ANNUAL REPORT 2020

BASIC-FIT

Forward looking statements & important notice

This annual report may contain forward-looking statements. Forward-looking statements are statements that are not historical facts, including but not limited to statements expressing or implying Basic-Fit's beliefs, expectations, intentions, forecasts, estimates and/or predictions (and the assumptions underlying them). The forward-looking statements in this annual report are based on numerous assumptions regarding Basic-Fit's present and future business strategies and the environment in which Basic-Fit will operate in the future, and could refer to the financial condition, results of operations and business liquidity, prospects, growth, strategies or the industry in which Basic Fit N.V. and its subsidiaries (also referred to as 'the company') operate, and certain of the plans and objectives of Basic-Fit with respect to these items.

Forward-looking statements involve inherent known and unknown risks, uncertainties and contingencies because they relate to events and depend on circumstances that may or may not occur in the future, and may cause the actual results, performance or achievements of Basic-Fit to be materially different from those expressed or implied by such forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond Basic-Fit's control or ability to estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of regulators and other factors, such as Basic-Fit's ability to continue to obtain financing to meet its liquidity needs, changes in the political, social or regulatory framework in which Basic-Fit operates, or in economic or technological trends or conditions. Past performance should not be taken as an indication or guarantee of future results, and no representation or warranty, express or implied, is made regarding future performance.

The forward-looking statements contained refer only to the date in which they are made, and Basic-Fit does not undertake any obligation to update any forward-looking statements

This annual report may contain statistics, data and other information relating to markets, market sizes, market shares, market positions or other industry data pertaining to Basic-Fit's business and markets. Unless otherwise indicated, such information is based on the Basic-Fit's analysis of multiple sources, as well as information obtained from (i) experts, industry associations and data providers; and (ii) publicly available information from other sources, such as information publicly released by our competitors. To the extent that they are available, any industry, market or competitive position data contained in this annual report has come from official or third-party sources. While Basic-Fit believes that each of these publications, studies and surveys has been prepared by a reputable source, Basic-Fit has not independently verified the data contained therein. In addition, certain of the industry, market and competitive position data contained in this document comes from Basic-Fit's own internal research and estimates, based on the knowledge and experience of Basic-Fit's management in the markets in which Basic-Fit operates. While Basic-Fit believes that such research and estimates are reasonable and reliable, they and their underlying methodology and assumptions have not been verified by any independent source for accuracy or completeness, and are subject to change without notice.

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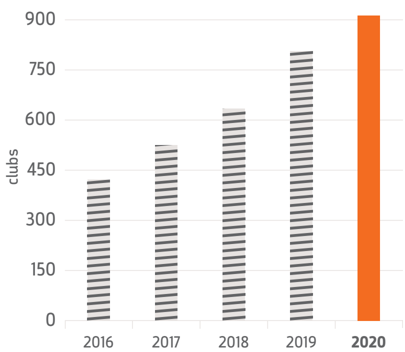
BASIC-FIT
AT A GLANCE

CLUBS

905

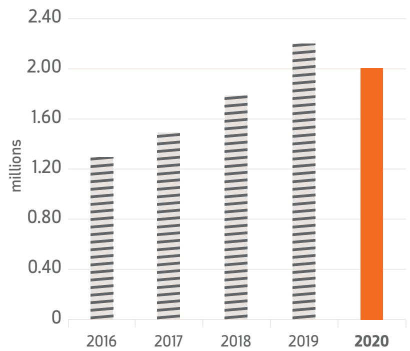
▲ 15%
year-on-year



MEMBERSHIPS

2,001 MILLION

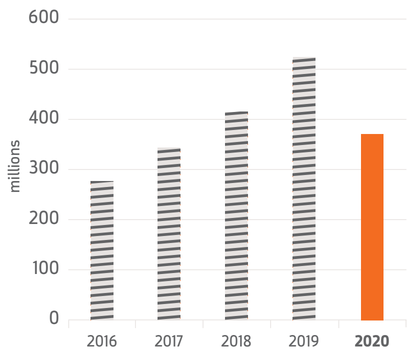
▼ -10%
year-on-year



REVENUE

€377 MILLION

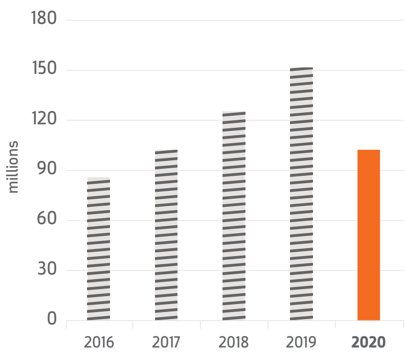
▼ -27%
year-on-year



UNDERLYING EBITDA*

€94 MILLION

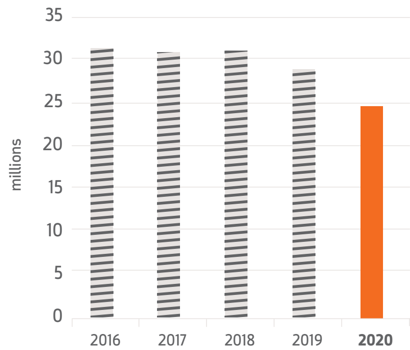
▼ -38%
year-on-year



UNDERLYING EBITDA MARGIN*

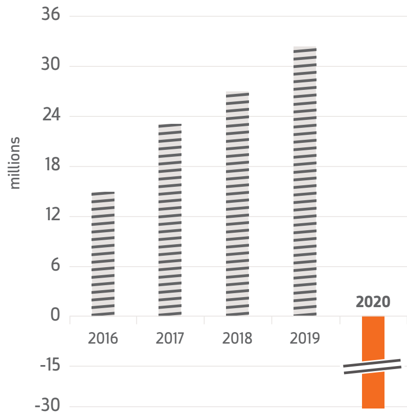
24.9%

▼ -450 BPS
year-on-year



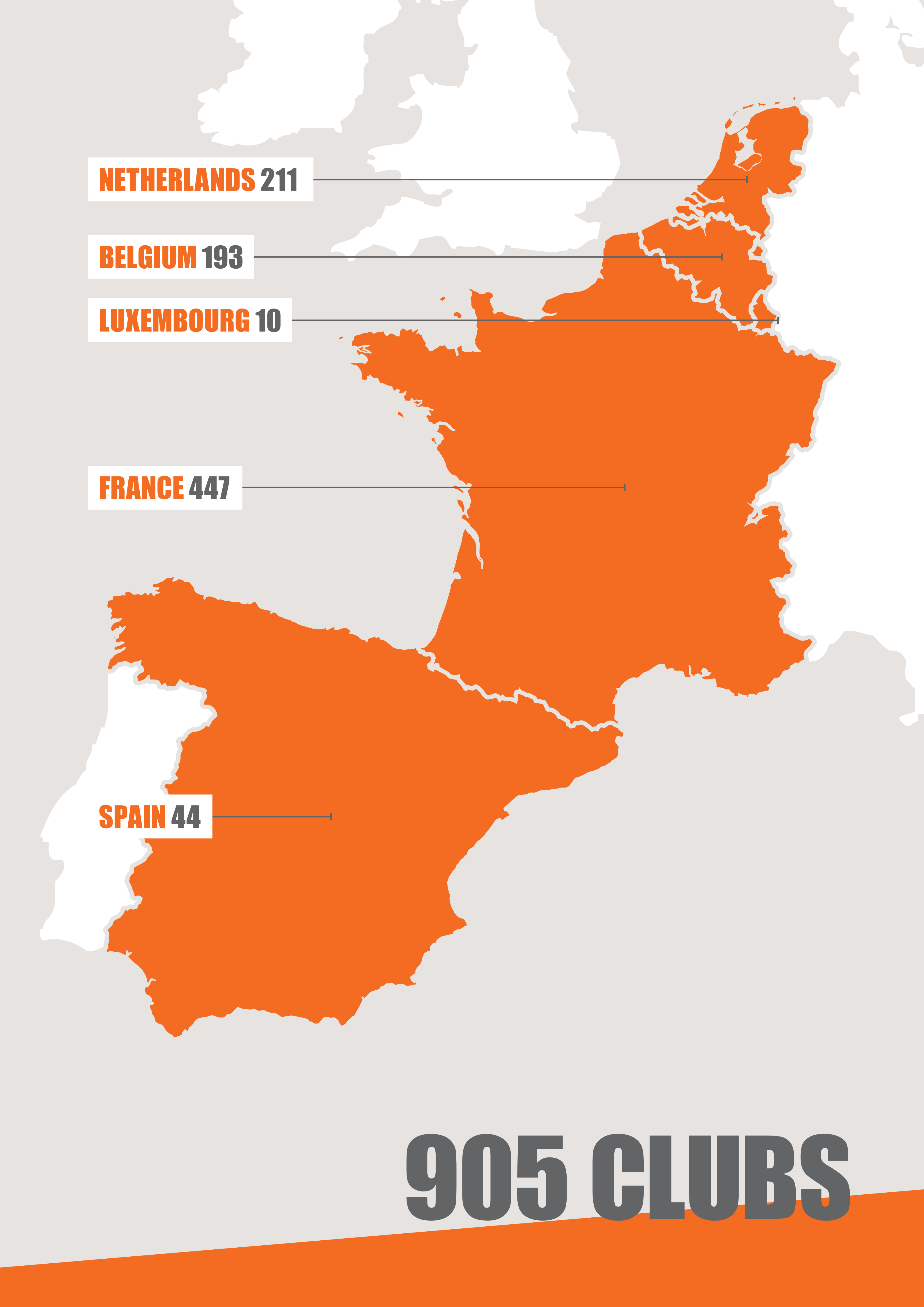
UNDERLYING NET EARNINGS*

-€32.9 MILLION



See page 191 for alternative performance measures

* Years 2016, 2017, 2018 refer to adjusted EBITDA (margin) and adjusted net earnings


NETHERLANDS 211
BELGIUM 193
LUXEMBOURG 10
FRANCE 447
SPAIN 44
905 CLUBS

HISTORY

2020
BASIC-FIT: 905 CLUBS AND 2 MILLION MEMBERS
In 2020, we reached a true milestone following the opening of our 900th club in Le Havre, France. We ended the year with a total of 905 clubs in our five countries - the Netherlands, Belgium, Luxembourg, France and Spain - and we had 2 million members.

2017
ACCELERATED ORGANIC EXPANSION WITH FOCUS ON FRANCE
Following the accelerated execution of our new club opening plans since 2017, we became Europe's largest and fastest-growing fitness chain. Our expansion strategy focused on France and most of our new clubs were opened in that country.

2016
IPO AND ONE MILLION MEMBERS MILESTONE
In early 2016, Basic-Fit reached the milestone of one million members and began preparations for an initial public offering (IPO). On 10 June 2016, Basic-Fit listed on Euronext Amsterdam and was financially set for the next growth phase.

2013
FOCUS ON BASIC-FIT
Following the decision to focus on the faster growing value-for-money segment of the fitness market, Basic-Fit was spun off from HealthCity in 2013. From that moment onwards, René Moos and his team focused fully and exclusively on the Basic-Fit brand. At the end of 2013 Basic-Fit operated 199 clubs.

2011
ENTERING FRANCE AND SPAIN
HealthCity acquired parts of a competitor's network, which marked the start of operations in France and Spain.

2010
ACQUISITION OF BASIC-FIT
The acquisition of the Basic-Fit brand and 28 of its clubs proved to be a trigger for an acceleration of the company's budget fitness concept. HealthCity Basic clubs were transformed into Basic-Fit clubs.

2006
INTRODUCTION OF A BUDGET FITNESS CONCEPT
The company introduced HealthCity Basic, a value-for-money fitness concept in 2006.

2004
CREATION OF HEALTH CITY
Following a merger, HealthCity was founded in 2004. The mid-to-premium market fitness concept started with 11 clubs in the Netherlands. Clubs included facilities such as swimming pools, wellness areas and day care facilities.

1984
START OF A NEW CAREER
After ending his professional tennis career in 1984, René Moos started to manage and invest in tennis parks, to which he later added fitness facilities.

COMPANY PROFILE

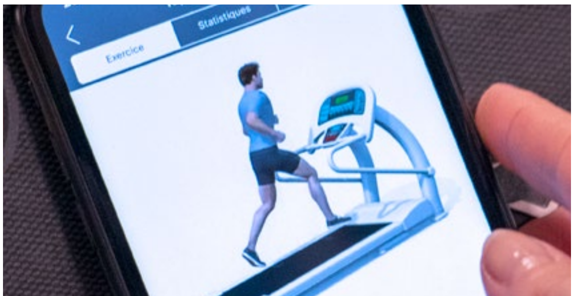
Who we are
Basic-Fit is the value-for-money European fitness leader that makes fitness accessible to everyone, anytime, anywhere and anyhow. With 905 clubs and 2 million members, Basic-Fit makes sure everyone has the opportunity to have an active life and improve their physical and mental well-being.

Our purpose
We believe that everyone deserves to be fit and feel great. We are on a mission to make fitness accessible to everyone and getting people to love their fitness habits.

Our approach
We use technology and innovation to create scalable fitness solutions that give people access to fitness and we are committed to making people love their fitness habits to help them to move towards a happy and fit life.

Our unique proposition
Our memberships give access to all our clubs, as well as all the Basic-Fit app benefits. This app offers more than hundreds of training programmes, podcasts and virtual group lessons, nutritional advice and recipes, a personal trainer finder and other practical information to ensure that our members can make the most of their workout and Basic-Fit membership. With our club network and our Basic-Fit app, we give our members the opportunity to exercise whenever and wherever they want.



MANAGEMENT
BOARD REPORT

MESSAGE FROM THE CEO

Dear reader,

2020 was the toughest year in the history of the fitness sector as well as Basic-Fit's. We started the year strongly with a record number of club openings and new joiners. This lasted until mid-March, when we were confronted with the COVID-19 pandemic. As a result of government measures in all our countries, we were forced to temporarily close all our clubs in all our countries. In the summer, after we had reopened our clubs, we saw that our members found their way back to our clubs, but towards the latter part of 2020 we were once again confronted with temporary closures of our clubs in France, Belgium, Luxembourg and the Netherlands. A year that started better than ever ended with significant losses due to four to seven months of forced club closures. Despite these hard facts and the impact that COVID-19 has had on everyone's lives and the global economy, we will emerge from this episode stronger than ever and ready to help everyone who wants to work on strengthening their physical and mental fitness.

Further growth of our club network

In the first couple of months of 2020, we opened a record 44 clubs due to the accelerated execution of our club opening plans. Plans we had to put on hold during the first and second waves of the COVID-19 pandemic. In spite of this, we were able to expand our network by 121 clubs to 905. We believe that, particularly in these unprecedented times, it is more important than ever that we make fitness available to as many people as possible and reduce the barriers that prevent people from working out.

The importance of fitness

The COVID-19 pandemic has increased attention for fitness and the desire to lead a more active and healthier lifestyle. We saw the results of this once we were able to reopen our clubs in June and July, when the number of joiners was much higher than in the same period in 2019.

We were also able to offer our members a safe place to exercise and work on their fitness by applying strict hygiene protocols. Since the reopening of our clubs in June, we have had more than 33 million visits to our clubs without a single documented outbreak of COVID-19. This is why we regret that the governments in our various countries decided to close fitness clubs in the early stages of the lockdown measures, because we believe that we offer safe environments with strong protocols and proven low contamination rates.

Flexible organisation

The pandemic and the resultant government measures gave us an opportunity to show just how flexible we are as an organisation. At the start of the year, we went full steam ahead with our expansion plans. In March, we were forced to radically shift our focus from growth to cash preservation and cost cutting. At the same time, we kept our members engaged by offering them high quality virtual group classes that they could follow at home.

In the months that followed, we prepared our club organisation for reopening in a new reality of social distancing and strict hygiene protocols. Once we were allowed to reopen our clubs and saw our members returning to our clubs in droves, and the number of COVID-19 contaminations continued to decline, we decided to recommence the execution of our club rollout plans. Given the accumulation of knowledge about the virus and the clear proof that fitness was not a source of contamination, we did not expect to see another pan-European closure of all clubs, and certainly not for such a prolonged period as during the first waive. This proved to be wishful thinking. In September, we were forced to close our first clubs in France again and by mid-December only our clubs in Spain were still open. So once again, we had to shift focus and halt all our expansion plans.

In spite of the COVID-19 pandemic, the lockdowns and prolonged club closures, we remain confident about the long-term future of Basic-Fit. Even more so, as we believe that when we have defeated the COVID-19 virus, the increased attention to health and fitness will bring even more people to our clubs. Also inspite of the COVID-19 pandemic, we have expanded our club network, which is a clear demonstration of our strength and our flexibility. We believe our growing number of clubs will contribute to a fitter world.

