SATS Q4 2020

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 around 250 clubs, close to 9 000 employees and almost 650 000 members.

SATS' members have full flexibility to tailor packages that address their individual needs. We offer cutting-edge studio facilities for individual training, the broadest offering 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 the use of online training and digital tools for when they are not able to physically visit our club facilities. We are constantly working with trend research and innovation to be the industry's best and most forward-looking fitness chain.

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WORDS FROM THE CEO

2020 ended up very different for the society and SATS than what we believed when entering the year. The year kicked off with strong growth for SATS in all markets. Then came March 12, and we closed all our clubs. By June 15, all clubs where reopened, and we saw a strong member comeback during Q3. Existing members visited our clubs as ever before, and we managed to create great member experiences in safe club environments. Only in Norway, we have had over 5 million visits since the reopening mid-June, with 227 COVID-19 cases but no confirmed transmission in the clubs. Hence, it is proven that SATS clubs are not sources of infection transmission.

Still, most of the clubs in Norway and all clubs in Denmark were forced to close in Q4, significantly affecting the quarterly result. The member base fell by 6% YoY adjusted for the club divestment in Denmark, mainly driven by lack of new membership sales.

The pandemic has changed our lives, and severely affected both the physical and mental health of the population. During a normal year, SATS welcomes close to 40 million visits. A very low share of these exercise hours is replaced by alternative training while gyms are closed, and the inactivity in the population has increased significantly. We are in dialogue with local and national government and have even suggested additional measures to reduce mobility across municipalities and increase social distancing.

Even before the pandemic, we had invested in a good digital platform, and throughout 2020 we have significantly increased our digital product offering. Both members and non-members have been training digitally with SATS. The strong digital usage growth has given us confidence to step up our digital investments going forward.

Even though the current situation is challenging for our society, our members and our colleagues who are temporarily laid off, we are optimistic when looking ahead. The pandemic has accelerated consumer trends around digital adoption and technology, but also increased the focus on living a healthy lifestyle. We expect demand for our products to increase after the pandemic and will expand our physical and digital operations throughout 2021. We are planning to both open several new clubs and launch new digital products for home training.

We have a solid starting point coming out of the pandemic, and with strong expansion plans, we are eager to move forward. SATS' vision of making people healthier and happier has never been more important.

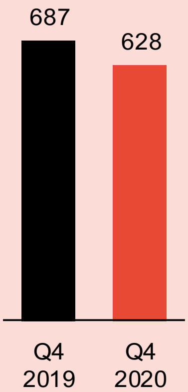
Sondre Gravir
CEO

Clubs

+2%

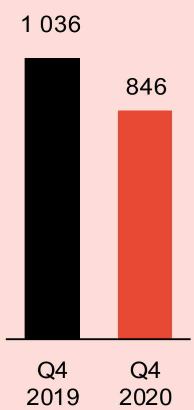
Members
'000

-9%



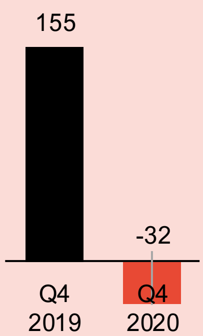
Revenues
NOK million

-18%



Adjusted EBITDA[1)]
NOK million

-120%



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

HIGHLIGHTS

- *Operational and financial set-back in the fourth quarter, with a new wave of imposed temporary club closures in Denmark and selected Norwegian municipalities*
- *Member base reduction of 9% compared to last year (6% when adjusting for divested club portfolio in Jylland and Fyn, Denmark)*
- *Total revenues of NOK 846 million, compared to NOK 1 036 million last year (-18%)*
- *Adjusted EBITDA of negative NOK 32 million, down 120% from NOK 155 million last year*
- *Sufficient liquidity to handle a continued unsecure regulatory environment going forward*
- *Nine new club openings in the quarter, of which six in Norway, two in Sweden and one in Finland*
- *The pandemic has increased the focus on living a healthy lifestyle; demand is expected to increase and structural opportunities to arise*
- *SATS expects to increase both the physical and digital presence going forward*

Key Financial Figures and Alternative Performance Measures (APM)

	Q4 2020	Q4 2019	**FY 2020**	FY 2019
Amounts in NOK million (unless otherwise stated)				
Membership revenue	605	813	2 649	3 171
Other revenues	241	223	885	816
Total revenues	846	1 036	3 534	3 987
EBITDA	216	381	1 135	1 484
Margin (%)	*25 %*	*37 %*	*32 %*	*47 %*
Operating profit excluding impairment	-45	132	90	512
Operating profit	-45	132	11	512
Profit/loss for the period	-95	19	-325	187
Earnings per share (NOK)	-0.55	0.12	-1.90	1.52
Adjusted Country EBITDA before impact of IFRS 16	30	210	397	811
Margin (%)	*4 %*	*20 %*	*11 %*	*20 %*
Adjusted EBITDA before impact of IFRS 16	-32	155	146	573
Margin (%)	*-4 %*	*15 %*	*4 %*	*14 %*
Maintenance Capex	37	66	185	228
Total Capex	103	93	290	325
Net debt	1 493	1 136	1 493	1 136
Operating cash flow	-60	129	-39	226
Clubs	253	248	253	248
Members (‘000)	628	687	628	687
ARPM (NOK/month)	437	502	492	490

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

BOARD OF DIRECTORS' REPORT

ANALYSIS OF THE Q4 2020 FINANCIAL STATEMENTS

All financial statements show the period 1 October 2020 to 31 December 2020, compared to the accounts for the period 1 October 2019 to 31 December 2019.

Statement of comprehensive income

Total revenues decreased by 18% to NOK 846 million in Q4 2020, compared to NOK 1 036 million in Q4 2019. A weakened NOK caused positive currency translation effects on revenues, and currency adjusted revenues fell by 22%. The revenues for the segments Norway, Sweden and Denmark decreased, while Finland increased in Q4 2020 compared to Q4 2019. The total member base decreased by 9% compared to last year, partly due to the divestment of nine clubs in Denmark in Q3 2020 but also as a consequence of lost sale during the closure periods. Adjusted for the divestment, the member base decreased by 6%. Reported ARPM decreased by 13%, mainly driven by an increase of frozen memberships. All memberships at closed clubs were frozen, and the number of frozen memberships at open clubs also increased due to the infection rates and reduced social mobility in society.

Total operating expenses decreased by 1% to NOK 891 million in Q4 2020, while operating expenses excluding depreciation and amortization decreased by 4% to NOK 631 million. A weakened NOK caused negative currency translation effects on costs, and currency adjusted operating expenses excluding depreciation and amortization decreased by 9%. In terms of categories, the relative decrease was largest for personnel expenses, driven by temporary lay-offs of employees at closed clubs, and cost of goods sold, driven by decreased retail sales. The operating loss decreased from NOK 132 million to a negative NOK 45 million. Profit decreased in all segments compared to Q4 2019.

Net financial expense in Q4 2020 was NOK 62 million, a decrease of NOK 34 million compared to Q4 2019, mainly due to fair value adjustments for interest rate swaps, as well as high unrealized currency effects in Q4 2019. Income tax expense in Q4 2020 was NOK 12 million.

Loss before tax was NOK 107 million in Q4 2020, compared to a profit of NOK 36 million in Q4 2019. Loss for the period was NOK 95 million in Q4 2020, compared to a profit of NOK 19 million in Q4 2019, while total comprehensive loss was NOK 110 million, compared to a profit of NOK 45 million in Q4 2019.

Statement of financial position

Consolidated assets increased by NOK 1 103 million to NOK 9 091 million in Q4 2020. A major driver of the increased consolidated assets was currency translation effects from a weakened NOK compared to last year. Right-of-use assets and intangible assets were the largest components of consolidated assets, amounting to NOK 4 568 million and NOK 2 578 million, respectively, on 31 December 2020. Both non-current assets and current assets increased. The increase in non-current assets was driven by increased right-of-use assets, as a result of an ongoing assessments of lease durations and acquisitions. The increase in current assets was primarily driven by an increase in cash and cash equivalents.

Total liabilities increased from NOK 6 765 million as at 31 December 2019 to NOK 8 206 million as at 31 December 2020, primarily due to currency translation effects and increased borrowings.

As at 31 December 2020, consolidated equity amounted to NOK 885 million, representing an equity ratio of 10%, compared to NOK 1 223 million and 15% in Q4 2019.

Statement of cash flows

Net cash flow from the Group's operations was NOK 219 million in Q4 2020, compared to NOK 396 million in Q4 2019. The decreased cash flow from operations of NOK 177 million was mainly due a reduction in profit for the quarter, but also by provisions for governmental compensations.

