020	31.12.2020
(Amounts in NOK million)			
Non-current liabilities			
Interest rate swap contracts	16	53	36
Total non-current derivative financial instrument liabilities	**16**	**53**	**36**

Overview of interest swaps per 30 June 2021

Interest rate swaps	Notional in currency million	Maturity	Fixed rate	**Unrealised gain/loss 30.06.2021**
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 30 June 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	YTD 2021	YTD 2020	2020
(Amounts in NOK thousand)					
Altor	Shareholder of HFN Group AS	Other expenses	-9	-51	-72
Total related party profit or loss items			**-9**	**-51**	**-72**

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

There are no related party balance sheet items as at 30 June 2021, 30 June 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

There have been no material events subsequent to the reporting period that might have a significant effect on the consolidated interim financial statements for the second 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 2 433 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 Q2 2021 due to expectations of taxable profits after re-opening all clubs when the restrictions from the COVID-19 pandemic are repealed. Deferred tax assets for Denmark and Finland are not recognized in Q2 2021 due to uncertainty related to the long term COVID-19 effects and that future taxable profits will be available against the unused tax losses within a reasonable time frame.

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

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

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

RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge, the condensed consolidated interim financial statements for the first half of 2021, which have been prepared in accordance with IFRS as adopted by EU and IAS 34 Interim Financial Reporting, give a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations. To the best of our knowledge, the interim report for the first half of 2021 includes a fair review of important events that have occurred during the period and their impact on the condensed financial statements, the principal risks and uncertainties for the remaining half of 2021, and major related party transactions.

Oslo, 13 July 2021

Hugo Lund Maurstad
Chair of the Board

Rebekka Glasser Herlofsen
Board Member

Martin Tivéus
Board Member

Siren Sundby
Board Member

Søren Rene Kristiansen
Board Member

Sondre Gravir
CEO

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	Q2 2021	Q2 2020	YTD 2021	YTD 2020	2020
(Amounts in NOK million)					
EBITDA before impact of IFRS 16	**-113**	**31**	**-278**	**69**	**136**
(ii) Revenue and costs from closed clubs	0	0	0	1	1
(iii) Comparability adjustments on Country level	0	6	0	6	6
(iiii) Comparability adjustments on Group level	0	0	0	2	2
Adjusted EBITDA before impact of IFRS 16	**-113**	**38**	**-278**	**78**	**146**
Group overhead and cost allocation	62	60	132	127	251
Adjusted Country EBITDA before impact of IFRS 16	**-52**	**98**	**-147**	**205**	**397**

NORWAY	Q2 2021	Q2 2020	YTD 2021	YTD 2020	2020
(Amounts in NOK million)					
EBITDA before impact of IFRS 16	**-61**	**15**	**-188**	**48**	**78**
(iii) Comparability adjustments	0	4	0	4	4
Adjusted EBITDA before impact of IFRS 16	**-61**	**19**	**-188**	**52**	**82**
Group overhead and cost allocation	-33	-31	-68	-68	-135
Adjusted Country EBITDA before impact of IFRS 16	**-28**	**51**	**-120**	**120**	**217**

SWEDEN	Q2 2021	Q2 2020	YTD 2021	YTD 2020	2020
(Amounts in NOK million)					
EBITDA before impact of IFRS 16	**-1**	**69**	**4**	**99**	**183**
(iii) Comparability adjustments	0	0	0	0	0
Adjusted EBITDA before impact of IFRS 16	**-1**	**70**	**4**	**99**	**183**
Group overhead and cost allocation	-26	-26	-55	-56	-112
Adjusted Country EBITDA before impact of IFRS 16	**24**	**96**	**58**	**155**	**295**

FINLAND	Q2 2021	Q2 2020	YTD 2021	YTD 2020	2020
(Amounts in NOK million)					
EBITDA before impact of IFRS 16	**-28**	**-15**	**-50**	**-23**	**-29**
Adjusted EBITDA before impact of IFRS 16	**-28**	**-15**	**-50**	**-23**	**-29**
Group overhead and cost allocation	-4	-4	-9	-9	-18
Adjusted Country EBITDA before impact of IFRS 16	**-24**	**-11**	**-41**	**-14**	**-11**

DENMARK	Q2 2021	Q2 2020	YTD 2021	YTD 2020	2020
(Amounts in NOK million)					
EBITDA before impact of IFRS 16	**-29**	**-46**	**-55**	**-74**	**-133**
(ii) Revenue and costs from closed clubs	0	0	0	1	1
(iii) Comparability adjustments	0	2	0	2	2
Adjusted EBITDA before impact of IFRS 16	**-29**	**-43**	**-55**	**-71**	**-130**
Group overhead and cost allocation	-5	-6	-11	-14	-26
Adjusted Country EBITDA before impact of IFRS 16	**-24**	**-37**	**-44**	**-57**	**-104**

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

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

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

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

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

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

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

DEFINITIONS

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

Financial Calendar

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
11 NOV 2021	Q3 2021 Results

Investor Relations Contacts

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

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

-

SATS ASA
Nydalsveien 28
0484 Oslo

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