Thank you

We survived this pandemic thanks to hard work and dedication, smart and innovative solutions and the continued support of our stakeholders. This included the support of our shareholders, particularly at the time of the equity raise in June. Our relationship banks supported us throughout the year by providing us with the required liquidity and flexibility regarding the financial covenants. Our landlords did their part by bearing part of the impact of the government measures. Also our business partners showed flexibility and commitment and my colleagues in the hard work of our senior management team and our Supervisory Board, who were confronted with a rapidly changing new reality due to COVID-19. And, of course, thanks to our members, the vast majority of whom remained members despite the closures. We are looking forward to welcoming them back to our clubs in 2021. Thanks to everyone who helped us navigate through a difficult year for Basic-Fit.

I would like to send a particular thank you to all my Basic-Fit colleagues in the clubs and in our local and international head offices for their hard work and flexibility over the past year. During a difficult year, Basic-Fit has proven to be a family in which everyone does their share to pull us through these challenging times and enable us to emerge stronger than ever.

René Moos,
CEO and founder
Basic-Fit

OUR STRATEGY

Our purpose and mission

We believe everyone deserves to be fit and feel great, because when you are fit you feel amazing and get more out of life. Regular exercise also helps to strengthen your immune system. That's why we are on a mission to make fitness accessible to everyone.

We aim to achieve this by removing barriers that are keeping people from working out: bringing fitness closer to people, making fitness affordable and getting people to love their fitness habits. We are committed to making fitness a habit people love and making it accessible to everyone, anytime, anywhere, and in their own manner.

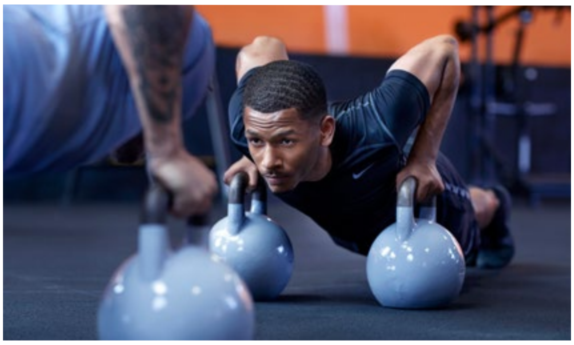
Sustainable Development Goals

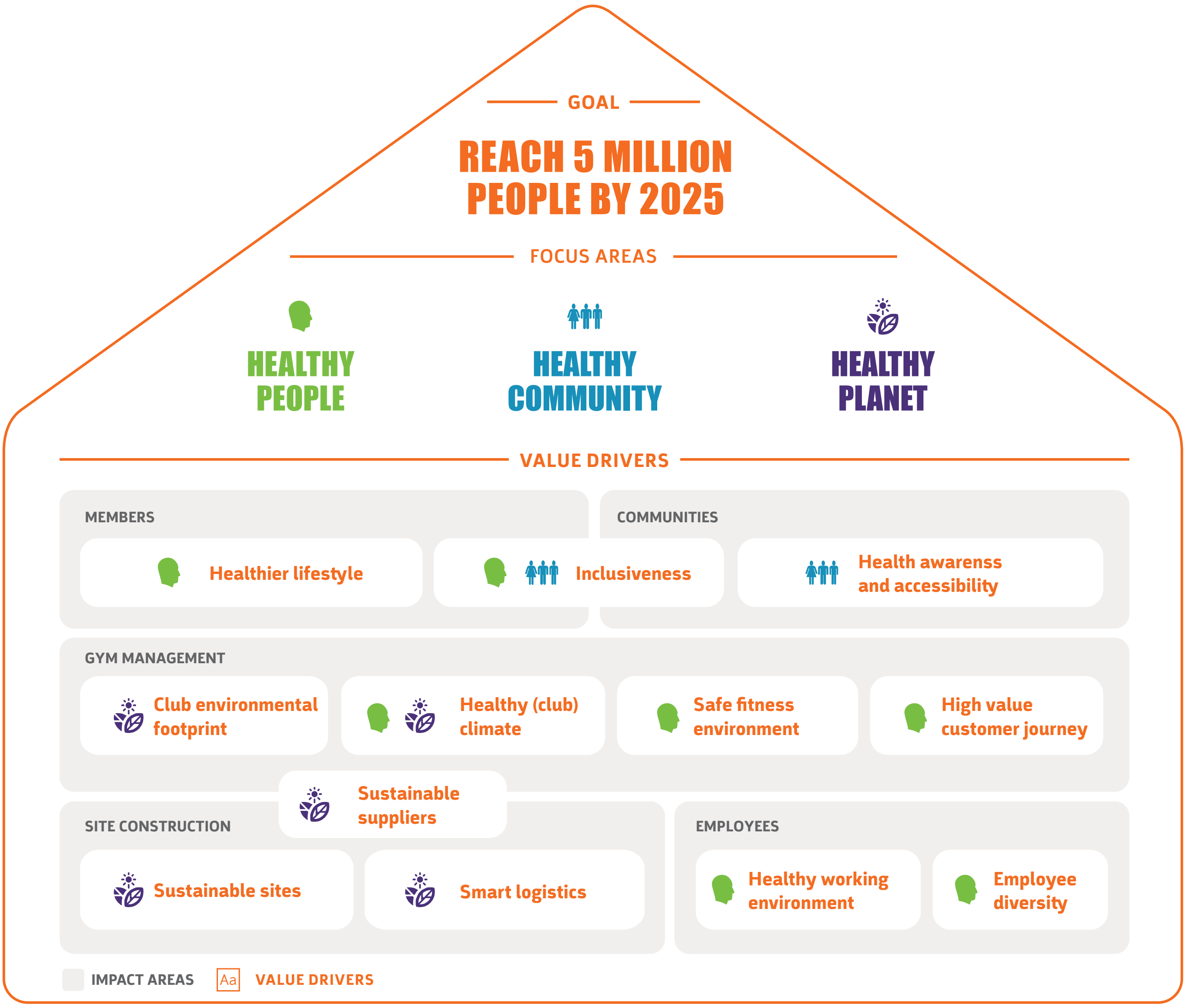
The United Nations' Sustainable Development Goals (SDGs) are a roadmap to a more environmentally and socially conscious and responsible world by 2030. Our mission and purpose are closely aligned to three of these SDGs, namely good health and well-being, quality education and responsible consumption and production. Our ambition is to help five million people have a more active and healthy life by 2025.

We colour the world orange

Having a fitness club close by is essential for people to join a club. This is why we build clubs close to where people live and work. In addition, we make virtual group classes and instruction videos available to all our members, so they can also work out at home. By offering our members the opportunity to exercise both at home and at a club, they can work on their fitness wherever and whenever they want. To make it even easier for members to fit club visits into their busy schedules, we are increasing the number of 24-hour clubs across our network. On top of helping them to stay fit, we also use our app to help our members to choose healthy food options and select the right nutrients that fit their exercise plans.

With membership starting from just €14.99 per four weeks for single club usage in Spain and €19.99 in all our other markets, with no club location restrictions, people can join our clubs and benefit from clean and state-of-the-art gyms and equipment and a safe and welcoming environment. Our low prices allow more and more people to work out throughout the year, also in combination with seasonal sports like cycling and tennis.





Our sustainable strategy

Our strategy is based on our mission and is aimed at creating value for all our stakeholders by having a positive impact on the health of people, our planet and our communities.

The three dimensions, healthy people, healthy planet and healthy communities, are linked to the full scope of our business processes as shown in the chart above. We differentiate five impact areas and twelve value drivers that are essential for us to achieve our ambitions.

We believe that everyone should have access to the benefits that fitness offers. People have become increasingly aware of the need for a healthier lifestyle. More people than ever before have unhealthy eating habits and exercise too little. Studies show that sedentary lifestyles and a lack of physical exercise are responsible for more deaths than smoking. The reality of the 2020 pandemic highlighted that regular exercise helps to strengthen people's immune systems. Basic-Fit wants to have a real and lasting impact on people's well-being, which is why our ambition is to reach five million people with our fitness clubs and products by 2025.

OUR GROWTH PILLARS

NEW CLUB ROLLOUT

- Significant whitespace potential in existing geographies
- Visible and secure rollout pipeline
- Proven model that can be applied to expansion in new markets

MATURATION OF EXISTING ESTATE

- Proven and consistent maturity profile for new clubs
- 24 months for a new club to reach maturity
- Average mature membership level of 3,300
- Potential for further membership growth utilising club capacity

YIELD MANAGEMENT & OTHER REVENUE

- Basic-Fit is committed to keeping membership fees low
- Increase membership yield by offering value-added products and services
- Other revenue sources from day-passes, vending machines, licensed personal trainers, physiotherapists and advertising

Organic growth through the rollout of new clubs

The vast majority of European markets have a substantially lower fitness penetration rate than our home market, the Netherlands. In almost all markets, the value-for-money segment accounts for just a small piece of the pie in terms of number of clubs and total members. This is why we see such enormous potential for value-for-money fitness in our geographical markets, and Europe as a whole. In our business, a greater supply of value-for-money fitness clubs, in geographies where there is no or limited availability, generates more demand.

Based on our proprietary analysis, we believe there is an opportunity to expand our network to 2,000 clubs in our current geographies. We see potential to expand our network to 300 clubs in the Netherlands, to 300 clubs in Belgium and Luxembourg combined, to 950 in France and to 450 clubs in Spain. The untapped potential in Belgium, France and Spain is huge due to low fitness penetration rates and limited competition from large chains in the fast-growing low-cost fitness segment.

We have strict site selection and club development procedures to help management identify and assess new sites and develop new clubs, and to make sure we meet our financial targets. We combine a centralised and a decentralised site selection and development approach, including local and regional real estate agents and dedicated contractors. This means we can open a lot of clubs quickly and in the right locations.

Growth through maturation of existing network

After we open a new club, it generally takes an average of 24 months for it to mature. In this period, the club ramps up memberships towards the average of a mature club of around 3,300 members, after which membership levels remain relatively stable. At this point in time, clubs also reach our required minimum 30%[1] ROIC threshold.

Given that we opened a lot of new clubs in recent years, these clubs will become mature over the next two years. Even if we do not open a single new club, our club EBITDA could potentially increase to €389 million based on the pre-COVID-19 average mature club EBITDA in 2019, assuming that the average mature club membership levels grow back to historical levels post-COVID-19.

Add-ons and secondary income opportunities

In addition to base membership fees and joining fees, we generate revenue from a number of add-ons. These are additional fee-based services that can be added to a membership. Add-ons include live group classes, a sports water subscription and a discounted personal trainer introduction session. The add-on income stream is part of our fitness revenue.

We generate secondary income (also referred to as 'other revenue') from fees received from self-employed personal trainers and physiotherapists who offer their services in our clubs, as well as from nutritional food and beverage vending machines, and from the sale of day passes in our clubs. We are also generating revenue from the sale of our in-house developed NXT Level nutrition brand via online and other distribution channels, as well as in-club advertising by third parties via our TV panels.

Although the contribution from secondary revenue is still relatively small, the growth potential is significant. We have a dedicated team that develops new products and services for our members, for use both inside and outside our clubs. New products and services should help us increase secondary revenue, give us an additional competitive advantage and increase the length of stay of our members.

Economies of scale work in our advantage

Basic-Fit is the largest and fastest-growing value-for-money fitness chain in Europe measured by the number of clubs and members. Our strong growth profile and equipment replacement cycle also makes us the largest buyer of fitness equipment in Europe. This position gives us unmatched bargaining power with our suppliers, not only in terms of pricing, but also in terms of service agreements. Our scale also gives us bargaining power in terms of building and furniture-related costs. As a result, we believe we can build a club for less than our competitors.

We continue to make significant investments in IT to optimise our operations. Thanks to the automation of our administrative processes, we can operate a club with fewer than three full-time equivalents (FTEs), and therefore at relatively low costs. Our scale and operational efficiencies put us in a positive cash flow position at club level once we reach an average of 1,600 to 1,700 memberships and gives us a payback period of between three and four years.

To capture the full potential of a local market, we have adopted a cluster strategy, which is aimed at opening clubs in a country or region following a pre-determined order and pace. Instead of opening one club in the centre of a city, we aim to open multiple clubs in a city in a short time frame. This helps us to reach the estimated full potential for value-for-money fitness in a market as quickly as possible, while also making sure that the clusters of clubs deliver on the minimum return on invested capital (ROIC) threshold of 30% at maturity.

[1] Calculated by dividing the underlying club EBITDA at maturity by the initial capital expenditure incurred to open that club

For strategic reasons, we accept that we might reach this threshold at a later time, for example if we feel this is necessary to achieve a strong and sustainable position in a geographical area in the longer term. The cluster strategy makes us a compelling choice for people looking for a fitness club, as it is more than likely that we have a club close to where they work or where they live or where their friends exercise.

An opportunistic look at acquisitions of fitness clubs

From time to time we make selective acquisitions of existing fitness club locations and chains of fitness clubs and convert them to the Basic-Fit brand and format. The fitness industry in the geographical markets where we operate is fragmented and offers potential for consolidation.

The impact that COVID-19-related government measures are having on the industry will increase the number of acquisition opportunities. In the short term, however, we will continue to focus primarily on organic growth, as there are significant opportunities to build our own clubs in our existing countries. Any acquisitions that we do make will be opportunistic, with a view to generating clear revenue and cost synergies, while requiring a minimum ROIC of 30% at maturity.

New geographical markets in the longer term

We believe that there are several new geographical markets in Europe that could provide attractive opportunities for us to establish a presence in the longer term. If we were to pursue expansion into other geographical markets, we would be looking to take advantage of opportunities in sizeable markets with relatively low levels of fitness penetration or an underdeveloped low-cost fitness segment. We would also be looking at markets where there is a significant gap between prevailing health and fitness club prices and our price levels. While further geographical diversification is something we will consider in the longer-term, we are currently focused on expanding our network in our existing markets, where we see potential to more than double the number of clubs we currently operate.

Financing

We finance our growth by reinvesting the cash flows we generate and by drawing on our available credit facility.

In March 2020, when we had to temporarily close all our clubs due to COVID-19-related government measures, we were forced to adjust our short-term growth plans: fewer club openings while maintaining a larger amount of cash at hand.

In order to maintain ample liquidity during the COVID-19 crisis, we increased our bank financing by €100 million and issued new shares, raising €133.3 million. The proceeds were used to absorb the financial impact of the COVID-19-related government measures and to finance the still significant number of club openings in 2020. In the coming period, while the world continues to battle the pandemic, we will continue to closely monitor our liquidity and consider using available financing resources to increase our liquidity when necessary.

The Management Board is confident that sufficient debt, equity or equity-linked instruments can be timely attracted to refinance the €150 million bridge facility within one year and to create sufficient headroom to avoid covenant breaches. In case of delayed club openings or re-installed closures after the spring of 2021, the Management Board assesses that the Company is able to renegotiate its borrowings and covenants.

If the opportunity arises, we will consider larger acquisitions and carefully assess the most suitable financing construction to finance such acquisitions.

Socio-demographic trends that drive fitness growth

There are several mega trends that support the ongoing growth of the fitness industry in which we operate. 1) people are getting older; 2) an increasing number of people are suffering from lifestyle diseases that may include obesity and diabetes; 3) people are moving to cities; 4) people are increasingly looking for flexibility and instant gratification; 5) digitalisation and the increased use of smartphones; and 6) more and more people have an inactive lifestyle. These trends support the growing demand for fitness in a number of ways.

Global life expectancy has been increasing and is expected to continue to increase in the coming decades. At the same time, the perception of old age and how older people live their lives has also been changing. An increasing number of people remain active and mobile at an older age. A fitness workout is an ideal solution for people who want to remain in control and want to get fit at their own pace. Low-impact fitness regimes, for example, are perfect for older people who want to limit the chances of injuries, but who also want to remain active and mobile for as long as they can.