Net cash outflow from investing activities amounted to NOK 102 million in Q4 2020, compared to an outflow of NOK 91 million in Q4 2019. The main reason for the increased outflow is increased acquisition activity, partly offset by lower maintenance activities.

Net cash outflow from financing was NOK 287 million in Q4 2020, compared to an outflow of NOK 366 million in Q4 2019. The cash flow from financing in Q4 2019 was highly affected by both the issuance of new shares related to the initial public offering in October, a dividend payment and the initial public offering and related change and a refinancing of the bank borrowings.

In Q4 2020, consolidated cash and cash equivalents decreased net by NOK 171 million, compared to a decrease of NOK 61 million in Q4 2019. As at the balance sheet date, the Group had cash and cash equivalents of NOK 456 million, compared to NOK 165 million as of the balance sheet date of 31 December 2019.

Segment development

The following sections of this report review each operating segment. Unless otherwise stated, comments regarding development reflect a comparison between Q4 2020 and Q4 2019.

NORWAY

Norway is the largest operating segment in the Group with 41% of the consolidated total revenues in 2020 and 280 000 members at year-end 2020. SATS is a well-known brand in Norway and the largest operator of fitness clubs.

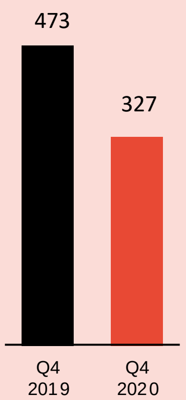
Total revenues summed up to NOK 327 million in Norway in Q4, a 31% decrease compared to the corresponding quarter last year. The revenue decrease came as a result of club closures in some of the Norwegian municipalities during November and December, including the largest region Oslo. The majority of the memberships at the closed clubs were frozen during the closure period, resulting in an ARPM reduction of 28%. The member base was 6% lower than last year, due to lost sales during the closure periods in 2020, partly compensated by a successful sales campaign in the third quarter and six club openings during the year. All of the six club openings took place in November, with Fresh Fitness' acquisition of Bare Trening in the Greater Oslo area.

Country EBITDA was also highly affected by the club closures and decreased by NOK 112 million to NOK 6 million, resulting in quarterly Country EBITDA margin of 2%, 23 p.p. down from Q4 2019.

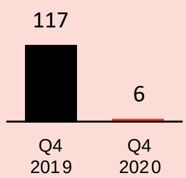
Key Financial figures and Alternative Performance Measures (APM)

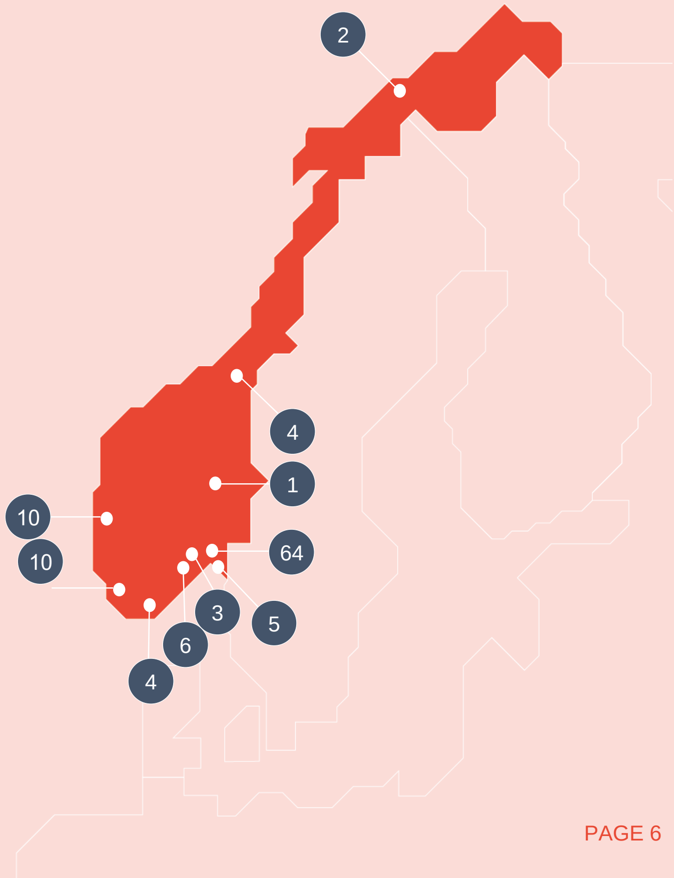
	Q4 2020	Q4 2019	**FY 2020**	FY 2019
Amounts in NOK million (unless otherwise stated)				
Membership revenue	208	366	1 032	1 439
Other revenues	119	107	414	392
Total revenues	327	473	1 445	1 831
EBITDA	74	180	484	717
Margin (%)	*23 %*	*38 %*	*33 %*	*39 %*
Operating profit	-23	85	98	337
Profit/loss for the period	-40	66	-4	212
Adjusted Country EBITDA before impact of IFRS 16	6	117	217	452
Margin (%)	*2 %*	*25 %*	*15 %*	*25 %*
Adjusted EBITDA before impact of IFRS 16	-28	82	82	322
Margin (%)	*-9 %*	*17 %*	*6 %*	*18 %*
Clubs	109	103	109	103
Members ('000)	280	299	280	299
ARPM (NOK/month)	381	528	416	523

Revenues
NOK million
-31%



Country EBITDA[1)]
NOK million
-95%





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

SWEDEN

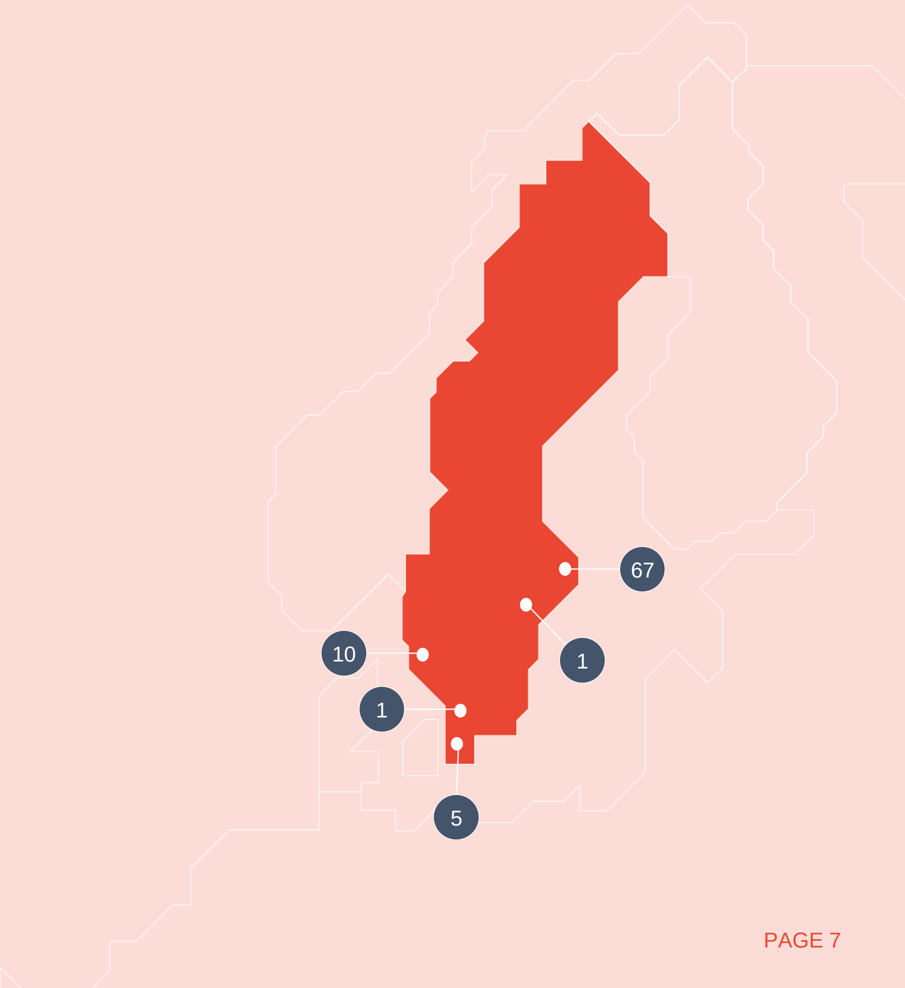
Sweden is the second-largest operating segment in the Group, with 38% of consolidated total revenues in 2020 and 216 000 members at year-end 2020. SATS has maintained a very strong position in Sweden over the course of many years and is the largest operator of fitness clubs in terms of revenue.

Total revenues decreased by 1% to NOK 341 million, corresponding to a 10% currency adjusted decrease, in Sweden in the quarter. The decrease was driven by a reduction in the member base, as the membership sales were negatively affected by the overall COVID-19 infection situation and governmental recommendations to reduce social mobility. ARPM increased by 2%, driven by weakening of NOK relative to SEK, partly offset by increased freeze in the member base due to the infection situation and a related eased freeze policy.

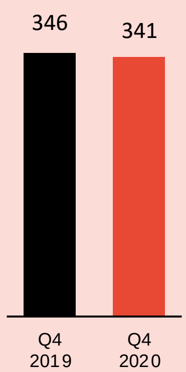
Country EBITDA decreased by NOK 35 million to NOK 59 million, resulting in quarterly Country EBITDA margin of 17%, 10 p.p. down from Q4 2019.

Key Financial Figures and Alternative Performance Measures (APM)

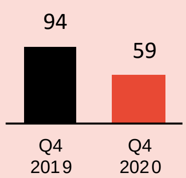
	Q4 2020	Q4 2019	**FY 2020**	FY 2019
Amounts in NOK million (unless otherwise stated)				
Membership revenue	268	270	1 074	1 026
Other revenues	73	76	280	282
Total revenues	341	346	1 354	1 308
EBITDA	113	135	506	530
Margin (%)	*33 %*	*39 %*	*37 %*	*41 %*
Operating profit	28	64	179	257
Profit/loss for the period	24	76	90	200
Adjusted Country EBITDA before impact of IFRS 16	59	94	295	363
Margin (%)	*17 %*	*27 %*	*22 %*	*28 %*
Adjusted EBITDA before impact of IFRS 16	31	65	183	256
Margin (%)	*9 %*	*19 %*	*14 %*	*20 %*
Clubs	84	79	82	17
Members ('000)	216	230	13	14
ARPM (NOK/month)	514	504	932	923



Revenues
NOK million
-1%



Country EBITDA[1)]
NOK million
-37%



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

FINLAND

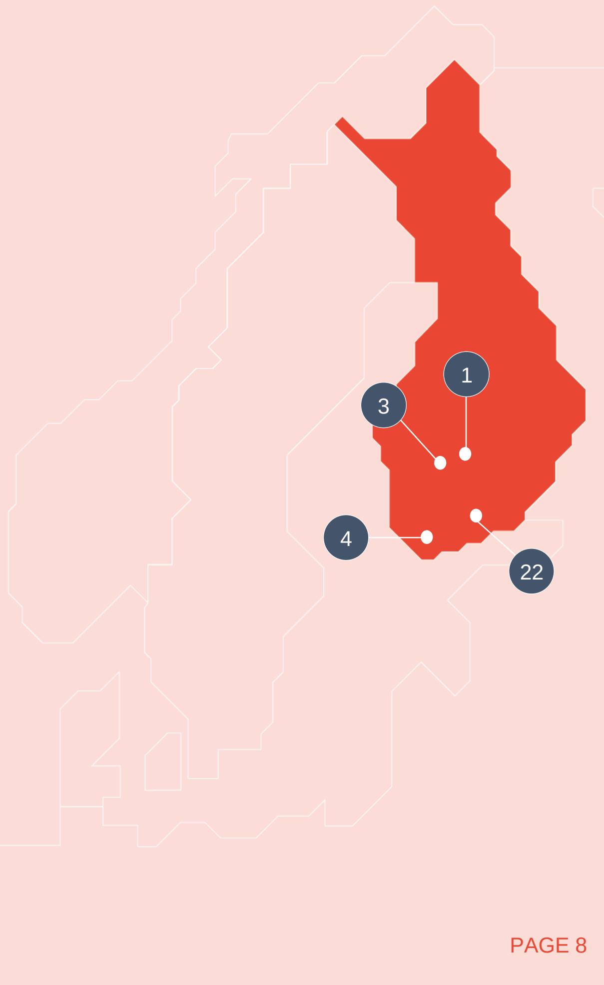
In Finland, the business is operated under the brand ELIXIA, and the Finnish operations, with 60 000 members at year-end 2020, constituted 9% of consolidated total revenues in 2020. The Finnish fitness market is highly fragmented, and ELIXIA is the market leader.

Total revenues increased to NOK 91 million in Finland in Q4, an increase of 1% compared to the corresponding quarter last year, driven by a positive currency effect. The member base decreased by 3% compared to Q4 2019, resulting in a total member base of 60 000. Like in Sweden, the clubs have remained open during the quarter, but the overall COVID-19 infection situation and governmental recommendations to reduce social mobility have put a pressure on membership sales. ARPM increased by 2%, as a result of a weakened NOK relative to EUR, partly offset by increased freeze in the member base due to the infection situation and a related eased freeze policy.

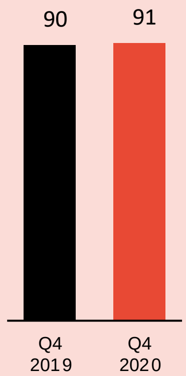
Country EBITDA decreased by NOK 16 million to a negative NOK 4 million and quarterly Country EBITDA margin was -5%, down 17 p.p. compared to Q4 2019.

Key Financial Figures and Alternative Performance Measures (APM)

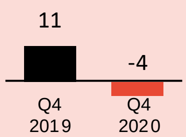
	Q4 2020	Q4 2019	**FY 2020**	FY 2019
Amounts in NOK million (unless otherwise stated)				
Membership revenue	67	73	248	282
Other revenues	24	17	78	61
Total revenues	91	90	326	343
EBITDA	19	33	81	117
Margin (%)	*21 %*	*37 %*	*25 %*	*34 %*
Operating profit	-9	11	-29	25
Profit/loss for the period	-11	24	-64	21
Adjusted Country EBITDA before impact of IFRS 16	-4	11	-11	40
Margin (%)	*-5 %*	*12 %*	*-3 %*	*12 %*
Adjusted EBITDA before impact of IFRS 16	-9	6	-29	22
Margin (%)	*-10 %*	*7 %*	*-9 %*	*6 %*
Clubs	30	28	22	22
Members ('000)	60	62	51	54
ARPM (NOK/month)	493	485	479	498



Revenues
NOK million
+1%



Country EBITDA[1)]
NOK million
-141%



[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 72 000 members at the end of Q4 2020, is the second largest fitness operator in Denmark, focused around the Greater Copenhagen area.

Total revenues decreased to NOK 87 million in Denmark in Q4, a decrease of 32% compared to Q4 2019. The decrease was mainly driven by a reduction in the member base. 16 000 members belonged to the nine clubs in Jylland and Fyn that was strategically divested in Q3 2020. The remaining membership loss has been driven by club closures in both Q1, Q2 and Q4. ARPM decreased by 13% compared to Q4 2019, explained by frozen memberships during the club closure in the quarter, from 9 December until the end of the quarter.

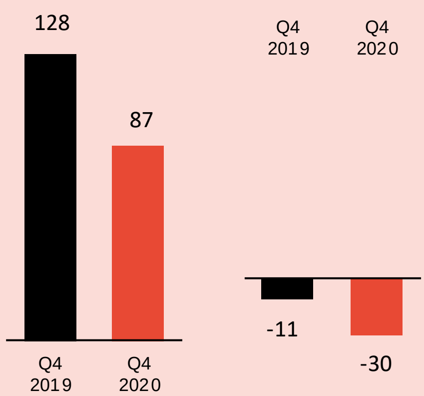
Country EBITDA was also highly affected by the club closures and decreased by NOK 19 million to a negative NOK 30 million and quarterly Country EBITDA margin was -34%, down 25 p.p. compared to last year.