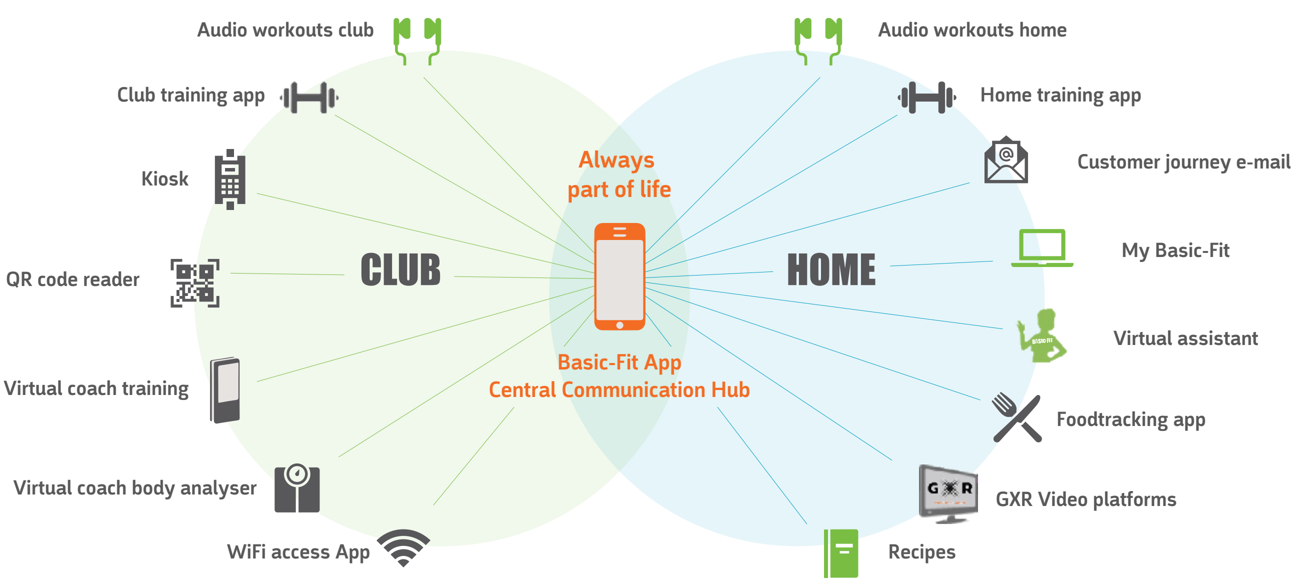
With increasing prosperity in Europe, we have witnessed an increase in lifestyle diseases. Globally, increasing calorie intake of often unhealthy food is contributing to a surge in the number of people suffering from lifestyle diseases that may include obesity and diabetes. More people are moving to cities, where the options for outdoor sports are more limited. Combined with the steady growth of the global population, this means there will be less space available for outdoor activities. All these trends are linked to increased inactivity, particularly among younger generations, a trend that is being exacerbated by the rapid pace of digitalisation and the increased use of smartphones.

We are very pleased that the topic of unhealthy and inactive lifestyles is becoming a more prominent topic in government and NGO policies and that a growing amount of resources is being used to inform the public about the need to adjust their lifestyles.

People are becoming increasingly aware of the need for a healthier lifestyle, with regular exercise and responsible eating habits. Among other things, this is leading to a growing awareness among insurers, who can choose to provide incentives to people who adjust their lifestyles.

The fitness sector in general and Basic-Fit in particular offer a very effective, flexible and personalised way for people to remain active and stay fit. Basic-Fit caters to people who lead busy lives and are used to services that meet their needs, whenever and wherever they want. We offer all of this at a very affordable price, making it possible for the maximum number of people to take up a Basic-Fit subscription.

24/7 CONNECTION WITH OUR MEMBERS
Reaching five million people by 2025



The Basic-Fit app is a perfect example of how we help our members to stay fit and work out whenever and wherever they want. It serves as a personal trainer and helps our members to draw up workout schedules, including instructions on how to perform certain exercises correctly and to improve fitness levels while avoiding injury. It also helps members to measure and track their progress and achieve their fitness goals.

Ruby, the app's virtual assistant, provides members with the best personalised fitness advice and much more, at any time of the day and anywhere they happen to be. The Basic-Fit app also provides members with nutritional advice. The GXR video platform offers our members a broad range of best-in-class virtual group classes, from boxing to yoga and from ABS & Core to Latin Dance. This helps our members to prepare and practice for their group classes or do a virtual group class in the comfort of their own home.

The app also provides members with numerous benefits through the partnership programmes we have with various third-parties. For example, our members can buy the products of our brand partners at significant discounts. In 2020, these deals included meal kits from Hello Fresh, sportswear from Intersport, subscriptions from mobile telephone operator Ben and Samsung electronic products, such as smartphones, tablets and TVs.

Stakeholder value creation

Basic-Fit's value creation model provides insight into the resources that we use to achieve our strategic objectives and the impact that we ultimately have.

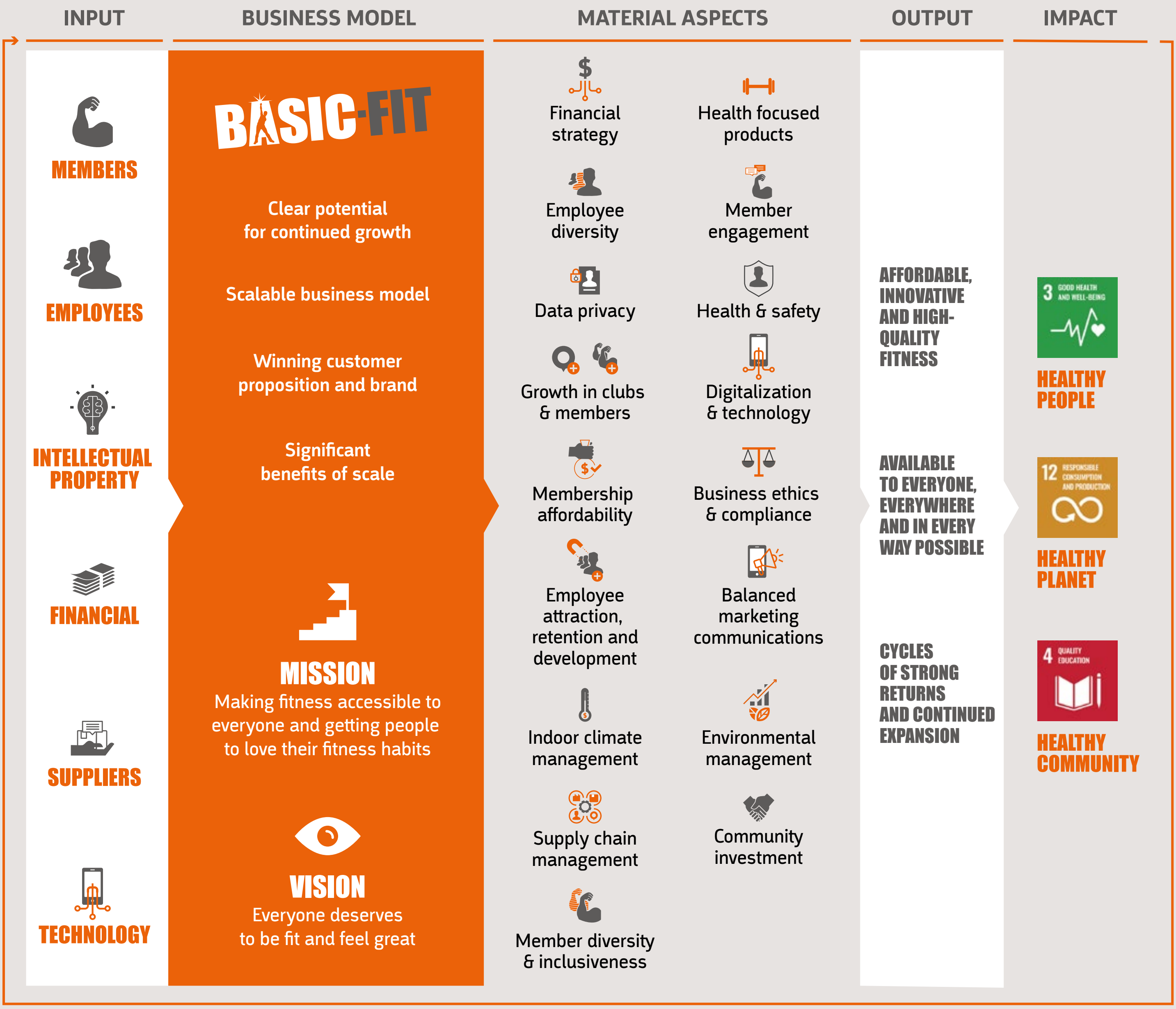
Our business model is based on our mission to make fitness accessible to everyone and get people to love their fitness habits. We try to achieve this by using technology and innovations to provide a great value-for-money fitness solution that is easy to use anywhere, anytime by everyone.

Ever since we started with value-for-money fitness, we have been fine tuning our business model to make it future proof and make it stand out in a competitive market. Key elements of our business model are: a winning customer proposition and brand, scalability in existing and new regions, significant cost benefits in building and running clubs and clear potential for continued growth.

The output of our value creation model is aligned with our strategic and financial goals: affordable, innovative and high-quality fitness that is available to everyone, at anytime, anywhere, in their own way, through cycles of strong returns and sustainable growth.

In 2020, we expanded our club network by 121 clubs to 905 clubs, where 2 million members work out. Already 173 of these clubs have 24/7 opening hours. We continued to improve our Basic-Fit app, which is an integral part of our membership offering. Several functions of the Basic-Fit app give our members the flexibility to exercise when, where and how they prefer. For the years ahead, we see continued strong potential for the opening of new clubs in existing and new regions.

The impact we have via our value creation model is aligned with our strategic and sustainability goals. We strive to have a positive impact on the health of people, our planet and the communities in which we operate. More details on the impact that Basic-Fit has on the world can be found in the sustainability section of this annual report.



The following stakeholders and input are key in our value creation chain:

- Our members are our main source of input, the focus of our operations and the users of our products and services.
- Our motivated and skilled employees are key. We stimulate entrepreneurship and talent development, which in turn stimulates continued (long-term) value creation.
- Our shareholders and finance relations provide us with capital. We invest capital primarily in the opening of new clubs and the maintenance of our existing clubs. We also invest in technologies and innovations to optimise our business model and to develop new products and services.
- Our main suppliers include manufactures of high-quality fitness equipment and construction companies. We also foster local entrepreneurship and work with local partners, such as personal trainers and physiotherapists, who offer their services to our members in our clubs.
- Over the years, Basic-Fit has automated most aspects of its operations. This provides our members with freedom and flexibility in terms of how, when and where they exercise. Technology also helps us to gain a better understanding of the preferences and behaviour of our members, which helps us to develop and personalise our offering.
- Our strong brand stands for high-quality and value-formoney fitness. Our intellectual property also includes our innovations, such as our Basic-Fit app and virtual group lessons, which help us to maintain our competitive advantage.

Relationships and interactions with our stakeholders

Basic-Fit's stakeholders include those within our own value chain, such as employees, members and suppliers, and those who operate outside our value chain, such as investors, government authorities and local communities.

By keeping an open dialogue with our key stakeholders, we gain greater understanding of our shared interests, interactions and impact. The information obtained from and the outcomes of all these dialogues are included in our strategy formulation, how we assess and mitigate our risks and how we view business opportunities.

STAKEHOLDERS	RELATIONSHIPS	INTERACTIONS
EMPLOYEES	We employ more than 5,600 employees in five countries with different nationalities, personal backgrounds, genders, sexual orientations or religions. Our number one priority is to offer a safe and healthy working environment to our employees. We also provide them with the support they need to optimise their journey with us.	Employee surveys, intranet, calls, emails, regular meetings, team building exercises.
MEMBERS	More than 2 million members can exercise either in our gyms or outside or at home through our Basic-Fit app. Our operations aim to keep our members engaged and help them to have a happy and fit life by doing regular exercise. Our customer care department handles member requests. Based on their feedback an analysis is shared every month to business managers which enables them to address any shortcomings or respond to newly identified needs. Our regional managers receive daily updates on all the feedback received from any of their clubs.	Consumer website, meetings, regular surveys, emails, focus groups, social media, online chats, webform.
SUPPLIERS	We have outsourced many aspects of our operations and therefore work in close cooperation with our suppliers. We view our primary suppliers as an integral part of our operations and the execution of our sustainability strategy.	Meetings and supplier code of conduct to foster responsible behaviour.
FINANCIAL COMMUNITY	We actively communicate with financial analysts, investors and other financial parties. We are transparent about our purpose, strategy, goals, financials and operations. We communicate in a structured way, ensuring that all parties have equal and timely access to all relevant and price-sensitive information about the company.	One-on-one and group meetings, Capital Market Days, press releases, corporate website.
PUBLIC SECTOR	As a leader in its market, Basic-Fit interacts with a wide range of European, national and local government bodies. We believe that the fitness industry has an important role to play in achieving the UN's Sustainable Development Goal related to good health and well-being. Exercising is key for our mental and physical wellbeing. We promote exercise, make it as accessible as possible and increase the quality of fitness services in Europe.	Partnerships and involvement with fitness federations, discussions with government bodies ranging from the European Union to local councils.
LOCAL COMMUNITIES	As a responsible company we contribute to encourage communities where we operate to develop good habits and get an active life. They are a strong pillar of our sustainability strategy.	Collaboration with national and local organisations.

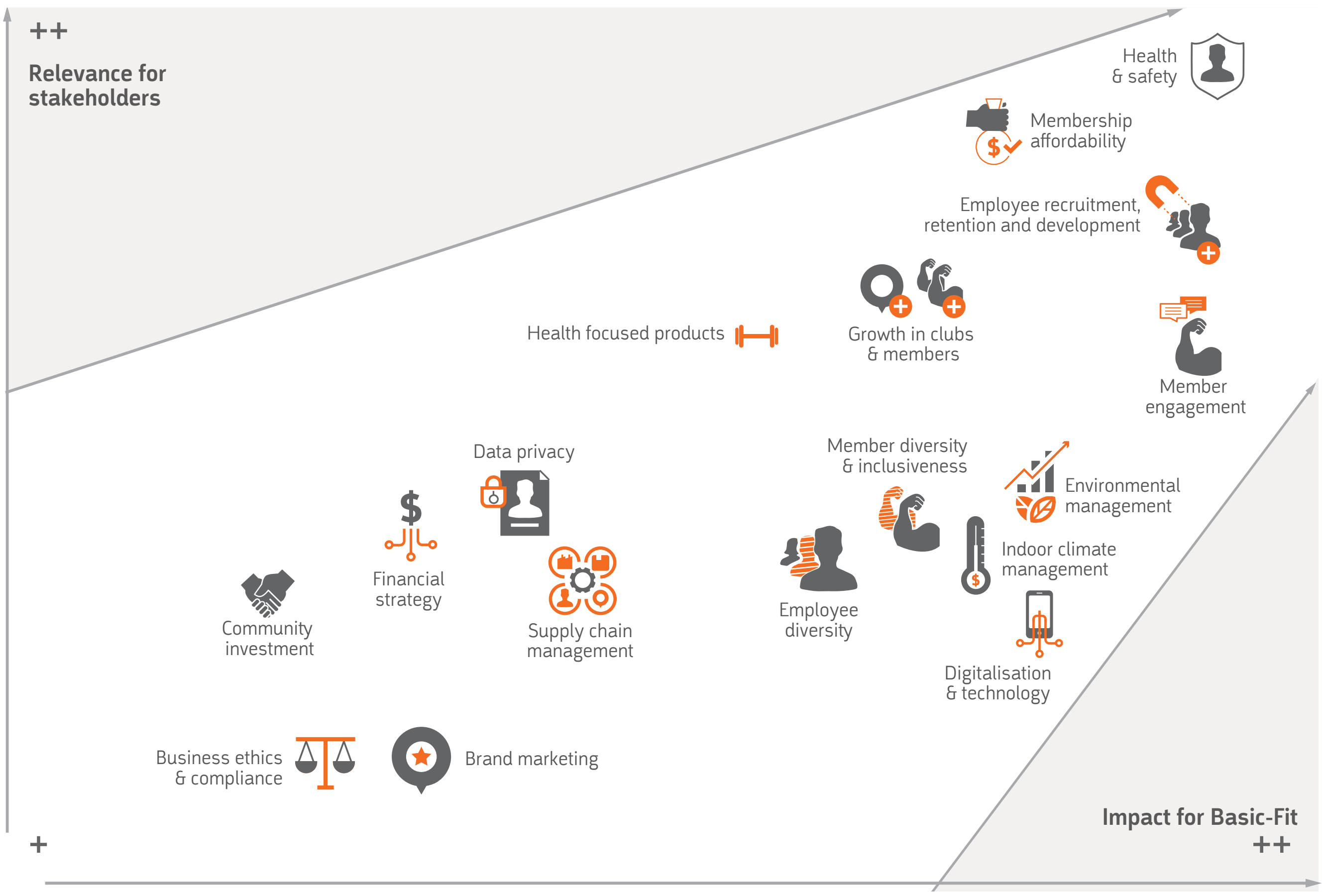
Materiality assessment update

In 2019, Basic-Fit conducted its first materiality assessment in accordance with Global Reporting Initiative (GRI) standards to better align its strategy and reporting with stakeholder demands. We defined material topics as topics that reflect significant economic, environmental and social impacts, or that substantively influence the decisions of stakeholders. The results we obtained from our employees, members, suppliers, investors and senior management were highlighted in a materiality matrix, with a focus on the top nine material topics

In 2020, we conducted a less extensive update of the assessment from the previous year. The aim was to gain more insights into the impact and relevance of 2020 trends and topics and see how this would affect the materiality matrix. In the first phase, we conducted desk research. The outcome helped us to combine a number of trends and topics, such as health crisis and safety, diversity and inclusiveness, differentiated needs and hybrid model, technological development, and laws and regulations. As a result, we defined a short list of the 17 most material topics, rather than the original 20. We also interviewed key internal and external stakeholders (senior-management, employee, supplier, member and shareholder).

The outcome of this assessment is shown in the new materiality matrix, From this new analysis, we have learned that highly material topics remain largely the same, with a clear focus on health and safety. Everyone interviewed ranked health and safety as the most material topic. They highlighted the increasing awareness of the benefits of exercise, as well as the importance of a safe environment. The number two and three material topics are membership affordability and employee recruitment, retention and development.

Materiality Matrix



MATERIAL TOPIC	DEFINITION
HEALTH & SAFETY	Guaranteeing a safe environment for our members and staff, both in our clubs and offices.
MEMBERSHIP AFFORDABILITY	Offering memberships at an affordable price by maintaining the low-cost proposition, thereby making it possible for everyone to take out a Basic-Fit subscription.
EMPLOYEE RECRUITMENT, RETENTION AND DEVELOPMENT	Recruiting talented employees, developing their skills and competencies, motivating them, and stimulating internal growth.
MEMBER ENGAGEMENT	Engaging (new) members and encouraging them to keep coming to our clubs or use our (online) services, thereby optimising their customer journey and increasing our member resilience.
GROWTH IN CLUBS AND MEMBERS	Expanding our European club network to make fitness available and accessible to as many people as possible.
HEALTH FOCUSED PRODUCTS	Offering products and services for our clubs and online environment that meet our members changing needs and have a positive impact on their health, fitness and well-being.
ENVIRONMENTAL MANAGEMENT	Minimising the environmental impact of both our offices and clubs by reducing energy and water usage, using green electricity, reducing and recycling waste and by applying sustainability requirements for new clubs.
MEMBER DIVERSITY & INCLUSIVENESS	Ensuring that we are an inclusive organisation with a diverse membership base of all genders in all age groups.
INDOOR CLIMATE MANAGEMENT	Creating an optimal indoor climate for exercise by managing air quality, humidity and temperature.
DIGITALISATION & TECHNOLOGY	Incorporating technology and automating our operations to provide members with freedom and flexibility, such as online fitness and health support, and to ensure safety at our clubs.
EMPLOYEE DIVERSITY	Hiring employees of various backgrounds, gender, age, race or sexual orientation to create a diverse workforce.
DATA PRIVACY	Collecting, using and storing personal data fairly, securely and safely, in line with international best practices and applicable laws.
SUPPLY CHAIN MANAGEMENT	Managing supply chain risks and fostering sustainability in the supply chain by optimising our logistics and by taking into account environmental impact and social returns in the procurement process.
FINANCIAL STRATEGY	Adopting a prudent financial risk strategy, with the aim of limiting financial risks and maintaining long-term solvency.
COMMUNITY INVESTMENT	Creating health and fitness awareness and accessibility in our communities through sponsoring and community investment projects.
BRAND MARKETING	Communicating with our stakeholders in an adequate and balanced manner to engage our stakeholders and strengthen our brand in line with our market positioning.
BUSINESS ETHICS & COMPLIANCE	Ensuring compliance with applicable laws & regulations, such as implementing adequate health regulations, and conducting all business activities with integrity and ethical behaviour and as such acting fairly towards our competition.

Sustainability framework & KPI's

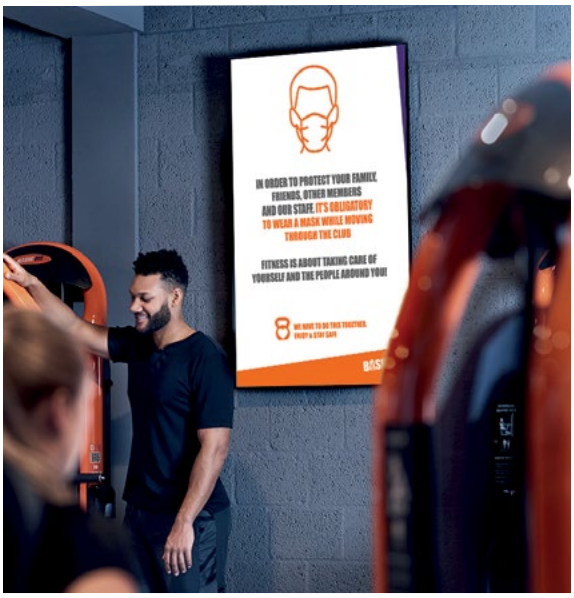
Over the past three years, we have taken significant steps in the integration of our sustainability strategy in our organisation. We prepared the organisation and adjusted our information systems to measure the various steering and output indicators we defined for the relevant value drivers.

The process of fine-tuning KPIs and optimising their measures is still ongoing, notably in those impact areas where different projects are still running, such as gym management (safe fitness environment, high-value customer journey, Ccub environmental footprint) and employees.

- Gym management: we will adapt the KPI selection according to various projects and ambitions that are currently in progress
- Employees: during the first half of 2021, we will implement a new global HR tool that will enable us to analyse more data and finalise our KPIs accordingly.

In 2019 we started to report on the KPIs related to the most material topics highlighted in our materiality assessment. These KPIs are linked to the main impact areas members (healthier lifestyle, inclusiveness) and gym management. In 2020, we continued to report on these KPIs, show progress and explain how we have addressed our most material topics.

In 2020, we continued to work on our strategic framework and on the goals we want to achieve. Our multi-year plan has been delayed due to the unusual situation in 2020. In 2021, we will be setting targets for the long-term, based on what we leaned over the past year and in dialogue with our stakeholders. We will emphasise our three focus areas: environment, health and well-being and communities.



Health & safety

Basic-Fit has managed its highest material topic by introducing clear safety protocols and processes, installing our remote surveillance system at an increasing number of clubs and through continuous employee training. Ensuring a healthy and safe environment for both our members and employees has always been a top priority for Basic-Fit.

This topic gained extra importance in 2020 and required extra efforts. Basic-Fit defined a clear safety protocol to comply with local government requirements during the pandemic. This included a wide range of safety measures and an upgrade of hygiene and sanitisation procedures, aimed at ensuring a safe environment for our staff and members, as well as encouraging responsible behaviour. These measures include a reservation system that allows members to reserve a time slot before visiting their club. This also allows us to guarantee members access to the club while controlling the number of people in the club, avoiding potential queues and ensuring sufficient distance between people when they are exercising. We optimised the ventilation in the clubs to make sure that there is no recirculation of air, while the inflow of fresh air is well above recommended levels. We also put some equipment temporarily out of use to guarantee 1.5 metres distance between members, increased cleaning frequencies, added clear signage and added extra sanitation stations. All our employees are trained in these new safety protocols prior to the reopening of their club. Overall, Basic-Fit continues to focus on offering the best and safe experience to its members and employees. We provide high-quality equipment, as well as technological support, such as CCTV to our employees, so they can monitor what is happening in their club. Our employees receive safety training, such as risk prevention, first-aid, or fire prevention. We perform regular safety audits and report and register incidents occurring in our clubs. In 2020, we continued to equip more clubs with smart camera systems and intercoms. A dedicated Remote Surveillance department operates these systems.

At the end of 2020, they were monitoring 323 clubs remotely. This enables us to offer extra safety for our members, through various assistance points in the club directly connected to the Remote Surveillance department. This unique system is also a great support for our members, who can reach our 24/7 customer care team via the intercom, plus it enables us to offer longer opening hours through our 24-hour clubs. The control room offers 24/7 security assistance and support. It allows us to detect any unusual situations and respond immediately if necessary.

Membership affordability

Our business model is based on having the lowest cost in our industry, so we can make fitness accessible to as many people as possible. We aim to democratise fitness and we attract a lot of first-time gym members. We regularly give new members the opportunity to benefit from temporary promotions, such as a number of weeks for free and a Basic-Fit bag, so they can get the most out of their Basic-Fit membership.

Our Basic-Fit app is included in all memberships and offers a growing range of services.
Although clubs in our geographies were temporary closed during parts of 2020, all members, including those who froze their memberships, still had free access to training sessions and online group classes, as well as all other services available on the Basic-Fit app. We also compensated our members if they had paid for periods their clubs were closed. Compensation offered depended on the type of membership – Comfort or Premium – and included such options as an upgrade to a Premium membership, the compensation of paid fees in the form of a discount with the next six-periodical membership payments, or a goodie bag. We offered similar compensation options during the second lockdown period.

Employee attraction, retention and development

We are continuously working on processes to improve our employees' onboarding and journey within the company, both at corporate and club level. We continued to support internal promotions and work on the development of our club managers. In 2020, we focused on training, digitalisation and communication. To find out more, see the 'Our People' section.

Member engagement
We aim to engage both existing and new members and encourage them to stay fit by coming to our clubs or using our Basic-Fit app. This optimises their customer journey and increases their resilience.

In the third quarter of 2020, following the reopening of our last clubs in the Netherlands after the first lockdown, members were keen to get back to their fitness routines in our clubs, with an average number of visits of 1.2 times a week. We aim to support them by continuously improving the customer experience and providing them with the right tools based on their goals and preferences. Regular emails keep our members motivated with training tips and programmes. Our Basic-Fit app provides access to a whole range of training sessions, virtual group classes, nutrition advice and personal trainer services. We recorded almost seven million views (workouts completed) of our GXR on-demand virtual group classes; an increase of 240% compared with 2019. We also launched a new range of home fitness tools, which were popular with members training at home. To find out more, see the section on 'Home training tools' on page 34.

To help keep members motivated we added new features to the Basic-Fit app: a recipe library with over 200 healthy meal ideas, audio workouts, including meditation, access to a personal trainer list, and an eight-minute body workout.

We are constantly working on developing and improving our user experience. In the third quarter of 2020, we introduced the live chat function in all our countries, which was an extension of the 2019 pilot programme in the Netherlands. Our satisfaction rate had reached 3.1 out of 5 at the end of 2020, with 16% of members choosing this customer service channel. Offering more self-service functionalities, enables our members to carry out transactions in a faster, easier, and more flexible way. This frees up time for our customer care agents to handle more added value cases and improve customer satisfaction.

In 2020, in keeping with government advice and with a view to protecting our staff, we set up a full work-from-home customer care department. The uncertainty around COVID-19 impacted clubs and memberships triggered an increase in the number of member requests. The number of requests[2] per member increased to 0.45 in 2020 from 0.42 in 2019. The average time a case[3] remained open was 4.6 days in 2020, compared to 4.7 days in 2019. The increase was entirely due to the COVID-19 closures. To improve our accessibility, we hired and trained customer care agents, improved responsiveness, optimised the contact flow of our chatbot Ruby and clarified the various contact options on our website.

Growth in clubs and members
We aim to facilitate fitness access by making our clubs easily reachable and close to where people live, work or where they meet with friends and by making it a habit people love. At the end of 2020, Basic-Fit operated 905 clubs in five countries with a member base of 2 million.

Environmental management
For our daily operations, we use natural resources and generate CO2 emissions. To help reduce our impact on the environment, we constantly monitor our operational processes and research more sustainable alternatives.

We have already implemented a wide range of initiatives to limit our environmental footprint. In the Netherlands and Belgium, all our clubs with their own connections use 100% green electricity. In the remaining clubs, we encourage landlords to opt for green energy. At present, around 37% of our network uses 100% green energy. In 2021, the first French clubs will switch to 100% green energy.

We have now installed solar panels at four of our Dutch clubs and at our Belgian head office. The results so far have been positive and we are even becoming net producers in these locations. Nonetheless, these installations are complex and depend on the landlord's approval. We do not currently have any new solar panel projects, but we are on the lookout for new opportunities.

In addition to these initiatives, and as a result of our focus on reducing our energy usage, we have started a pilot with a smart and climate-friendly energy management system in seven clubs in the Netherlands, Belgium and France. Due to temporary club closures during the pandemic, we have not been to able make a final decision yet. We aim to move forward on this project the first half of 2021.

[2] Interaction between a member and a customer care agent that requires a change within the member's profile (membership, data)
[3] Interaction between a member and a customer care agent where a question/request/complaint/compliment of that member is handled

In our clubs, strength-building fitness equipment does not use electricity. Equipment associated with cardio workouts typically do use electricity. In our new clubs, we install LED lighting, while we are gradually replacing conventional lighting with LED in our existing clubs. To reduce water usage, all our new clubs are equipped with water-saving shower heads where this is deemed possible. We use eco-friendly cleaning products and recycled paper towels in all our clubs and our head offices. Plastic cups are no longer available at our drink stations. In our new clubs, we use eco-friendly flooring made from 90% recycled material. We will continue to discuss further options to increase the use of environmentally friendly products in our operations with our suppliers.

On the operational front, we have a clear focus on reducing waste, in line with our low-cost business objectives. In addition, we are taking a closer look at our logistics and site construction processes to see how we can help and stimulate our building and equipment partners in the supply chain to reduce their environmental impact even further.

Member diversity & inclusiveness

At Basic-Fit, we believe that everyone deserves to be fit and feel great. No matter who you are or where you are from, fitness should be accessible when, where and how you want it.

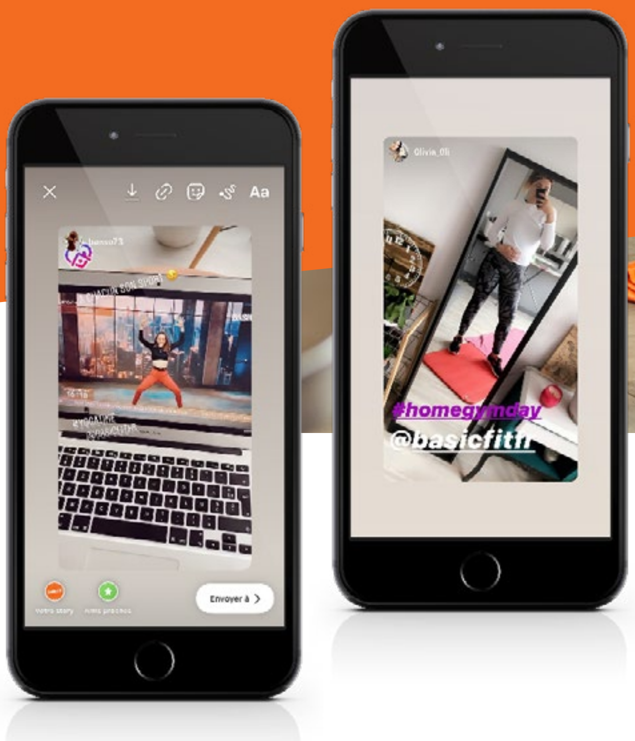
We are here for everyone and all cultures, no matter your fitness level, your race, convictions, beliefs or gender. At Basic-Fit, we celebrate difference and advocate equality; from our boardroom to our gyms. We offer different memberships and options to our members: mixed clubs, ladies clubs and express clubs. We aim to maintain a diverse and balanced membership base in terms of age and gender. Our member base has a balanced spread of age groups with similar numbers of members over and under 30 years of age. In 2020, 18% of new members had never had a gym membership before joining Basic-Fit. This provides clear evidence of our positive impact on the fitness penetration rate in the countries where we operate.

Digitalisation & technology

We are committed to using technology and innovation to create scalable and affordable personalised fitness solutions that provide people with access to fitness. The development of our smart camera system in clubs has allowed us to open more 24/7 clubs, making fitness accessible to a wider audience, while still ensuring a safe workout environment. In 2020, we also invested in an efficient reservation system for club access. This has enabled us to manage the flow and number of people in our clubs at any given time. Ongoing improvements to our Basic-Fit app enhance the fitness journey for our members both inside and outside our clubs.

STAYING ACTIVE TOGETHER

BASIC-FIT HOME GYM DAY



To make the best of a difficult situation, Basic-fit twice organised an international Home Gym Day. Both members and non-members participated in an exciting and varied range of exercises ranging from booty to high impact and yoga. The first edition alone was joined by 800.000 people!