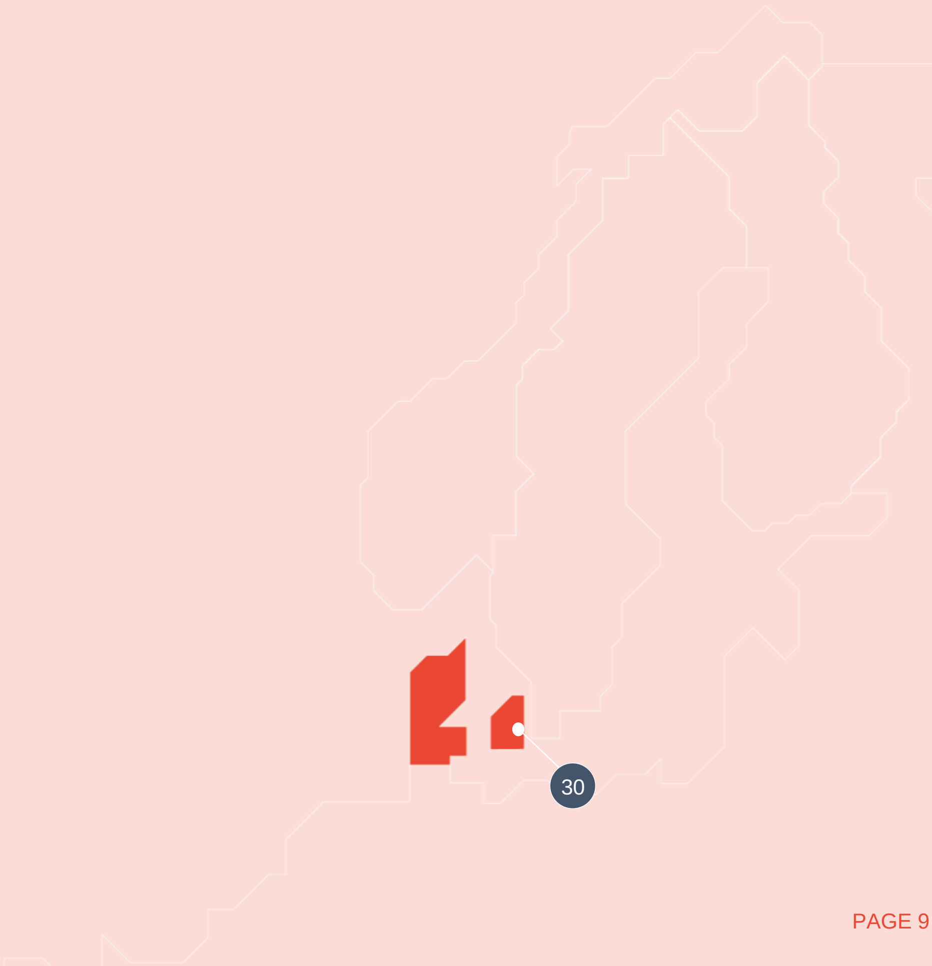
Key Financial Figures and Alternative Performance Measures (APM)

	Q4 2020	Q4 2019	**FY 2020**	FY 2019
Amounts in NOK million (unless otherwise stated)				
Membership revenue	62	105	295	423
Other revenues	25	23	113	81
Total revenues	87	128	408	504
EBITDA	0	24	26	86
Margin (%)	*0 %*	*19 %*	*6 %*	*17 %*
Operating profit excluding impairment	-39	-24	-144	-98
Operating profit	-39	-24	-223	-98
Profit/loss for the period	-47	-52	-317	-133
Adjusted Country EBITDA before impact of IFRS 16	-30	-11	-104	-44
Margin (%)	*-34 %*	*-9 %*	*-25 %*	*-9 %*
Adjusted EBITDA before impact of IFRS 16	-35	-19	-130	-75
Margin (%)	*-41 %*	*-15 %*	*-32 %*	*-15 %*
Clubs	30	28	13	13
Members ('000)	72	97	25	26
ARPM (NOK/month)	376	433	556	660

Revenues
NOK million
-32%

Country EBITDA[1)]
NOK million
-171%





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

BUSINESS AND INDUSTRY OUTLOOK

The fitness industry has experienced a significant setback caused by the COVID-19 outbreak. SATS expects the negative effects will prevail some time after reopening of all clubs, but is confident that the long-term outlook is still dominated by society's increased focus on health and well-being and robust global trends, such as political initiatives for health and digitalization. Fitness clubs, and full-service chains in particular, are at the center of the health and wellness economy and are positioned to expand their catchment into adjacencies. Over the long-term, the economic impact of the pandemic is expected to drive further consolidation in the fitness industry. SATS believes the market dynamics post COVID-19 will be suited to the company's business model. The company has plans for further expansion in the Nordics and continued investment in the product offering to remain the leading provider of fitness and training services in the Nordics. The company has proven the ability to regain the member base during the period where all clubs were open in the third quarter, and are confident to repeat this successful recovery also after the second wave of club closures.

SHAREHOLDER INFORMATION

SATS ASA's share capital was NOK 365 million as at 31 December 2020, divided into 171 763 386 ordinary shares, each with a par value of NOK 2 125. All the shares have been fully paid and have equal rights. SATS owned 1 002 670 treasury shares as at the balance sheet date. The number of shareholders as at 31 December 2020 was 4 193.

FINANCIAL POLICY AND DIVIDEND

The company has an unsecured revolving credit facility agreement, consisting of a multicurrency revolving credit facility with a maximum principal amount of NOK 2 500 million. The loan facility agreement includes a financial covenant requiring the leverage ratio, Net Debt to EBITDA, not to exceed 4.25x until the date falling two years after the date of the agreement, and not to exceed 4.00x thereafter. The facility agreement does not contain any restrictions on dividend payments.

SATS is experiencing a temporarily increased leverage due to reduced EBITDA during the COVID-19 related club closures in Q1, Q2 and Q4 2020. As a consequence, the company has signed an updated and restated agreement to the NOK 2 500 million facility, where interest levels and loan covenants were adjusted to reflect the new economic conditions the Group was facing. The settlement terms remained unchanged in the new loan agreement. The new financial covenants applicable are minimum levels for LTM EBITDA and maximum levels for CAPEX per quarter. The company will not distribute any dividend to the shareholders before 30 June 2021 or when the updated agreement is terminated by the company. The company shall be compliant with the original covenants after this date.

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 2019 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

The restrictions and imposed club closures across the club network from the fourth quarter has to a large extent continued into 2021. In Norway, most of the municipalities with restrictions regarding the operations and the municipalities with imposed club closures continued these into the new year. Some new municipalities imposed temporary club closures during January, and some clubs were allowed to reopen. As of 8 February, there are 60 clubs closed in Norway, including both SATS and Fresh clubs. The imposed lock-down was also continued in Denmark. The situation in Finland was fairly stable, with a continuation of the restrictions related to social distancing. On January 8, the Swedish government passed a new pandemic law, giving Sweden's government extra powers to enact measures to curb the spread of COVID-19. The law included restrictions on the operation of fitness clubs, but as these were fairly in line with the way SATS already operated, the changes for SATS Sweden were marginal.

In January, the company made a precautionary draw-down of the revolving credit facility of NOK 200 million to secure available liquidity. After the draw-down, the undrawn amount sums up to approximately NOK 350 million. The company is confident to have enough liquidity into the foreseeable future.

There have been no other material events subsequent to the reporting period that might have a significant effect on the consolidated interim financial statements for the fourth quarter of 2020.

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, 8 February 2021
The Board of Directors

CONSOLIDATED INCOME STATEMENT

	Notes	Q4 2020	Q4 2019	2020	2019
(Amounts in NOK million)					
Revenue	2	**846**	**1 036**	**3 534**	**3 987**
Operating expenses					
Cost of goods sold		-31	-32	-122	-115
Personnel expenses		-369	-411	-1 352	-1 463
Other operating expenses		-231	-212	-925	-925
Depreciation and amortisation	7, 8	-260	-249	-1 045	-972
Total operating expenses		**-891**	**-904**	**-3 445**	**-3 475**
Operating profit excluding impairment		**-45**	**132**	**90**	**512**
Impairment of assets held for sale	3	0	0	-78	0
Operating profit		**-45**	**132**	**11**	**512**
Interest income		0	1	0	1
Finance income		20	2	100	11
Interest expense		-71	-61	-269	-253
Finance expense		-11	-38	-98	-24
Net financial items		**-62**	**-96**	**-267**	**-265**
Profit/loss before tax		**-107**	**36**	**-255**	**247**
Income tax expense	3	12	-17	-69	-60
Profit/loss for the period		**-95**	**19**	**-325**	**187**
Profit/loss for the year is attributable to:					
Equity holders of the Group		-95	19	-325	187
Total allocation		**-95**	**19**	**-325**	**187**
Earnings per share in NOK					
Basic earnings per share attributable to equity holders of the company	4	-0.55	0.12	-1.90	1.52
Diluted earnings per share attributable to equity holders of the company	4	-0.55	0.12	-1.90	1.52

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Q4 2020	Q4 2019	2020	2019
(Amounts in NOK million)				
Profit/loss for the year	**-95**	**19**	**-325**	**187**
Other comprehensive income				
Currency translation adjustment - may be reclassified to profit or loss	-15	25	-20	10
Other comprehensive income, net of tax	**-15**	**25**	**-20**	**10**
Total comprehensive income for the period	**-110**	**45**	**-345**	**197**
Total comprehensive income is attributable to:				
Equity holders of the Group	-110	45	-345	198
Total comprehensive income for the period	**-110**	**45**	**-345**	**197**