While maintaining a regular updated catalogue of self-produced fitness content for our members at home, also during a worldwide pandemic, we produced the biggest ever home workout day in Europe. The collective sportive and fun event with all-day live streaming and high energy workouts was free of charge and everybody in Europe, both members and non-members, could participate.

The Home Gym day was broadcast live from our exclusive GXR Studio on all major social media platforms such as Facebook, Instagram and YouTube. Our GXR Master Trainers provided different body weight workouts during the day which were fun and easy accessible for everybody.

Fitness was able to unite people while being affected by a worldwide pandemic. More than 800.000 people across Europe joined our live event and with our influencers, ambassadors and other media we had a reach of more than 17 million views. We were able to reach and motivate a new group of people, as we learned that 41% had never participated in an online workout before.

BUSINESS AND FINANCIAL REVIEW

Key figures

In € millions	2020	2019	CHANGE
Total revenue	376.8	515.2	-27%
of which club revenue	374.9	513.5	-27%
of which non-club revenue	2.0	1.7	17%
Personnel costs	(53.3)	(74.3)	-28%
Other operating expenses	(134.6)	(108.3)	24%
Club EBITDA	187.0	330.9	-43%
Overhead	(55.8)	(65.1)	-14%
EBITDA	131.2	265.8	-51%
Depreciation and impairment tangibles	(115.8)	(92.2)	26%
Amortisation and impairment intangibles	(15.8)	(13.6)	16%
Depreciation right-of-use assets	(129.0)	(106.1)	22%
COVID-19 rent credits	11.2	-	
Operating profit	(118.2)	53.9	
Finance costs	(16.1)	(12.4)	30%
Interest lease liabilities	(29.8)	(25.1)	19%
Corporation tax	38.9	(5.4)	
Net result	(125.2)	11.0	

Underlying key figures

In € millions	2020	2019	CHANGE
Club EBITDA	187.0	330.9	-43%
Rent costs (open clubs)	(124.3)	(108.1)	15%
Exceptional items - clubs	91.0	0.1	
Underlying Club EBITDA (open clubs)	153.8	222.9	-31%
EBITDA	131.2	265.8	-51%
Rent costs clubs and overhead, incl. car leases	(129.1)	(115.0)	12%
Exceptional items - total	91.6	0.5	
Underlying EBITDA	93.8	151.3	-38%
Underlying net result*	(32.9)	33.5	
Underlying result per share (in EUR)	(0.57)	0.61	

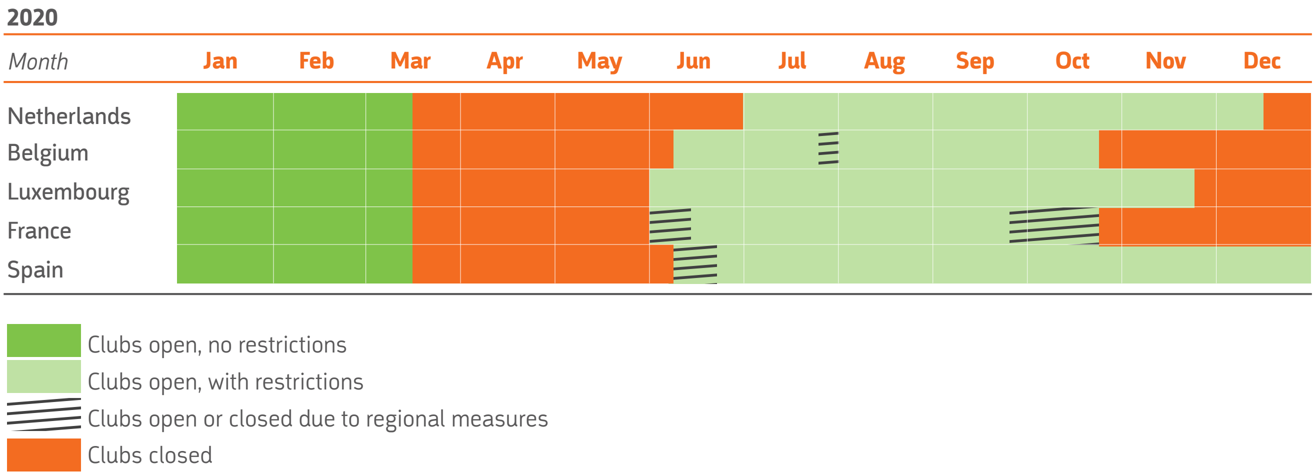
** Adjusted for IFRS 16, PPA related amortisation, IRS valuation differences, exceptional items, one-offs and the related tax effects.*
Totals are based on non-rounded figures

A year of covid-19

In this section we provide an overview of the impact that the COVID-19 pandemic and the consecutive government measures, including forced club closures, had on Basic-Fit. The first period of temporary club closures started in mid-March and lasted until June and July 2020.

The second period started in September, with the first temporary closures in France, which were followed by more closures in October through December in our other geographies. Spain was the only country where we were not forced to temporarily close clubs during the second wave of the pandemic.

COVID-19 related temporary club closures



On balance, our clubs that were in operation at the start of 2020 were closed for periods of between four and seven months; on average all our clubs were closed for 41% of the time in 2020. During the closures, we did not have joiners but did see leavers resulting in a membership decline of 10% year-on -year. During the closed periods, the majority of memberships were frozen and when members had paid for periods while clubs were closed, they were offered compensation for this. In the end this all added up to a loss of revenue of more than €200 million and a reported net loss of €125 million.

Following the closure of the clubs, both at the start of the first and second wave, we quickly focused on cash management and cost reductions, and halted the construction and opening of new clubs and stopped signing rent contracts for new locations. We also minimised the club maintenance activities and the replacements of equipment, to bring the capital expenditures to a minimum. Club operating and overhead costs were reduced, helped by the support of the various government support programmes, compensating for staff costs and landlords agreeing to offer us rent reductions.

We were also supported by the various business partners who have been flexible with payment terms. Our monthly operational cash burn was between €15 million and €20 million in months that (nearly) all our clubs in all our countries were closed.

To absorb the financial impact of the club closures and to maintain the flexibility to reignite our growth strategy, we increased our bank financing by €100 million and raised €133 million in equity in the first half of the year. In February 2021, we increased our available liquidity by €150 million for the same reasons. Because of the impact of the forced club closures on our EBITDA, we also asked for a covenant waiver for the semi-annual testing of leverage and interest cover ratios at year end 2020 and June 2021 whilst the leverage ratio testing at year end 2021 has been relaxed.

At the time of publication, our clubs in Spain and Luxembourg are open whilst our clubs in the Netherlands, Belgium and France remain closed.

With the progress being made with the vaccination programmes, the flu season coming to an end and the declining support for government measures, we are hopeful that we will be able to start reopening our clubs in the next couple of months.

We believe that the fitness industry can have a positive contribution in battling COVID-19. By offering a safe workout environment we enable people to work on their fitness and strengthen their immune system. After the first COVID-19 wave, we introduced a number of measures to make sure our members can work out and our employees can work in a safe environment. Amongst others we increased the already high standard cleaning protocols and offer ample availability of cleaning stations in the club so people can clean their equipment before and after their workout. In addition, we have optimised the ventilation in the clubs to make sure that there is no recirculation of air and ample inflow of fresh air. With an online reservation system, we are able to manage the flow of people to our clubs and the number of people in our clubs at any given time. This in combination with clear signage in the club assures that social distancing can be maintained.

A study published in December 2020 by EuropeActive and conducted by Sheffield Hallam and Rey Juan Carlos Universities concluded that gyms - during the COVID-19 pandemic - provide individuals with a safe environment. The report used data from across the health and fitness sector in Europe and explored COVID-19 cases in comparison with the number of visits over a 6-month period and found the self-reported incidence rate of positive COVID-19 cases was only 1.12 cases per 100,000 visits. The study was based on a total sample of 115 million visits across 14 European countries. The data suggests that fitness clubs (where industry standard measures are in place) provide safe public spaces in which to exercise.

Club network and membership development

Geographic club split

	Year-end 2020	Net openings 2020	Year-end 2019
Netherlands	211	12	199
Belgium	193	10	183
Luxembourg	10	1	9
France	447	90	357
Spain	44	8	36
Total	**905**	**121**	**784**

In 2020, we expanded our network by 121 clubs – 126 openings and five closures – to 905 clubs. The clubs we closed were mainly clubs for which contracts expired and that we did not extend. In most cases, we had already opened a new location close to the closed club. We expanded our French network to 447 clubs, an increase of 90 clubs. In the Netherlands, we now operate 211 clubs, 12 more than in 2019. In Belgium and Spain, we expanded our network by 10 and 8 clubs respectively. In Luxembourg, we now operate 10 clubs, one more than in the previous year. The total number of 121 net club openings compares to 155 net club additions in 2019. The previous year included the acquisition of 30 Fitland clubs. Our 2020 opening programme was significantly hindered by the COVID-19 pandemic.

In the year under review and in spite of temporary club closures during the first half of the year due to the COVID-19 pandemic, we were still able to increase the number of Basic-Fit memberships to 2.25 million by the end of September; a six percent year-on-year increase. The increase reflects a strong start to the year and strong joiner growth after the first club closure period. However, due to renewed temporary club closures, we ended the year with 2.00 million members, a ten percent decline compared to 2.22 million at year-end 2019. The decrease in the fourth quarter is caused by the fact that we had members leaving, while gradually fewer or almost no members were joining as government measures in more and more regions and countries were implemented.

Our members have access to all our clubs, as well as all the Basic-Fit app benefits. The content of our app has been improved further and extended and offers hundreds of training programmes, podcasts and virtual group lessons, nutritional advice and recipes, a personal trainer finder and other practical information to ensure that our members can make the most of their workout and Basic-Fit membership. With our club network and our Basic-Fit app, we give our members the opportunity to exercise whenever and wherever they want.

In 2020 we also launched a new range of competitively priced home fitness tools, which we found were popular with members training at home. These tools are sold on the Basic-Fit website.

Geographic mature club split

	2020	2019	change
Netherlands	149	145	4
Belgium	163	153	10
Luxembourg	9	9	0
France	157	71	86
Spain	32	27	5
Total	**510**	**405**	**105**

A club is considered mature when it is at least 24 months old at the start of the year. We started 2020 with 513 mature clubs. Due to the closure of three mature clubs, we ended the year with 510 mature clubs. The average number of members per mature club declined to 2,695 at the end of December from 3,343 at the start of the year as a result of clubs being closed for four to seven months due to COVID-19. During the periods that our clubs were closed, we continued to experience membership cancellations, while we had no people joining. Until the first temporary club closures in March, we recorded record growth in the average number of members per mature club. When we reopened our clubs after the first lockdown in June and July, we saw a strong recovery in memberships. This strengthens our view that once the pandemic is under control, our clubs should enjoy a strong recovery in terms of the average number of memberships per club.

Revenue

Group revenue decreased by 27% to €377 million in 2020, compared to €515 million in 2019. The decline in fitness and other club revenue was entirely due to government measures in our geographies, which led to two lengthy periods of temporary club closures. Other club revenue includes income from our personal trainer concepts, physiotherapists, day passes, vending and advertising revenue via the screens in our clubs.

Non-club revenue increased by 17% to €2 million, due to higher NXT Level sales via our webshop. These higher sales more than compensated for lower NXT Level vending machine revenue in our clubs.

Revenue split

In € millions	2020	2019	change
Total club revenue	374.9	513.5	-27%
o.w. Fitness revenue	367.2	501.4	-27%
o.w. Other club revenue	7.6	12.1	-37%
Non-club revenue	2.0	1.7	17%
Total revenue	**376.8**	**515.2**	**-27%**

Totals are based on non-rounded figures

The clubs that were in operation at the start of 2020 were closed for periods of between four and seven months in 2020. During these periods, the majority of memberships were frozen and when members had paid for periods while clubs were closed, they were offered compensation for this. Depending on the kind of membership, members could choose between such options as a free upgrade from Comfort to a Premium membership, a goodie bag, free sports water or compensation in the form of a discount on a number of periodic payments after clubs reopened. If members had pre-paid their annual membership, their contracts were extended by the length of the closed period.

All countries recorded a decrease in revenue. The Benelux segment recorded a revenue decrease of 29% to €206.0 million (2019: €292.0 Million). Revenue in the France & Spain segment decreased by 23% to €170.8 million (2019: 223.1 million). The revenue decline in the France & Spain segment was lower than in the Benelux segment thanks to a relatively higher number of club openings than in the Benelux segment.

Geographic revenue split

In € millions	2020	2019	change
Benelux	206.0	292.0	-29%
France & Spain	170.8	223.1	-23%
Total revenue	**376.8**	**515.1**	**-27%**

Totals are based on non-rounded figures

The average revenue per member decreased by 29% to €14.50, compared to €20.56 in 2019. This decline was entirely due to the COVID-19-related temporary club closures in 2020. The member compensation for the period of club closures during the fourth quarter of 2020 and the loss of revenue for the period that memberships are frozen from the start of 2021 until reopening will have a negative impact on the yield per member per month in 2021.

The sports water subscription saw continued strong demand, with 22% of our members paying for this add-on, which is similar to 2019.

Club EBITDA and Underlying club EBITDA

Club EBITDA came in at €187.0 million, compared to €330.9 million in 2019. The year-on-year decrease of 43% reflects the loss of revenue during periods that clubs were temporarily closed. The limited time our 126 newly opened clubs had to ramp-up joiners also weighed on overall profitability.

Total club operating expenses came in at €187.8 million, compared to €182.6 million in 2019. The relatively small increase in club operating costs of 3% compared to a 15% growth rate in the number of clubs was the result of the cost-saving measures initiated after the COVID-19 outbreak and government wage support schemes during the periods our clubs were temporarily closed.
Underlying club EBITDA of opened clubs, which is club EBITDA of open clubs excluding exceptional items and adjusted for rent costs, was €153.8 million in 2020, compared to €222.9 million in 2019. The exceptional costs of €91 million include personnel, housing and other costs to the extent that we did not receive government compensation during the time that clubs were closed, as well as an IFRS 16 rent adjustment related to the rent costs of €124.3 million, which is the full year amount net of the COVID-19 rent credit of €11.2 million.

EBITDA and underlying EBITDA

EBITDA decreased by 51% to €131.2 million (2019: €265.8 million). Total overhead expenses decreased by 14% to €55.8 million (2019: €65.1 million), due to a 7% reduction in international overhead to €26.8 million (2019: €28.8 million) and a 20% reduction in country overhead to €29 million (2019: €36.3 million). At the time of the first lockdown, our international organisation was in growth modus. Nevertheless, we succeeded in saving costs by taking a critical view at our operations, while keeping our future growth potential intact. The strong reduction in country overhead costs was partly due to substantially lower marketing expenses in 2020 compared to 2019. The various employee wage compensation schemes in our operating countries also had a positive impact on our reported overhead costs.

Underlying EBITDA, which is EBITDA excluding exceptional items and adjusted for rent costs, came in at €93.8 million, compared to €151.3 million in 2019.

Depreciation & amortisation

Depreciation and impairment of tangibles were €115.8 million in 2020, compared to €92.2 million in 2019. Depreciation of right-of-use assets increased to €129.0 million from €106.1 million in 2019. The increase of both line items was driven by the strong growth of our club network in 2019 and 2020.
Amortisation costs amounted to €15.8 million in 2020, compared to €13.6 million in 2019. In 2020, €10.7 million (2019: €11.1 million) was related to the purchase price allocation (PPA) from when Basic-Fit was partly acquired by 3i Investments Plc. We expect this amount to drop to €3.8 million in 2021.

COVID-19 rent credit

COVID-19 rent credits in the period amounted to €11.2 million and included property rent discounts received from our landlords that did not result in amendments to lease contracts. In the event of lease contract amendments, we remeasured right-of-use assets and lease liabilities in our balance sheet.

Operating result

The operating result (EBIT) came in at a loss of €118.2 million in 2020, compared to a profit of € 53.9 million in 2019. The operating loss reflects the loss of revenue due to two lengthy periods of temporary club closures. We estimate the loss of revenue to be in excess of €200 million in 2020. While we were able to reduce costs, such as personnel costs, marketing expenses and rent discounts, these savings were not enough to compensate for the loss of revenue.

Finance costs

Total finance costs came in at €45.9 million in 2020, compared to €37.4 million in 2019. The reason for the increase is twofold. Firstly, finance costs related to borrowings increased by €3.7 million to €16.1 million in 2020. This increase reflects higher average borrowings during the year and the costs of the amendment to the finance agreements with the syndicate banks as communicated in December 2020. Interest rate swap charges and valuation differences were lower year-on-year. Secondly, the interest on lease liabilities increased to €29.8 million in 2020 from €25.1 million in 2019 as a result of club openings in 2019 and 2020.