CONSOLIDATED BALANCE SHEET

(Amounts in NOK million)	Notes	31.12.2020	31.12.2019
ASSETS			
Non-current assets			
Intangible assets	6	2 578	2 464
Right-of-use assets	8	4 568	3 912
Property, plant and equipment	7	758	739
Derivative financial instruments	9	0	5
Other non-current receivables		38	41
Deferred tax assets	3	166	192
Total non-current assets		**8 107**	**7 354**
Current assets			
Inventories		48	41
Accounts receivables		120	136
Other current receivables		85	70
Prepaid expenses and accrued income		274	222
Cash and cash equivalents		456	165
Total current assets		**983**	**634**
Total assets		**9 091**	**7 988**
EQUITY			
Share capital		365	361
Share premium		4 013	3 990
Treasury shares		-19	0
Other reserves		-4	15
Retained earnings		-3 470	-3 144
Total equity		**885**	**1 223**
LIABILITIES			
Non-current liabilities			
Deferred tax liability	3	90	77
Borrowings	5	1 938	1 293
Lease liability	5	4 167	3 521
Derivative financial instruments	9	36	0
Total non-current liabilities		**6 231**	**4 891**
Current liabilities			
Borrowings	5	11	8
Lease liability	5	795	767
Contract liability		441	491
Trade and other payables		119	122
Current tax liabilities		40	39
Public fees and charges payable		145	127
Other current liabilities		424	322
Total current liabilities		**1 975**	**1 875**
Total liabilities		**8 206**	**6 765**
Total equity and liabilities		**9 091**	**7 988**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts in NOK million)	Share capital	Share premium	Treasury shares	Other reserves[1)]	Retained earnings	**Total attributable to owners of the Group**	Non-controlling interests	**Total equity**
Equity 1 January 2019	**225**	**2 270**	**0**	**5**	**-1 735**	**765**	**-4**	**761**
Profit/loss for the period					187	187	0	187
OCI for the period				10		10	0	10
Total comprehensive income for the period	**0**	**0**	**0**	**10**	**187**	**197**	**0**	**197**
Dividends					-1 525	-1 525		-1 525
Proceeds from issues of shares IPO and capital increase expenses from IPO	123	1 234			-33	1 323		1 323
Transactions with non-controlling interests					-38	-38	4	-34
Share issues	14	486				500		500
Equity 31 December 2019	**361**	**3 990**	**0**	**15**	**-3 143**	**1 223**	**0**	**1 223**
Equity 1 January 2020	**361**	**3 990**	**0**	**15**	**-3 144**	**1 223**	**0**	**1 223**
Profit/loss for the period					-325	-325		-325
OCI for the period				-20		-20		-20
Total comprehensive income for the period	**0**	**0**	**0**	**-20**	**-325**	**-345**	**0**	**-345**
Investment program				1		1		1
Capital increase	4	23				26		26
Repurchase of shares			-20			-20		-20
Proceeds from sale of own shares			1			1		1
Capital increase expenses from IPO					-2	-2		-2
Equity 31 December 2020	**365**	**4 013**	**-19**	**-4**	**-3 470**	**885**	**0**	**885**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Q4 2020	Q4 2019	2020	2019
(Amounts in NOK million)					
Cash flow from operating activities					
Profit before tax		-107	36	-255	247
Adjustment for:					
Taxes paid in the period		-5	-25	-22	-60
Gain/loss from disposal or sale of equipment		-1	0	-1	0
Depreciation, amortisation and impairment	6, 7, 8	260	249	1 123	972
Net financial items		62	96	267	265
Change in inventory		-3	4	-7	-10
Change in accounts receivable		35	-20	16	-11
Change in trade payables		-17	-6	-3	-20
Change in other receivables and accruals		-7	62	-5	-38
Net cash flow from operations		**219**	**396**	**1 113**	**1 345**
Cash flow from investing					
Sale of subsidiary, net of cash		0	0	-42	2
Purchase of property, plant and equipment	6, 7	-56	-94	-230	-265
Proceeds from property, plant and equipment		1	2	1	2
Acquisition of subsidiary, net of cash acquired	14	-46	0	-60	-60
Net cash flow from investing		**-102**	**-91**	**-331**	**-321**
Cash flow from financing					
Repayments of borrowings	5	0	-1 800	-2	-1 894
Proceeds from borrowings	5	0	1 433	575	1 492
Instalments on lease liabilities	5	-198	-196	-803	-750
Paid interests on borrowings	5	-22	-10	-78	-67
Interests on lease liabilities	5	-49	-47	-196	-187
Disbursement of dividend		0	-1 000	0	-1 032
Proceeds from issues of shares	4	0	1 356	26	1 356
Purchase of own shares	1	-20	0	-20	0
Proceeds from sale of own shares	1	1	0	1	0
Transactions with non-controlling interests		0	-34	0	-34
Transaction costs from issues of new shares		0	-43	-2	-43
Other financial items		1	-27	-1	-66
Net cash flow from financing		**-287**	**-366**	**-499**	**-1 225**
Net increase/decrease in cash and cash equivalents		**-171**	**-61**	**283**	**-200**
Effect of foreign exchange changes on cash and cash equivalents		17	8	7	8
Cash and cash equivalents at the beginning of the period		609	219	165	357
Cash and cash equivalents at the end of period		**456**	**165**	**456**	**165**

NOTES

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1 General information and basis for preparation

General information
SATS (the "Group") consists of SATS ASA (the “company") and its subsidiaries. To comply with the Oslo Stock Exchange (Oslo Børs) listing requirements, the Group's parent company was transformed from an AS (limited company) to an ASA (public company) entity in September 2019 and the company was thus renamed to "SATS ASA". As an ASA entity, the Group's parent company is subject to the Norwegian Public Limited Company Act. The accompanying 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 2019 are available at www.satsgroup.com. The consolidated financial statements of the Group for the year ended 31 December 2020 will be published 26 February 2021.

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 2019.

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 2019. Because of rounding differences, numbers or percentages may not add up to the sum totals. For the reporting period IFRIC 23 has been implemented in the Group accounting policies with no material impact on the Group`s financial statements.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.

Significant changes in the current reporting period
On 2 November 2020, SATS acquired a portfolio of six fitness clubs in the Greater Oslo area by acquiring 100% of the shares in Bare Trening AS. The acquisition is in line with the company`s strategy of focusing on the capital clusters. The six clubs are relatively small compared to the average SATS club and fits perfectly into the Fresh Fitness footprint.

Please see Note 3 Profit and loss information for financial effects from the outbreak of the coronavirus disease 2019 (COVID-19).

Repurchase program
On 1 October 2020, SATS announced a share repurchase program under which the company may repurchase 1 100 000 own shares, representing 0.64% of the total number of shares in the company. The repurchased shares will be used for the following three purposes under the share investment program:

1. Delivery of matching shares to the relevant employees in accordance with the terms and conditions of the Share Investment Program. As of the balance sheet date of 31 December 2020, the company will deliver 525 463 matching shares to employees in 2023.

2. Delivery of shares to new employees who will be offered to participate in the Share Investment Program, in total approximately 450 000 shares.

3. Delivery of 97 330 shares to the Company's CEO, Sondre Gravir with respect to the additional investment made by him under the Share Investment Program. The additional 97 330 shares was acquired by Sondre Gravir on 22 December 2020.

The financial position and performance of the Group was not, other than mentioned above, particularly affected by any events or transactions during 2020.

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, Group functions and the country managers. The Nordic Management Group is responsible for allocating resources and assessing the performance of the segments.

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

The Nordic Management Group primarily uses EBITDA[1)], EBITDA excluding IFRS 16[1)], Adjusted EBITDA before impact of IFRS 16[1)] and Adjusted Country EBITDA before impact of IFRS 16[1)] to assess the performance of the operating segments. However, the Nordic Management Group also receives information about the segments' revenue and the consolidated balance sheet of the Group on a monthly basis.