Corporate tax

In 2020, we recorded corporate tax income of €38.9 million (2019: €5.4 million expense), representing an effective tax rate (ETR) of 24% (2019: 33%). The tax income is mainly explained by the change in deferred tax assets for carry-forward losses, available for offsetting against future taxable income.

Net result and underlying net result

Reconciliation net result to underlying net result

In € millions	2020	2019
Net result	(125.2)	11.0
IFRS 16 adjustments	29.8	16.2
Amortisation	10.7	11.1
One-off impairments	1.3	1.2
Valuation differences IRS	0.2	2.2
Exceptional items	1.0	0.5
COVID-19 related exceptional costs	90.6	0.0
COVID-19 rent credits	(11.2)	0.0
Tax effects (25%)	(30.6)	(7.8)
One-off tax effects	0.4	(1.0)
Underlying net result	**(32.9)**	**33.5**

Totals are based on non-rounded figures

Basic-Fit reported a net loss of €125.2 million in 2020, compared to a net profit of €11.0 million in 2019. The net loss, when adjusted for IFRS 16 (deducting rents costs and adding right-of-use-of assets depreciation and interest on lease liabilities), PPA-related amortisation, interest rate swaps valuation differences, COVID-19-related exceptional costs, other exceptional items and one-offs and the related tax effects, amounted to €32.9 million (2019: underlying net profit of €33.5 million).

Net debt

Net debt (excl. lease liabilities) stood at €539 million at year-end 2020, compared to €451 million at year-end 2019. The increase was primarily due to a combination of our large opening programme and two lengthy periods of temporary club closures due to the COVID-19 pandemic, which impacted free cash generation. The IFRS net debt, including lease liabilities, stood at €1,727 million compared to €1,456 million at the end of 2019.

The leverage ratio[4] stood at 4.9 at the end of the period, compared to 2.5 times underlying EBITDA at the end of 2019. At the end of 2020 and in January 2021, Basic-Fit reported that it had received a waiver and relaxation on its loan covenants for its multi-currency term, revolving and GO-C facilities and its Schuldschein loans. The covenant waiver relates to the semi-annual testing of leverage and interest cover ratios at year-end 2020 and in June 2021. The leverage ratio covenant has been relaxed for the testing at year-end 2021.

Cash and cash equivalents stood at €70.4 million at year-end 2020, compared to €66.5 million at the end of 2019. Including undrawn facilities, the company had access to cash and cash equivalents of €90 million at the end of 2020.

In 2020 we reached agreement with our banks on €100 million of additional bank financing (a €40 million accordion facility and a €60 million government-backed term facility) and we had a successful placing of new ordinary shares with gross proceeds of €133 million in June.

Working capital

Net working capital was minus €107 million at year-end 2020, compared to minus €111 million at the end of 2019. As a percentage of revenue, working capital came in at 29%, compared to 21% in 2019. The increase reflects the decrease in revenue due to the COVID-19 pandemic.

Capital expenditure

Total capex amounted to €212 million, compared to €282 million in 2019.

Expansion capex was €163 million in 2020, compared to €229 million in 2019. Expansion capex includes acquisitions, costs for the enlargement of existing clubs and costs for clubs that are not yet open, which amounted to €35.4 million in 2020, compared to €80.1 million in 2019. It should be noted that the 2019 amount includes expenses related to the Fitland acquisition. The initial capex per newly built club was an average of €1.20 million in 2020, compared to €1.19 million in 2019.

[4]Net debt/LTM underlying EBITDA, as defined in the bank facilities agreement.

Regardless of the initial capex for a club, the COVID-19 pandemic has not changed our policy, which is that we only sign a lease contract for a new club if we expect to achieve a return on invested capital (ROIC) of at least 30% at maturity.

Maintenance capex was €35.7 million in 2020, compared to €39.1 million in 2019. The average maintenance costs per club stood at €42 thousand, compared to €55 thousand in 2019. We decided to spend less on maintenance capex in the context of the forced temporary club closures.

Other capex amounted to €13.0 million (2019: €13.8 million) and included the purchase of the full IP rights to our exclusive membership administration software. Other capex consisted of investments in innovations and software development.

Outlook

In light of the continued uncertainty regarding the timing of reopening of our clubs, we are currently unable to provide the market with an outlook. When we have reopened our clubs and have more visibility on the development of COVID-19 and memberships, we will update the market on our expectations regarding club openings for 2021 and 2022. As soon as we are allowed to reopen our clubs, we intend to open 45 clubs that were already under construction at the time of the second COVID-19 wave.

We expect to benefit from increased focus on health and wellbeing after COVID-19, which should lead to a further increase of the fitness penetration levels in all countries. With our well positioned product offering we are ready to seize the opportunities that will come our way.

In February 2021, we successfully secured a €150 million bridge facility, to be refinanced within twelve months. With the €150 million of additional financing obtained in February 2021, and assuming that we will be able to start reopening our clubs in the first half of the year, we expect to have sufficient liquidity to weather the continuing impact of the COVID-19-related government measures and to recommence our growth strategy once these government measures have been lifted.

We intend to provide the market with a strategy update and the trends after reopening at our Capital Markets Day on 4 November.

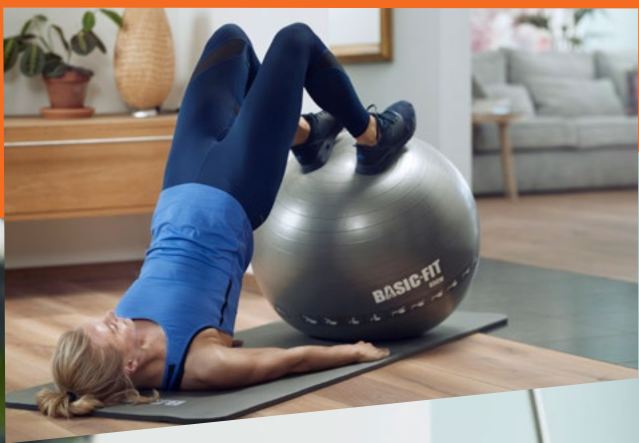
BEST WAY TO USE OUR VIDEOS AT HOME

BASIC-FIT HOME TOOLS

However you train, Basic-fit is a fan of yours! For those occasions you want to train at home, Basic-Fit already helped you with the right video content via its app and other streaming options on social media.

Now Basic-Fit also provides its members as well as non-members the opportunity to purchase a brand-new designed line of affordable home fitness tools.

Basic-Fit launched a range of competitively priced home fitness tools in 2020. The tools, designed in the typical Basic-Fit corporate identity, really add to the home training experience. The tools are all supported by accessible exercise content offered in the Basic-Fit app. From a barbell set to step and skipping ropes, the various tools help Basic-Fit members stay fit in their own homes.



OUR PEOPLE

We employ more than 5,600 people, all committed to making fitness accessible to everyone and to supporting our members in their journey. Our employees are a representation of our members: multiple nationalities and diverse backgrounds, brought together by a love for fitness and well-being. We proudly call ourselves 'The Orange Family'.

Health and safety are among our top priorities and we ensure a safe environment for both our employees and our members. As part of this effort, we regularly check the facilities and equipment in all our clubs. In 2020, we put in place strict reopening protocols and maintained close contacts with our employees to help them navigate these challenging times. We have teamed up with local authorities to provide our employees with the proper training to implement new legislation, such as the need to wear face masks.

The pandemic has influenced the HR landscape in several ways and has forced us to accelerate the digitalisation of many of our processes. Our training teams have been remarkably flexible in their efforts to provide our employees with remote training. We have also defined new ways of communicating with our 'Orange Family' and kept our employees engaged, even during periods when our clubs were temporarily closed. We maintained close contacts with our teams, either via digital messaging or by creating fun events, such as virtual parties or online challenges.

Employee overview

	2020	2019
# employees	5.628	5.110
Men/women	2,623 / 3,005	2,294 / 2,816
Average age	32.7	32.4

In 2020, the number of Basic-Fit employees rose to 5,628 from 5,110 the previous year. The increase, in absolute terms, was largely driven by the growth in the number of our clubs. Our Orange Family includes 2,623 men and 3,005 women which results in a men/women ratio of 87 (87 men per every 100 women). The majority of our employees work part-time, especially in our clubs. Club employees represent more than 90% of our workforce.

Diversity and Inclusion

At Basic-Fit, we strongly advocate equality and diversity is one of the main pillars of our HR strategy. We want to make fitness accessible to everyone. No matter who you are or where you are from and we ensure this goal is reflected in our workforce. Our workforce is balanced in terms of both gender and age representation. Our vision is to have a workforce that is representative of our fitness members, and who can understand everyone's needs and demands. One of our focus points for the coming years is to strive for at least 30% women in our Supervisory and Management Boards. Women already represent one-third of our Executive Committee positions, while 40% of our Business Managers are women.

Careers

We want our employees to be proud and inspire our members in their fitness journey. Our focus remains on attracting top talent for Basic-Fit. In 2020 we continued to strengthen our collaboration with international job boards, such as LinkedIn and Indeed, to increase our reach to potential candidates. We also started a number of new projects to improve our employer branding strategy and employee onboarding experience. Our aim is to attract the right talent, to maximise their sense of belonging to the Basic-Fit community, and to help them flourish in their job. To support our growth and meet our continuous need for new talent, we have strengthened our recruitment team to help our managers find the right people.

Our HR strategy focuses on recruiting talented employees, developing their skills and competencies, motivating them, and stimulating internal growth. In our recruitment process, we focus on hiring employees with the right skillset to be able to to offer our members an outstanding customer experience. To achieve this, it is essential to recruit employees who are a good fit with our culture and our values. To secure this, our human resources team are present on the work floor and cooperate closely with business operations to continue to optimise our organisational structure.

At Basic-Fit, we are down to earth, self-confident, mission-oriented and persistent. And everyone at Basic-Fit knows what our place in the world is: we are here to make fitness accessible and a habit people love. We should recognise ourselves in our brand identity, which is playful, curious, entrepreneurial and practical.

Talent management

Talent management combined with succession planning are essential for Basic-Fit's long-term development and ambition. Part of our success is linked to our employees carrying the Basic-Fit DNA and their ability to grow within the organisation. Club hosts can become club managers and in some cases team leaders can become regional managers. Talented employees are offered opportunities to develop towards more strategic roles. We want to offer varied career paths and ensure succession for our senior management and other critical roles.

We review the performance and desired behaviours of our employees on an annual basis, based on the completion of personal, club and corporate goals. We also consider behavioural components, such as customer service and proactiveness. Every employee agrees to set targets at the start of the year or at the start of their employment. This cycle also includes two appraisal moments: one evaluation midway through the year and one at year-end. These discussions focus on offering our members the highest levels of service possible and ensure employees' happiness in their current roles.

We analyse the results of performance management on a regular basis to draw up individual development plans for our top performers, as well as to identify potential successors for critical positions. During the course of the year, we also identify internal candidates for vacant positions and prepare them for their next role and for the transitions to come.

Training and development

The continuous development and growth of all our employees is key to our success. We are convinced that by improving their skills, knowledge and engagement our employees will be able to improve the quality of the services we provide and attention we devote to our members.

We focus on Basic-Fit's ambitions and strategy, in combination with components of customer service, such as quality, hygiene and safety. We aim to increase our employees' general knowledge of fitness to improve the quality of interactions with our members. In 2019, we started the Excellent Service (Host 2.0) project. By sharing key recommendations, we help our club employees to improve their performance in their daily relationships with our members. To date, we have trained more than 75% of our workforce.

Since July 2020, all employees have unlimited access to the online training platform 'Good Habitz' and work on their professional skills and personal development. This offers a wide range of close to 500 training courses on topics such as communication, leadership, language skills, office, social media and IT. Basic-Fit also offers a Management Development programme that focuses on leadership and communications for our first level of club management. To improve retention rates and the development of our most talented employees, we also invest in education, such as MBA courses for specific employees.

Communications

It is essential to share relevant and efficient communication with our growing number of internal stakeholders. In 2020, we reinforced the 'belonging to the Basic-Fit Orange Family' feeling through regular communications and contact with our employees. During the pandemic, we regularly contacted our employees to get an update on their situation and that of their families. In 2021, we will continue to develop existing tools and introduce new tools to facilitate access to key information, news and communications to all our employees across our geographies.

Every year, we conduct an annual employee survey to gain a better understanding of how our employees feel at work, to capture feedback on all kinds of topics and to measure employee engagement. Following the COVID-19 outbreak, we sent a survey to all our employees to get their perception of Basic-Fit during this extraordinary situation. No less than 87% of our employees felt that our timely communications were helpful. The insights we gained from this survey also helped us to provide our employees with effective support in these unprecedented times.

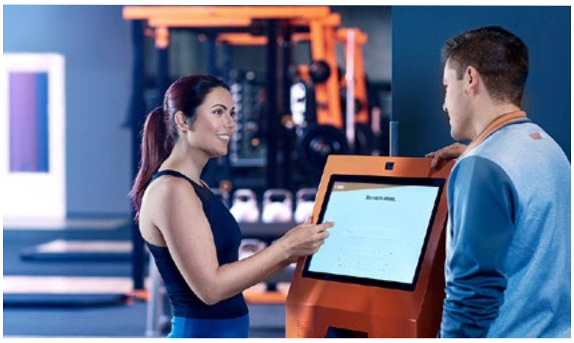
Club employee profile

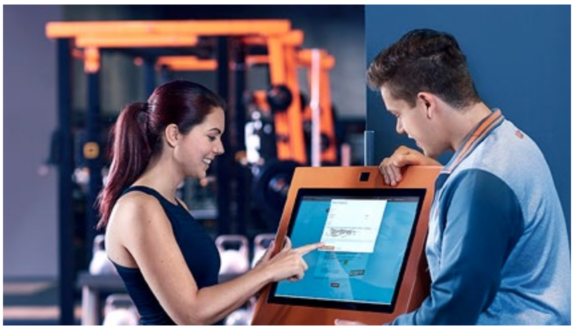
Our human resources strategy is aligned with our corporate strategy, with a clear focus on creating the best experience for our members. Our club employees can have a significant impact on how our members experience Basic-Fit's products and services. To help achieve this goal, we offer our club employees a training course to help them improve their fitness knowledge and service-oriented behaviour.

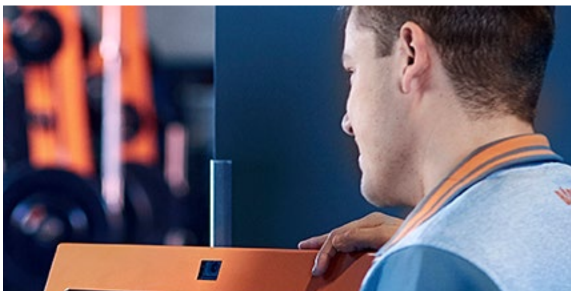
Employee Journey

We want to improve our employees' experience during their journey within Basic-Fit. With a combination of focus groups, comments from our employee surveys and data, we have mapped out our desired employee journey. Our goal is to create an employee experience at the same level as the journey we offer to our members.

With the integration of our global HR database and systems through Workday, we will continue our journey to digitalise our HR department in 2021. Overall, we will review and automate 70 processes, from absenteeism management to recruitment.







NATURAL
EVOLUTION
CLUB CONCEPT

BASIC-FIT CLUB INNOVATIONS

However you train, Basic-fit is a fan of yours! Whether you come to our clubs or work at home using our app, we want you to feel welcome and enjoy your visit to our clubs and at home. To enjoy your stay at our clubs, we continuously think of ways to improve your workout experience. The result of many small and subtle improvements is a refreshed club design that we will use in newly build clubs.

Basic-Fit introduced a refresh version of its club design in 2020. The new club design is a natural and subtle evolution of the previous design, rather than a complete overhaul. Thank to several smart improvements, the new design fully aligns with the design of the existing clubs. The new design will be used in newly built clubs like the ones we opened near the Central Station in Utrecht, the Netherlands and two clubs in Belgium in Kampenhout and Rijkevoorsel. All pictures on this page were shot in these clubs. In case renovations in older clubs deem necessary, best practices from the new design will be implemented.

The refresh design uses, next to proven elements from previous designs such as our eye-catching orange coloured fitness equipment, a number of new visual elements. These new elements have a clear and open appearance that emphasises the welcoming and inclusive character of a Basic-Fit club. The new design also provides clearer signage throughout the club and a more pronounced zoning that is in line with our broad target audience. Overall, accessibility should further improve while the inexperienced member should even feel more at ease.