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

Operating segment information
The segment information provided to the Nordic Management Group for the reportable segments for Q4 2020, Q4 2019 and the years ended 31 December 2020 and 2019 is as follows:

SATS Group	Norway	Sweden	Finland	Denmark	Group functions and other	**Total**
(Amounts in NOK million)						
Q4 2020						
Revenue						
Membership revenue	208	268	67	62	0	605
Other revenues	119	73	24	25	0	241
Total revenues	**327**	**341**	**91**	**87**	**0**	**846**
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)]	**-28**	**31**	**-9**	**-35**	**10**	**-32**
Impact of IFRS 16	102	82	28	35	0	247
EBITDA[1)]	**74**	**113**	**19**	**0**	**10**	**216**
Depreciation and amortisation	-97	-85	-28	-39	-12	-260
Operating profit	**-23**	**28**	**-9**	**-39**	**-2**	**-45**
Net financial items[2)]	-24	-11	12	-8	-32	-62
Income tax expense	7	7	-14	0	13	12
Profit/loss for the period	**-40**	**24**	**-11**	**-47**	**-21**	**-95**
Q4 2019						
Revenue						
Membership revenue	366	270	73	105	0	813
Other revenues	107	76	17	23	0	223
Total revenues	**473**	**346**	**90**	**128**	**0**	**1 036**
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)]	**79**	**65**	**6**	**-20**	**8**	**139**
Impact of IFRS 16	100	71	27	44	0	242
EBITDA[1)]	**180**	**135**	**33**	**24**	**8**	**381**
Depreciation and amortisation	-95	-72	-22	-48	-12	-249
Operating profit	**85**	**64**	**11**	**-24**	**-4**	**132**
Net financial items[2)]	-23	-15	-6	-8	-45	-96
Income tax expense	4	27	19	-21	-46	-17
Profit/loss for the period	**66**	**76**	**24**	**-52**	**-94**	**19**

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

SATS Group	Norway	Sweden	Finland	Denmark	Group functions and other	**Total**
(Amounts in NOK million)						
2020						
Revenue						
Membership revenue	1 032	1 074	248	295	0	2 649
Other revenues	414	280	78	113	1	885
Total revenues	**1 445**	**1 354**	**326**	**408**	**1**	**3 534**

EBITDA[1] and EBITDA before impact of IFRS 16[1] reconcile to profit/loss for the period as follows:

EBITDA before impact of IFRS 16[1]	**78**	**183**	**-29**	**-133**	**37**	**136**
Impact of IFRS 16	406	323	110	159	0	998
EBITDA[1]	**484**	**506**	**81**	**26**	**37**	**1 135**
Depreciation and amortisation	-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 period	**-4**	**90**	**-64**	**-317**	**-29**	**-325**

2019						
Revenue						
Membership revenue	1 439	1 026	282	423	0	3 171
Other revenues	392	282	61	81	0	816
Total revenues	**1 831**	**1 308**	**343**	**504**	**0**	**3 987**

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]	**319**	**256**	**22**	**-81**	**35**	**551**
Impact of IFRS 16	397	274	95	167	0	933
EBITDA[1]	**717**	**530**	**117**	**86**	**35**	**1 484**
Depreciation and amortisation	-379	-273	-92	-184	-44	-972
Operating profit	**337**	**257**	**25**	**-98**	**-9**	**512**
Net financial items[2]	-89	-51	-22	-35	-67	-265
Income tax expense	-37	-4	19	1	-38	-60
Profit/loss for the year	**212**	**201**	**21**	**-133**	**-114**	**187**

[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 quarterly result is negatively affected by various restrictions and imposed club closures across the club network. In Norway, the restrictions of fitness clubs were mainly handled by the municipalities based on the local infection rates. Some municipalities introduced restrictions such as limitations of participants per group training class, and from November many municipalities imposed lock-downs of gyms, including most of the municipalities in the Greater Oslo. The Danish government also introduced imposed lock-downs, resulting in closure of all SATS clubs from 9 December. In both Sweden and Finland, the overall sentiment in the society and reduced social mobility led to increased freeze of memberships. In Sweden, the government advised against visiting public spaces, including fitness clubs. In Finland, the clubs were operated under certain restrictions during the entire quarter, such as limitations of participants per group training class.

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

Divestment of clubs in Denmark
On 1 July 2020, SATS divested nine clubs to Fitness 1 in Jylland and Fyn, Denmark. The divestment was a planned strategic move initiated by SATS, in order to make Denmark more efficient and profitable. It further enabled SATS to continue on the journey of focusing on its strong capital clusters by strengthening our position in the Copenhagen and Northern Sealand area. The transaction resulted in an impairment of NOK 78 million reflecting that the nine disposed clubs were operating with a significant loss, representing 75% of the negative EBITDA in 2019. The profit and loss effect from the transaction was recognized as impairment of assets held for sale in Q2 (NOK 62 million) and Q3 2020 (NOK 16 million).

Income tax expense
On both SATS Group level and on segment level, the actual tax expense is used as basis for the fourth quarter and 2020 full year income tax recognition, whereas standardized tax rates per jurisdiction are used for tax reporting purposes for the previous interim periods throughout 2020 for Norway and Sweden. A deferred tax asset at a standardized tax rate was booked for Finland in Q1 2020, in subsequent quarters tax assets were not booked for Finland due to the uncertainty from the COVID-19 effects. In Q4, the deferred tax asset in Finland was partly written down, resulting in an income tax expense of NOK 14 million.

On 1 January 2019, SATS acquired 100% of the shares in the Danish fitness center chain fitness dk A/S. In connection with the acquisition, management made an assessment as to the eligibility of a deferred tax asset in the amount of NOK 54 million (NOK 61 million as per 31 March 2020 due to a strengthening of DKK against NOK), based on the loss carryforward position along with other tax reducing temporary differences. It was management`s judgement that it is not probable that future taxable profits will be available against the unused tax losses within a reasonable time frame and tax reducing temporary differences after the severe effects from COVID-19. Hence, the deferred tax asset in Denmark was written down in Q1, resulting in an income tax expense of NOK 61 million in the Danish segment.

Definitions
In the interim financial statements, Q4 is defined as the reporting period from 1 October to 31 December.

NOTE 4 Earnings per share

On 1 October 2020, SATS announced a share repurchase program under which the company repurchased 1 100 000 own shares in Q4 2020. 97 330 of these shares were acquired by Sondre Gravir on 22 December 2020. Please see note 1 for more information.

On the basis of the resolution by the general meeting of SATS ASA on 26 May 2020, all employees of the company and its subsidiaries and the members of the Board of Directors of the company, except from Hugo Maurstad, were invited to participate in a share investment program for the purpose of seeking to align the interests of the employees with those of the shareholders of the company. The share capital increase pertaining to the issuance of shares was registered with the Norwegian Register of Business Enterprises (Nw. Foretaksregisteret) on 8 July. The company's new share capital is NOK 364 997 195, comprising in total 171 763 386 shares, each with a nominal value of NOK 2.125. The Share Investment Program implies that the company on the balance sheet date of 31 December 2020 will deliver 525 463 matching shares to employees in 2023. Allocation of matching shares is further contingent upon the company's performance over time.

The number of outstanding shares are adjusted as a weighted average for 2020 due to the share repurchase and the issuance of new shares in July. For Q4 2020, the number of outstanding shares is adjusted as a weighted average due to purchase of own shares. The denominator for diluted earnings per share is calculated as a weighted average for Q4 2020 and 2020 due to the Share Investment Program delivering matching shares in 2023.

On 23 October 2019, SATS ASA was accepted for listing on the Oslo Stock Exchange (Oslo Børs). The initial public offering (IPO) was achieved by issuing 57 712 432 shares with a par value of NOK 2.125 at the price of NOK 23.5 per share, resulting in a net capital increase of NOK 1 323 million. Prior to the IPO, the company’s shares have not been publicly traded. The number of shares outstanding following the IPO was 170 000 000. The denominator for Q4 2019 and 2019 is hence calculated as a weighted average.

In September 2019, the shares of the company were split in the ratio 1:4 so that the number of shares was increased from 28 071 892 to 112 287 568. The updated number of shares has been applied as the denominator for Q4 2019 and 2019.

(NOK per share)	**Q4 2020**	Q4 2019	**2020**	2019
Basic earnings	-0.55	0.12	-1.90	1.52
Total basic earnings per share	**-0.55**	**0.12**	**-1.90**	**1.52**
Total number of outstanding shares	171 007 861	155 571 892	170 663 904	123 197 589

Diluted earnings per share attributable to equity holders of the company

(NOK per share)	**Q4 2020**	Q4 2019	**2020**	2019
Diluted earnings	-0.55	0.12	-1.90	1.52
Total diluted earnings per share	**-0.55**	**0.12**	**-1.90**	**1.52**
Total number of outstanding shares	171 532 971	155 571 892	170 918 475	123 197 589

Reconciliation of earnings used in calculating earnings per share

(Amounts in NOK million)	**Q4 2020**	Q4 2019	**2020**	2019
Basic earnings per share				
Profit/loss attributable to equity holders of the Group	-95	19	-325	187
Profit used in calculating basic earnings per share	**-95**	**19**	**-325**	**187**
Diluted earnings per share				
Profit/loss used in calculating diluted earnings per share	-95	19	-325	187
Profit used in calculating diluted earnings per share	**-95**	**19**	**-325**	**187**

NOTE 5 Interest-bearing liabilities

Overview of interest-bearing liabilities	31.12.2020	31.12.2019
(Amounts in NOK million)		
Current		
Bank borrowings	11	8
Lease liabilities	795	767
Total current interest-bearing liabilities	**806**	**775**
Non-current		
Bank borrowings	1 938	1 293
Lease liabilities	4 167	3 521
Total non-current interest-bearing liabilities	**6 105**	**4 814**
Total interest-bearing liabilities	**6 910**	**5 589**
Total bank borrowings	1 949	1 301
Cash and cash equivalents	456	165
Net debt[1)]	**1 493**	**1 136**

Long-term loan facility agreement
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. An updated facility agreement was signed 2 July 2020.