NON-FINANCIAL INFORMATION

In this section, we provide an overview of how Basic-Fit deals with environmental, social and personnel matters, respect for human rights and the fight against corruption and bribery. By including non-financial information and diversity information in our report, Basic-Fit stimulates good governance and social responsibility.

Basic-Fit is committed to abiding by the laws and regulations of the countries in which we operate. Basic–Fit has a Code of Conduct reflecting the company's values and principles. The Code of Conduct is monitored by the compliance officer in two ways. A yearly assessment takes place to establish if the principals in the Code of Conduct and the structure of the Code of Conduct still match with companies strategy, vision and phase of development. Furthermore, a yearly integrity assessment is performed including the elements and values reflected in the Code of Conduct, to assess the compliance and application of the principles in the Code of Conduct. in 2021 the Code of Conduct is updated and implemented in companies handbooks and guidelines to make sure the principles in the Code of Conduct are applied consistently throughout the organisation. Integrity and diversity are embedded in Basic–Fit's business strategy and day-to-day decision-making processes.

Basic-Fit is an international company and deals with diverse business cultures and practices in the countries in which it operates. We recognise that we have a responsibility to take care of the environment and our people, promote and protect human rights and integrity and to avoid corruption and bribery. The company's core business is to provide access to a healthier lifestyle for everyone. In doing this, we depend on our employees and partners. We support and respect responsible business conduct and strive to ensure that this is also expressed in our approach to human rights and our integrity policy. Our whistle-blower policy ensures that anyone affected has the ability to report issues that are not in line with Basic-Fit's principles and values.

Business model

Basic-Fit provides an extensive description of its business model, strategy and targets in its annual report, specifically in the CEO Statement and the Strategy sections.

Environmental matters

In 2020, we continued the work of previous years towards the development and execution of our sustainability strategy. We provide additional information on environmental matters in the Strategy section of this annual report, specifically in the section Stakeholder value creation.

Social and employee matters

We provide additional information on social and personnel matters in the Our People and Strategy sections of this annual report.

Respect for human rights

Human rights are highly valued and respected in our organisation. If human rights are not respected properly, this could impact the working conditions of Basic-Fit employees or the employees of suppliers that provide our company with goods or services. Furthermore, members could be affected if the company were to apply standards that have a negative impact on the equality of people, regardless of their background, or that could impact the privacy of all stakeholders involved in Basic-Fit's business.

The Basic-Fit Code of Conduct, our procurement policies and our supplier code of conduct include specific standards regarding human rights. We also expect our suppliers to adhere to these standards.

We can improve the quality of life and health of the communities in which we are active. The current COVID-19 pandemic has emphasised the relevance of a healthy lifestyle in the fight against the pandemic. We can increase this positive impact through the expansion of our business and the opening of new clubs. We make fitness available to everyone, without any distinction in terms of race, background, gender or age[5]. This goal remained a priority in 2020, when the company was faced with the consequences of the COVID-19 pandemic. During the period our clubs were temporarily closed, we provided an extensive online offering, which was included in all memberships. During the first lockdown, we also made the content available to non-members.

We respect the privacy of our members, employees and other stakeholders. We have implemented procedures and policies to collect and use their personal data fairly and to store and secure it safely, only to be disclosed in a way that is consistent with international best practices and applicable laws. This includes the footage from the remote control camera systems in our clubs. No personal data is stored for any longer than is necessary.

Basic-Fit aims to create equal opportunities for all employees, regardless of personal background, race, gender, age, religion, sexual orientation or any other personal characteristic. We treat all individuals equally at every stage of the hiring and employment process and we do not accept any form of harassment of our employees or members.

We expect all suppliers to adhere to local laws and regulations. Basic-Fit requires the majority of its suppliers to adhere to Basic-Fit's supplier code of conduct. This includes human rights standards, to ensure that our suppliers provide fair labour conditions, do not make use of forced labour or child labour and that all employees are treated with dignity and respect. All employees have to be provided with a safe and healthy workplace in compliance with all applicable local and national laws and regulations. New suppliers receive this supplier code of conduct. We will also ask existing suppliers to sign the supplier code of conduct, usually at the time of a contract renewal.

By implementing these policies and procedures, not only does Basic-Fit create a work environment in its value chain that complies with laws and regulations, it also improves our position as a preferred employer. On top of this, these policies and procedures boost learning and development in a healthy and fun workplace in line with Basic-Fit's values and principles.

Basic-Fit has implemented KPI's on employee diversity, for which we refer to the paragraph Sustainability framework and KPI's in the Chapter Our Strategy. In this paragraph, company reports on various employee diversity KPI's. Furthermore company wishes to implement and measure additional KPI's concerning the intention to have certain defined suppliers adhering to the Supplier Code of Conduct, including human rights topic. Furthermore companies wants to implement policies to audit the suppliers at the compliance with the supplier Code of Conduct. Less progress was made in this respect in 2020 than anticipated due to the fact that the the department procurement could not be organised as desired because of a change of priorities to manage the impact of the COVID-19 pandemic. In 2021, we will further develop and articulate this department, our plans, policies and KPI's on this topic.

Anti-corruption and bribery matters

In 2020, Basic-Fit performed its yearly integrity risk assessment, which also addresses the prevention of corruption and anti-bribery. Based on such assessments, Basic-Fit continuously enhances the processes deriving from its integrity policy.

The principles and rules for ethical conduct, anti-corruption and anti-bribery are laid down in Basic-Fit's code of conduct, the supplier code of conduct, the employee handbook, our insider trading policy, our policy on bilateral contracts, our whistle-blower policy, our internal data security policy and our integrity policy.

The company's corporate governance framework and its code of conduct include safeguards and controls by the Supervisory Board to avoid conflicts of interests.

We work with suppliers at every level and via all the departments in the organisation. Basic-Fit operates solely in developed EU countries. Most suppliers are local partners working under the same EU regulatory framework. For the supply of the fitness equipment and materials used in the clubs, such as towels, bottles, bags and clothes, we may work with non-EU suppliers. The risks of corruption and bribery may be less controlled in these countries, with different regulatory regimes, and we have less control due to physical distance. Any cases of corruption or bribery could lead to considerable financial and reputational damage.

[5] With the exception of minors under the age of 16, whose access to our facilities is limited in order to protect their well-being.

However, we believe that based on the policies and procedures we have implemented, combined with the background of most suppliers with whom Basic-Fit has been working for years, as well as the spread of suppliers, we have adequate control of this risk. We will continue to develop our supply chain policies with a focus on sustainability-related risks.

In 2020, we again continued to enhance and update our procurement framework to closely monitor the procurement process and to engage and partner with carefully selected suppliers. When entering into any engagement with suppliers, Basic-Fit always tries to apply its own contract documentation, including the principles and values related to sustainability, human rights and anti-corruption and anti-bribery. Depending on the standards used, the supplier and the relationship between Basic-Fit and the supplier, this could also be one of the supplier's conditions. Basic-Fit strives for a situation in which the majority of all principal suppliers are in compliance with the company's supplier code of conduct.

Basic-Fit has implemented the option to perform audits on its suppliers and will start performing due diligence investigations on certain new suppliers before the start of any cooperation. Due to managing the impact of the COVID-19 pandemic, the vision on the implementation of the procurement department and procurement policies changed and less progress was made with the implementation of policies, including KPI's. Currently, the managers responsible for procurement will control these processes in co-operation with the compliance officer. In 2021, we will continue to develop and articulate our plans, policies and KPIs on this topic.

Tax

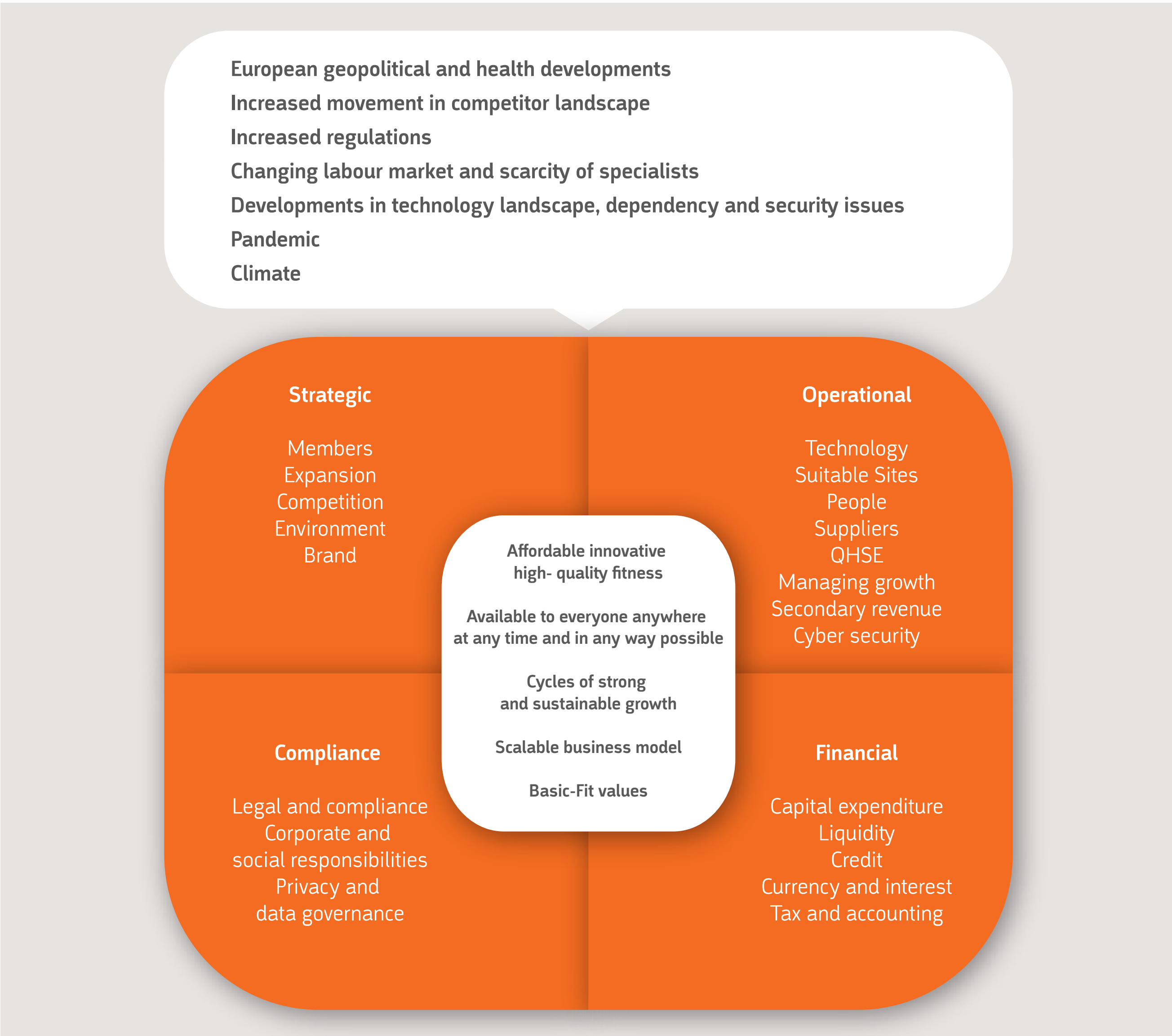
We pursue a transparent and responsible tax strategy in all countries in which we are present. Our tax strategy is in alignment with the long-term interests of all stakeholders, including shareholders, governments and communities. Our Audit & Risk Committee reviews our tax strategy on an annual basis. Given the potential financial, regulatory and reputation risks involved, Basic-Fit's risk appetite on tax is prudent. Our business operations are leading, we declare profits and pay taxes where the economic activity occurs and we do not use tax havens for tax avoidance. We have a transfer pricing policy and transfer pricing documentation in place and have a good relationship with the tax authorities in all the jurisdictions in which we are active, with whom we discuss the various tax positions on a regular basis. Tax is part of our overall internal control framework, which our internal auditor tests on an annual basis. We seek the advice of external tax experts, and always take into account independence from internal and external auditors.

RISK MANAGEMENT AND CONTROL SYSTEMS

Description and governance

In achieving its long-term strategic objectives, Basic-Fit is inherently involved in taking risks. This makes risk management an essential element of Basic-Fit's culture, corporate governance, strategy and operational and financial management.

Basic-Fit carefully considers the type of risk it takes and its risk appetite in achieving its objectives. Basic-Fit's risk management approach plays an important role in achieving our strong international growth ambitions and creating long-term value.



COVID-19

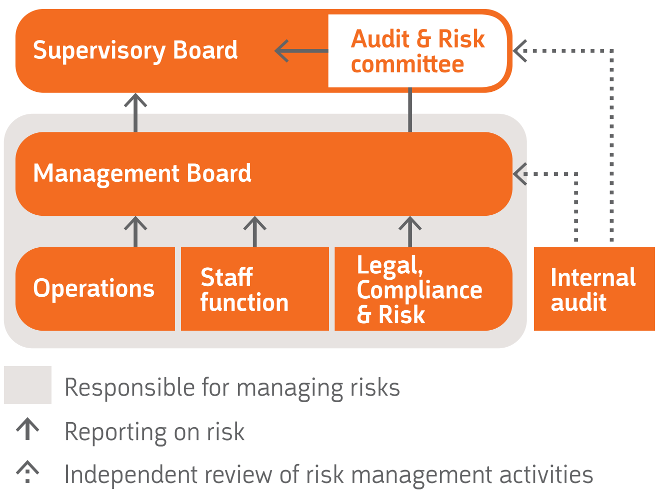
The COVID-19 pandemic had a major impact in 2020. Also in 2021 the pandemic remains having an impact. Basic-Fit had no specific scenario analysis for a pandemic in place, but made good use of the non-specific protocols and scenario analyses. The organisation switched to a home work organisation without any major problems.
We formed a dedicated team that reconvenes regularly when relevant developments occur. This team analyses the possible implications for the daily operations, as well as the possible economic impact and reports this to management.
We follow the guidelines of the local governments, and provide our stakeholders with relevant information. Basic-Fit is adhering to the governments restrictions and closed clubs for certain periods at various times in the course of 2020. We drew up specific protocols for this purpose, aimed at making this a smooth-running process. Customer satisfaction, the health of our employees, compliance with rules and hygiene have top priority at Basic-Fit during the COVID-19 pandemic. Internal Audit performed a quick review on COVID-19 events and the lessons learned within Basic-Fit. Internal Audit noted that Basic-Fit has shown the ability to respond to adversity in a pragmatic way. Basic-Fit has also been in close contact with the local branch associations. During the quick review Internal Audit understood that different crisis teams had thought about the re-opening of the clubs and how to organise this in a responsible way. It was noted that a comprehensive protocol has been set-up and implemented with clear and practical rules to enable members to visit the clubs in a safe and compliant way.

Internal control frame work

We aim to make continuous improvements; we have a risk strategy, corporate governance procedures, a risk management policy and an internal control framework that recognise the entrepreneurship that is embedded in our culture, but also ensure compliance with laws and regulations. These continue to contribute to the identification and adequate management of strategic, operational, financial, legal and compliance risks. Basic-Fit's risk management strategy is designed to provide reasonable assurance that objectives are met by integrating management control into daily operations.
The Management Board, under the supervision of the Supervisory Board, is responsible for identifying and managing the risks associated with the company's strategy and activities. The Management Board therefore bears ultimate responsibility for designing and establishing Basic-Fit's risk management and internal control framework, and for creating and promoting the right business culture and values. To ensure compliance with all applicable internal and external standards, the Management Board frequently discusses the strategic objectives, risk appetite, risk management and internal control systems. All our staff are responsible for the day-to-day execution of effective controls.
The company has a centralised, structured and well embedded legal department with professionals who are able to ensure compliance with laws and regulations, in alignment with the strategy, in all Basic-Fit jurisdictions. Furthermore, the compliance function monitors the corporate governance framework and compliance with laws and regulations and company policies, in line with the company's compliance charter.

The three lines

The compliance, privacy and (IT) risk management functions represent the second line and jointly protect and monitor Basic-Fit's risk strategy, risk culture and integrity. The compliance, privacy and (IT) risk management function work closely with the internal auditor, as the third line, to align working methods and the approach to risk management.
As defined in the internal audit charter, internal audit develops and implements an annual internal audit plan, applying an appropriate risk-based methodology, including risk or control concerns identified by the Management Board or the Audit & Risk Committee, and addresses compliance with policies, procedures, laws and regulations. This internal audit plan is submitted to the Management Board and Audit & Risk Committee for review, after which it is presented to the Supervisory Board for approval.