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 1 939 million as of the balance sheet date of 31 December 2020, the annual interest payment is expected to be in the range of NOK 36 to 60 million.

Covenants
The loan facility agreement includes a financial covenant requiring the leverage ratio, Net Debt to EBITDA, not to exceed 4.25x until the date falling two years after the date of the agreement, and not to exceed 4.00x thereafter. The facility agreement does not contain any restrictions on dividend payments.

The company is experiencing a temporarily increased leverage due to reduced EBITDA during the COVID-19 related club closures in Q1, Q2 and Q4 2020. As a consequence, the company has signed an updated agreement for the NOK 2 500 million facility. The new financial covenants applicable until 30 June 2021 are minimum levels for LTM EBITDA and maximum levels for CAPEX per quarter. The company will not distribute any dividend to the shareholders before this date or when the updated agreement is terminated by the company. The company shall be compliant with the original covenants after 30 June 2021.

Compliance with financial borrowing covenants
SATS ASA executes the financing functions within the Group, holds the long-term financing agreement with the Group's long-term lenders, and provides long-term financing to other Group entities. SATS ASA has complied with the financial covenants related to its borrowing facility during Q4 2020.

Payment profile
The following table shows the undiscounted payment profile of the Group's interest bearing liabilities, based on the remaining period as of 31 December 2020:

Bank borrowings	Total
(Amounts in NOK million)	
Less than 1 year	55
1-2 years	51
2-3 years	36
3-5 years	1 993
More than 5 years	1
Total payments	**2 136**

Lease liabilities	Total
(Amounts in NOK million)	
Less than 1 year	987
1-2 years	933
2-3 years	860
3-5 years	1 399
More than 5 years	1 532
Total payments	**5 711**

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

NOTE 6 Intangible assets

Goodwill	Norway	Sweden	Finland	Denmark	Total goodwill
(Amounts in NOK million)					
At 31 December 2019					
Cost	1 798	188	574	0	2 560
Accumulated impairment	-199	0	-10	0	-209
Net book value	**1 599**	**188**	**564**	**0**	**2 351**
Period ended 31 December 2020					
Opening net book amount	1 599	188	564	0	2 351
Net effect of changes in foreign exchange	0	21	35	0	55
Net additions/disposals	41	11	0	0	52
Closing net book value	**1 640**	**220**	**598**	**0**	**2 458**
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**
Useful life	Indefinite	Indefinite	Indefinite		
Amortisation method	Not amortised	Not amortised	Not amortised		

Other intangible assets	Trademark	Internally developed software[1]	Customer list	Other	Total other intangible assets
(Amounts in NOK million)					
At 31 December 2019					
Cost	267	271	49	4	591
Accumulated amortisation and impairment	-265	-201	-8	-4	-478
Net book value	**2**	**70**	**42**	**0**	**113**
Period ended 31 December 2020					
Opening net book amount	2	70	42	0	113
Effect of changes in foreign exchange cost	0	30	0	0	30
Effect of changes in foreign exchange accumulated depreciation	0	-22	0	0	-22
Acquisition	0	0	8	0	8
Additions/disposals	0	51	0	0	51
Amortisation charge	0	-50	-10	0	-61
Closing net book value	**2**	**78**	**40**	**0**	**120**
At 31 December 2020					
Cost	267	352	58	4	680
Accumulated amortisation and impairment	-265	-273	-18	-4	-560
Net book value	**2**	**78**	**40**	**0**	**120**
Useful life	10 years	3 years	3 - 7 years	1 - 10 years	
Amortisation method	Straight-line	Straight-line	Straight-line	Straight-line	

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

NOTE 7 Property, plant and equipment

Property, plant and equipment	Capitalised leasehold improvements	Fitness equipment	Other fixtures and equipment	**Total tangible fixed assets**
(Amounts in NOK million)				
At 31 December 2019				
Cost	1 323	768	439	2 530
Accumulated depreciation	-843	-572	-377	-1 791
Net book value	**480**	**197**	**62**	**739**
Pledged as security for liabilities				**739**
Period ended 31 December 2020				
Opening net book amount	480	197	62	739
Effect of changes in foreign exchange cost	76	35	18	129
Net additions/disposals	73	56	26	155
Depreciation charge	-96	-55	-28	-178
Effect of changes in foreign exchange accumulated depreciation	-48	-24	-16	-87
Closing net book value	**485**	**208**	**64**	**758**
At 31 December 2020				
Cost	1 471	859	484	2 814
Accumulated depreciation and impairment	-986	-651	-420	-2 057
Net book value	**485**	**208**	**64**	**758**
Pledged as security for liabilities				**758**
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 2019			
Cost	6 759	23	6 782
Accumulated depreciation	-3 543	-10	-3 553
Net book value	**3 216**	**13**	**3 229**
Year ended 31 December 2019			
At 1 January 2019	3 216	13	3 229
Additions/disposals	1 425	63	1 488
Effect of changes in foreign exchange cost	-33	0	-33
Depreciation charge	-736	-25	-761
Effect of changes in foreign exchange accumulated depreciation	-11	0	-11
Closing net book value	**3 862**	**51**	**3 912**
At 31 December 2019			
Cost	8 152	87	8 238
Accumulated depreciation	-4 290	-36	-4 326
Net book value	**3 862**	**51**	**3 912**
Period ended 31 December 2020			
At 1 January 2020	3 862	51	3 912
Effect of changes in foreign exchange cost	221	5	227
Additions/disposals	1 286	-13	1 272
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**
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 a 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 18 million on Profit/loss before tax when re-consolidating the last 12 months. Re-consolidating the balance sheet as of 31 December 2020 with a weaker NOK results in a positive effect of NOK 55 million.

	Profit in foreign currency	Borrowings, intercompany loans and bank	**Total**
(Amounts in NOK million)			
SEK/NOK exchange rate - increase 10%[1)]	12	46	58
EUR/NOK exchange rate - increase 10%[1)]	-5	9	4
DKK/NOK exchange rate - increase 10%[1)]	-25	0	-25
Effect on Profit/loss before tax	**-18**	**55**	**37**

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

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

	31.12.2020		31.12.2019	
Financial instruments - Assets	**Assets measured at amortised cost**	**Fair value through profit and loss**	Assets measured at amortised cost	Fair value through profit and loss
(Amounts in NOK million)				
Other non-current receivables	38	0	41	0
Accounts receivables	120	0	136	0
Other current receivables	85	0	70	0
Derivatives	0	0	0	5
Cash and cash equivalents	456	0	165	0
Total financial assets	**699**	**0**	**412**	**5**

	31.12.2020		31.12.2019	
Financial instruments - Liabilities	**Liabilities measured at amortised cost**	**Fair value through profit and loss**	Liabilities measured at amortised cost	Fair value through profit and loss
(Amounts in NOK million)				
Borrowings	1 949	0	1 301	0
Lease liabilities	4 962	0	4 289	0
Trade and other payables	119	0	122	0
Derivatives	0	36	0	0
Other current liabilities	424	0	322	0
Total financial liabilities	**7 454**	**36**	**6 032**	**0**

The Group has the following derivative financial instruments:

	31.12.2020	31.12.2019
(Amounts in NOK million)		
Non-current asset		
Interest rate swap contracts	0	5
Total non-current derivative financial instrument assets	**0**	**5**
Non-current liabilities		
Interest rate swap contracts	36	0
Total non-current derivative financial instrument liabilities	**36**	**0**

In January 2020, SATS ASA entered into two new interest rate swap agreements while at the same time the previous agreements were terminated. The new interest rate swaps better match the underlying conditions in the market and the long-term loan facility agreement which SATS ASA entered into in October 2019. Please see Note 5 Interest-bearing liabilities for more information.

Overview of interest swaps per 31 December 2020

Interest rate swaps	Notional in currency million	Maturity	Fixed rate	**Unrealised gain/loss 31.12.2020**
IRS NOK	694	28.10.2026	1.751	-33
IRS SEK	200	28.10.2024	0.430	-3
Fair value of the Group`s interest rate swaps as of 31 December 2020 in NOK million				**-36**

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	**2020**	2019
(Amounts in NOK thousand)				
Elixia Holding IV AS	Shareholder of HFN Group AS	Interest rate on loan	0	-41
Altor	Shareholder of HFN Group AS	Restructuring costs	0	144
Altor	Shareholder of HFN Group AS	Other expenses	72	0
HFN Group AS	Shareholder	Interest rate on loan	0	-3 810
Metropolis Health Club AB	Minority interest	Accounting services	0	75
SATS Grenland AS	Minority interest	IT, accounting and other services	0	3 948
Total related party profit or loss items			**72**	**315**

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

100% of the shares in SATS Grenland AS were acquired by the Group on 19 December 2019. In the table above, SATS Grenland AS is treated as related party in 2019. Metropolis Health Club AB was sold in Q3 2019.

Elixia Holding IV AS was liquidated on 23 March 2020.

Balance sheet items

Related party	Relationship	Type of services	**31.12.2020**	31.12.2019
(Amounts in NOK thousand)				
HFN Group AS	Shareholder	Borrowings	0	284
Total related party balance sheet items			**0**	**284**

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

The restrictions and imposed club closures across the club network from the fourth quarter has to a large extent continued into 2021. In Norway, most of the municipalities with restrictions regarding the operations and the municipalities with imposed club closures continued these into the new year. Some new municipalities imposed temporary club closures during January, and some clubs were allowed to reopen. As of 8 February, there are 60 clubs closed in Norway, including both SATS and Fresh clubs. The imposed lock-down was also continued in Denmark. The situation in Finland was fairly stable, with a continuation of the restrictions related to social distancing. On January 8, the Swedish government passed a new pandemic law, giving Sweden's government extra powers to enact measures to curb the spread of COVID-19. The law included restrictions on the operation of fitness clubs, but as these were fairly in line with the way SATS already operated, the changes for SATS Sweden were marginal.

In January, the company made a precautionary draw-down of the revolving credit facility of NOK 200 million to secure available liquidity. After the draw-down, the undrawn amount sums up to approximately NOK 350 million. The company is confident to have enough liquidity into the foreseeable future.

There have been no other material events subsequent to the reporting period that might have a significant effect on the consolidated interim financial statements for the fourth quarter of 2020.

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 2020.

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 2 458 million per the balance sheet date. Goodwill is not amortised 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. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated in Note 11 Intangible assets in the Annual Report for 2019. 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
Part of the historic tax losses carried forward in the Finnish segment was recognized at the balance sheet date as of 31 December 2019 as 2019 showed improved revenues and EBITDA, and growth in all clusters in the Finnish market. However, the COVID-19 crisis has significantly impacted the business, and the deferred tax asset was hence written down by NOK 14 million in Q4 2020.

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 recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis

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

NOTE 14 Business combinations

Acquisition of Bare Trening and BodyJoy

On 2 November 2020, SATS acquired a portfolio of six fitness clubs in the Greater Oslo area by acquiring 100% of the shares in Bare Trening AS. The acquisition is in line with the company`s strategy of focusing on the capital clusters. The six clubs are relatively small compared to the average SATS club and fits perfectly into the Fresh Fitness footprint. The acquisition contributed revenues of NOK 2 million in 2020 and an EBITDA of NOK 1 million for the two months of consolidation.

On 1 February 2020, SATS acquired two fitness clubs in the Värmdö Municipalty in Sweden by acquiring 100% of the shares in Body Joy Monica & Monica AB. The acquisition contributed revenues of NOK 16 million in 2020 and EBITDA of NOK 0 million. The operating results and assets and liabilities of the acquired company were consolidated from 1 February 2020.

The table below shows the combined effects from the acquistions of Bare Trening AS and Body Joy Monica & Monica AB.

Details of the purchase consideration	**2020**
(Amounts in NOK million)	
Purchase consideration:	
Cash paid	69
Total purchase consideration	**69**

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

	Fair value at acquisition
(Amounts in NOK million)	
Cash and cash equivalents	9
Right-of-use asset	63
Property, plant and equipment	5
Customer base	8
Payables	4
Lease liabilities	63
Deferred tax on customer base	2
Fair value of net identifiable assets acquired	17

Recognised goodwill	
Total purchase consideration	69
Less: fair value of net identifiable assets aquired	17
Recognised goodwill	52

The amounts of revenue recognised from the acquire since the acquisition dates are disclosed in the segment reporting for Norway and Sweden, note 2. The goodwill is attributable to the workforce and the expected profitability of the acquired business.

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, amortisation and depreciation charges. The Group has presented this APM because it considers it to be an important supplemental measure to understand the overall picture of profit generation in the Group's operating activities. Please see reconciliation to profit or loss before tax in table below.

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

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

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

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

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

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

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

TOTAL	Q4 2020	Q4 2019	2020	2019
(Amounts in NOK million)				
EBITDA before impact of IFRS 16	**-32**	**139**	**136**	**551**
(ii) Revenue and costs from closed clubs	0	1	1	1
(iii) Comparability adjustments on Country level	0	2	6	8
(iiii) Comparability adjustments on Group level	0	13	2	13
Adjusted EBITDA before impact of IFRS 16	**-32**	**155**	**146**	**573**
Group overhead and cost allocation	62	55	251	237
Adjusted Country EBITDA before impact of IFRS 16	**30**	**210**	**397**	**811**

NORWAY	Q4 2020	Q4 2019	2020	2019
(Amounts in NOK million)				
EBITDA before impact of IFRS 16	**-28**	**79**	**78**	**319**
(ii) Revenue and costs from closed clubs	0	1	0	1
(iii) Comparability adjustments	0	2	4	2
Adjusted EBITDA before impact of IFRS 16	**-28**	**82**	**82**	**322**
Group overhead and cost allocation	-34	-35	-135	-130
Adjusted Country EBITDA before impact of IFRS 16	**6**	**117**	**217**	**452**

SWEDEN	Q4 2020	Q4 2019	2020	2019
(Amounts in NOK million)				
EBITDA before impact of IFRS 16	**31**	**65**	**183**	**256**
(ii) Revenue and costs from closed clubs	0	0	0	0
(iii) Comparability adjustments	0	0	0	0
Adjusted EBITDA before impact of IFRS 16	**31**	**65**	**183**	**256**
Group overhead and cost allocation	-28	-29	-112	-107
Adjusted Country EBITDA before impact of IFRS 16	**59**	**94**	**295**	**363**

FINLAND	Q4 2020	Q4 2019	2020	2019
(Amounts in NOK million)				
EBITDA before impact of IFRS 16	**-9**	**6**	**-29**	**22**
(ii) Revenue and costs from closed clubs	0	0	0	0
(iii) Comparability adjustments	0	0	0	0
Adjusted EBITDA before impact of IFRS 16	**-9**	**6**	**-29**	**22**
Group overhead and cost allocation	-5	-5	-18	-17
Adjusted Country EBITDA before impact of IFRS 16	**-4**	**11**	**-11**	**40**

DENMARK	Q4 2020	Q4 2019	2020	2019
(Amounts in NOK million)				
EBITDA before impact of IFRS 16	**-35**	**-20**	**-133**	**-81**
(ii) Revenue and costs from closed clubs	0	0	1	0
(iii) Comparability adjustments	0	1	2	7
Adjusted EBITDA before impact of IFRS 16	**-35**	**-19**	**-130**	**-75**
Group overhead and cost allocation	-6	-8	-26	-31
Adjusted Country EBITDA before impact of IFRS 16	**-30**	**-11**	**-104**	**-44**

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

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

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

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

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

Operating cash flow
Operating cash flow is a measure of how much cash that is generated by the operations and is used to evaluate SATS's liquidity. The definition is Adjusted EBITDA 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 by the end of the period divided by the average member base
Average revenue per member (ARPM)	Average revenue per member per month, calculated as total revenue divided by the average member base
Capex: Club portfolio capital expenditures	Maintenance capital expenditures less IT capital expenditures
Capex: Expansion capital expenditures	The sum of investments related to acquisitions and greenfields
Capex: IT capital expenditures	Capital expenditures associated with developing software programs
Capex: Maintenance capital expenditures	Total capital expenditures less 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 e.g. commercial functions, IT, finance and administration
Leverage ratio	Net debt divided by last twelve months adjusted EBITDA before impact of IFRS 16
Member base, average	Average number of members at the beginning and in the end of the period, including frozen memberships, excluding free memberships
Member base, outgoing	Number of members as of the end of the period, including frozen memberships, excluding free memberships
Net debt	Current and non-current borrowings less cash and cash equivalents
Operating cash flow	Adjusted EBITDA excluding IFRS 16 less maintenance capital expenditures 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 2020 Results
11 MAY 2021	Annual General Meeting 2021
14 JUL 2021	Q2 2020 Results
29 OCT 2021	Q3 2020 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

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SATS ASA
Nydalsveien 28
0484 Oslo

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