Senior management and all employees help the Management Board to carry out these tasks on a daily basis. They are encouraged to work in an entrepreneurial manner and to take risks, provided they are equipped to manage these risks and operate within the boundaries set by senior management within the risk management framework. Senior management is responsible for effective internal controls and the risk management for the activities under their responsibility. Furthermore, the Management Board is advised by the staff departments, such as legal, compliance, finance, HR and IT, who monitor risk management within their respective functions. Finally, the independent internal audit function plays an assurance role within the company's risk management strategy. The internal auditor reports to the Management Board and the Audit & Risk Committee on the functioning of the internal control systems.

Audit & Risk Committee

The Audit & Risk Committee supervises the effectiveness of the internal control systems, while the Supervisory Board approves the overall strategic objectives and validates the associated risk appetite. Country management and the centralised support departments are responsible for implementing the strategy, achieving results, identifying underlying opportunities and risks, and ensuring effective controls. They are also responsible for preparing and implementing risk mitigation in their fields of responsibility.

Developments in 2020

In 2020, Basic-Fit added 121 clubs to its network. Due to the continued uncertainties regarding COVID-19 and potential additional government measures at the start of the second lock down, we decided to postpone the construction of additional new clubs for the time being. While doing this, the company continues to fill the pipeline of new clubs and to prepare for the rollout of its vision to open new clubs in line with its strategy and to make fitness accessible for everyone.
Although COVID-19 had a major impact on the Basic-Fit strategy and operations in 2020, Basic-Fit was still able to profit from its existing and well-developed online fitness offering, freely available to all its members, in this period. Basic-Fit enhanced this digital offering to ensure that its members were able to work out, even though the clubs were closed. In addition Basic-Fit added to the products available in its webshop to support this digital fitness offering.

To mitigate the financial risks created by COVID-19 for club operations, Basic-Fit assessed all available support measures per country.

All countries are offering support measures to fully or partly cover the employment costs of Basic-Fit employees. Staff is crucial to Basic-Fit for the company's future success. This is why it was and is of the utmost importance to ensure that employees of Basic-Fit can keep their jobs and maintain their income.

In light of the uncertainties regarding the development and impact of COVID-19, Basic-Fit focused in particular on cost control and cash flow management.

Basic-Fit obtained a state-guaranteed bank loan to increase its liquidity position by €60 million. In addition, Basic-Fit raised €133.3 million through an accelerated bookbuild offering of 5,333,333 new ordinary shares, which were placed at a price of €25.00 per new ordinary share. This liquidity injection strengthened Basic-Fit's financial position, enabling it to cover the negative impact of COVID-19.

To retain members during the lockdowns in the various countries, Basic-Fit offered its members full compensation for the period of closure. The members were given various options to obtain this compensation, these being an immediate freeze, a spread discount on membership fees after reopening and goodie bags. Members could also waive their right to compensation.
The members showed great loyalty to Basic-Fit throughout 2020.

Ongoing improvements

With the aim of improving the club opening process in terms of efficiency, cost controls and timing, we identified 72 steps that ensure efficient project management. We are in the process of automating these steps, to make our control and monitoring of this process even more effective.

We continuously work on embedding our vision and our value drivers in the company's culture and entrepreneurial drive as we grow on every front. The company's culture provides room for its employees to grow and develop and to be healthy.

As we continue on our growth path, we need to continuously review and develop our risk management process and internal controls. We continued to redefine and optimise these based on the constant development and growth of the organisation.

The general counsel is responsible for the company's corporate governance, the day-to-day legal issues related to the development of the company and compliance with and monitoring of laws and regulations and the associated risks. In the pursuance of these goals, the general counsel strengthened the legal department and acted as the day-to-day legal advisor in all the company's jurisdictions, all with a strong business orientation.

The legal department proactively assures compliance with the company's corporate governance rules and laws and regulations, and plays a clear role in protecting the company's assets, integrity and reputation. We constantly work on building awareness of legal developments, laws, regulations, integrity and risks within the company, through training and communication. Basic-Fit appointed a Data Protection Officer (the privacy officer), who is part of the legal department and is responsible for the execution and monitoring of the privacy policy and the day-to-day privacy recommendations related to running the business and new projects.

The compliance, privacy and (IT) risk management functions are together responsible for reviewing and monitoring the risk strategy, with a focus on fields and areas in which the company is developing strongly. They do this from a broad perspective, taking the risk assessment and risk table in this section as a starting point. In addition to the overall monitoring of compliance, in 2020 the compliance officer devoted specific attention to the topics of health & safety, integrity and remote surveillance within Basic-Fit.

The risk management function focused on overall risk assessments and the continued enhancement of the internal control framework in close cooperation with the internal auditor.

In addition to this, embedding and maintaining awareness for the Business Continuity Plan is a constant point of attention for Basic-Fit, with the aim of securing the functioning and continuity of the business in the event of severe internal or external incidents.

Internal audit in 2020

The Internal Audit function is outsourced to an independent international audit firm. During the yearly review of the internal control framework, they identified opportunities for control and process improvements. In June, as a result of the COVID-19 pandemic, the risk profile and focus has been assessed and redefined, leading to a change in focus in the internal audit plan 2020. A COVID-19 impact and policy review was added to the plan. In addition, internal audit performed reviews on payroll processes, cloud security and cyber risks. The outcome of the reviews, including the detailed management actions agreed, was discussed in the Audit & Risk Committee in the presence of internal audit.

Audit Plan for 2021

Internal audit uses a risk-based internal audit plan that enables them to provide the Management Board with the necessary assurance on how Basic-Fit manages key risks, including the effectiveness of the controls and other responses to such risks. Internal audit will use the same approach in 2021, with a focus on, among other things, remote surveillance, its processes and data privacy, data management and the ERP implementation. In addition, the plan includes a follow-up review on compliance with the internal control framework. The internal audit plan for 2021 has been reviewed by the Audit & Risk Committee and approved by the Supervisory Board. Basic-Fit will continue to increase compliance and risk awareness in the company and will focus on increasing efficiency, knowledge sharing, the monitoring of risks and control in a constantly growing and developing organisation through increased use of smart technology and automation.

Risk appetite and sensitivity

In general, Basic-Fit takes an entrepreneurial but prudent approach to risk-taking. The risk boundaries are defined by the company's culture and its corporate governance, defined in Basic-Fit's strategy, values, code of conduct, policies and procedures. The risk management approach to risk is identified, assessed and managed for each risk category and topic.

Sensitivity Analysis

	Change	Impact	On	Assumption (based on 2020 financials excluding exceptional items)
Revenue (members)	1%	€4 million	(underlying) EBITDA	No change to yield
Revenue (yield)	1%	€4 million	(underlying) EBITDA	No change to volume
Operating expenses	1%	€-3 million	(underlying) EBITDA	No change to revenue
Clubs	10 clubs	€0 million	(underlying) EBITDA	No (material) EBITDA impact during the first year from opening clubs *
		€10 million	Net debt	
Net debt	50 million	€-1 million	Net profit	Stable interest rates

** assuming COVID-19 pandemic is under control and restrictions lifted*

OVERVIEW TRENDS IN RISK

Strategic risk
1 Members
2 Expansion
3 Competition
4 Environment
5 Brand

Financial risk
14 Capital expenditure
15 Liquidity
16 Credit
17 Currency and interest
18 Tax and accounting

Operational risk
6 Technology
7 Suitable Sites
8 People
9 Suppliers
10 QHSE
11 Managing growth
12 Secondary revenue
13 Cyber security

Compliance risk
19 Legal and compliance
20 Corporate and social responsibilities
21 Privacy and data governance

RISKS AT A GLANCE

STRATEGIC

Risk	Risk description	General risk appetite	Trend in risk	Risk Appetite
1 Members	Attracting and retaining members is one of the core focal points of Basic-Fit's strategy. Being less attractive to our existing and new members, due to our offering, communications, marketing, competition, harm to our reputation, pricing and membership structure or changes in consumer preferences and behaviour could impact future growth and profitability.	For strategic risks, acceptable risk levels vary depending on the subject at hand. Basic-Fit is generally prepared to take calculated and carefully weighed above-average to high risks, in pursuing its ambitions.	1	
2 Expansion	Basic-Fit wants to be accessible for everybody, everywhere at any time. The main way it achieves this is by being present with clubs. The expansion potential of its portfolio in growing and new markets is a key pillar of Basic-Fit's strategy. This expansion potential could be influenced by different or changing market conditions, laws and regulations, pandemics, consumer preferences and discretionary consumer spending habits in our growth markets or potential new markets. This could impact future growth and profitability.			
3 Competition	The health and fitness industry is highly competitive and localised and competitors could succeed in attracting our existing and new members, which could impact future growth and profitability.			
4 Environment	The risk that market developments, such as economic & political developments, natural disasters and pandemics, have a potentially adverse effect on our growth and profitability.		2	
5 Brand	The risk of negative publicity, an ineffective marketing campaign or incidents occurring that will have an adverse effect on the Basic-Fit brand.			

Increasing Stable Decreasing Averse Low Medium High

OPERATIONAL

Risk	Risk description	General risk appetite	Trend in risk	Risk Appetite
6 Technology	Our business model is data driven and if we cannot keep up with technological changes or when we are unable to implement new systems or GXR video and audio content (in a timely fashion), this could impact future growth and profitability.	Basic-Fit weights operational risks in relation to the implementation of its strategy and the impact of its execution and generally has a moderate risk appetite on this front. However, topics related to quality, security and integrity are subject to a low risk appetite	Stable	
7 Suitable Sites	The identification and securing of suitable sites is crucial for the realisation of our growth ambitions. It is necessary to obtain the required permits and permissions and agree acceptable lease terms. Delays in regulatory procedures or in construction activities could impact our club opening process and objectives for the year.		Stable	
8 People	Any failure to recruit, train, motivate and retain service-minded staff in our clubs and customer care centre, or suitably qualified management staff, could impact future growth and profitability.		Stable	
9 Suppliers	The limited number of suppliers for various aspects of our business makes us vulnerable to interruptions to our existing and new operations and could impact future growth and profitability.		Stable	
10 QHSE	Quality, health, safety and environmental procedures and strategy are important to the company. Any failure to respect external laws and regulations related to health and safety or to follow our own procedures and policies could impact the reputation of the company and its long-term growth and profitability.		Increasing	
11 Managing Growth	Our extensive and ambitious long-term growth plan has an impact on the organisation. The rapid and continuous growth can put constraints on the efficiency and availability of the centralised support organisation and requires continuous adaptation, balancing and the flexibility of the strategy in line with each new phase of Basic-Fit's evolution. If Basic-Fit is unable to adapt and adjust its support operation in time, this could impact the company's profitability.		Stable	
12 Secondary Revenue	In addition to the operational revenue from members, the revenue from the other operational activities and products, such as NXT level, vending machines and training activities, are becoming increasingly important. So any setback in those activities will have an impact on growth and profitability.		Stable	
13 Cyber security	Cyber security issues are becoming more complex in general and thus increasingly relevant for us. Not following the right procedures could impact our reputation and brand. Given the importance of data and mobile applications in the Basic-Fit strategy, the potential impact of cyber security has increased.		Increasing	

Increasing Stable Decreasing Averse Low Medium High

FINANCIAL & REPORTING

Risk	Risk description	General risk appetite	Trend in risk	Risk Appetite
14 Capital expenditure	In line with our growth strategy, we manage a large number of capital-intensive projects to expand our club base. Overspending or price increases could impact our cash flows. Lack of income or revenue impacts our capital expenditure capability.	Basic-Fit has adopted a prudent financial risk strategy, aimed at limiting financial risks and maintaining long-term solvency and staying within bank covenants.	Stable	Low
15 Liquidity	Basic-Fit requires access to capital to fulfil its day-to-day financial obligations and fund its growth ambitions.		Increasing	Averse
16 Credit	The payment behaviour of our existing and future members could change, which would have an impact on our profitability and cash flows.		Increasing	Low
17 Currency and interest	Transaction and translation risks could impact our financial position and/or performance.		Stable	Averse
18 Tax and accounting	Changing tax and accounting regimes could impact our financial performance or tax treatment programming.		Stable	Averse

COMPLIANCE

Risk	Risk description	General risk appetite	Trend in risk	Risk Appetite
19 Legal and compliance	Failure to comply with internal and external policies, rules and regulations could have a negative impact on our reputation and future growth and profitability Failure to comply with all governmental measures related to COVID-19 could lead to the closure of clubs.	Basic-Fit strives for the highest level of compliance with legal and regulatory requirements (including financial reporting), so we have a low risk appetite for these risks. We have a low to medium risk appetite for any risks that could have a negative impact on Basic-Fit's reputation, or the implementation and monitoring of its corporate values and its Code of Conduct.	Stable	Averse
20 Corporate and social responsibilities	The failure to adhere to generally accepted corporate and social responsibilities and those reflected in Basic-Fit's values and Code of Conduct could have an adverse effect in the profitability and reputation of the Basic-Fit brand.		Stable	Low
21 Privacy and data governance	It is of the utmost importance that our data and or other privacy sensitive data is secure and processed responsibly. Failure to follow the right procedures and respect rules and regulations could impact our image and brand, which could have a financial impact and adversely affect the company's profitability and reputation.		Stable	Averse

Increasing Stable Decreasing Averse Low Medium High

Key Risks

The risks that potentially have the greatest adverse effect on the achievement of Basic-Fit's objectives are described below. The described risks are similar to the risks identified for the previous year and the level of risk has not materially changed, with the exception of the impact of COVID-19 pandemic. The effect of this will continue in 2021 and is therefore integrated in the list of key risks. This is not an exhaustive list. There may be risks or risk categories that are currently identified as not having a significant impact on the business but that could develop into key risks. The objective of Basic-Fit's risk management systems is to identify changes in risk profiles and any risk-related incidents in a timely manner, so that appropriate and timely measures can be taken.

KEY RISKS

STRATEGIC

Risk area and possible impact	How does Basic-Fit mitigate this risk?	Developments
Members: Attracting and retaining members Being less attractive to our existing and new members, due to competition, harm to our reputation, pricing and membership structure or changes in consumer preferences and behaviour could impact future growth and profitability.	• **Value for money:** We continuously invest in an attractive value proposition and customer journey to remain relevant to our existing and new members. • **Membership model:** We operate a transparent, flexible and straightforward membership model comprising two main membership forms, with attractive add-on opportunities, all at attractive price levels and with the option of making these memberships flexible. We continuously analyse new forms of membership and add-on opportunities to keep up with new market developments. • **Innovative fitness products:** Our investment in people, innovative fitness products and technologies for use both in and outside our clubs, complementary product offerings online and on site, marketing campaigns and sales promotions, all enable us to enhance the value of our brand and our members' connection to our brand. • **Customer experience:** We have a dedicated customer service department constantly working to improve the service to our customers and their customer journey. The level and quality of customer service will impact our net promoter score. Our virtual assistant Ruby helps our members and therefore our customer service departments, to answer members' questions.	**Developments 2020** • We put additional focus on the enhancement of our customer life cycle and the retention of our members. Through constant new and attractive product offerings, but also by optimising the customer journey for our members at all touchpoints. We will continue this approach in 2021 and further embed and strengthen our data-driven approach to member communications and motivation. • During the closing of our clubs as a result of the COVID-19 pandemic, we further enhanced our online work outs, through classes, lessons and exercise programs. We offered our online programs free of charge to all of our members but also to none-members. We also organised digital work out days available to anyone wanting to join. • In anticipation of the needs of our members we started to refresh the look and feel of some of our clubs. • Driven by the urge of our members to find other ways of working out when our clubs were closed during the COVID-19 pandemic, we facilitated our members by expanding our product range, adding fitness tools for fitness at home in the webshop in 2020. • We are offering our members self-help tools and we are digitalising our customer service centre, so we can provide our members with higher quality assistance even more quickly and efficiently. This transition process is in full swing and will improve continuously on the basis of consumer feedback. **Developments 2021** • We will continue to refresh the look and feel of some of our clubs in 2021. • We will continue to facilitate our members by expanding our product range and adding fitness tools for fitness at home in the webshop in 2021. • We will continue offering our members self-help tools and we will continue improving the digitalisation of our customer service centre, so we can provide our members with higher quality assistance even more quickly and efficiently.
Expansion into existing or new markets Different or changing market conditions, laws and regulations, consumer preferences and discretionary consumer spending habits in our growth markets or potential new markets could impact future growth and profitability.	• **Extensive research:** Although we are currently only expanding in our existing markets, before entering a new market or region, we conduct extensive research into growth opportunities and value creation for the medium and long term. • **Site selection:** In addition, we have a rigorous site selection process, which takes into account local competition, local demographics, local fitness penetration and required site characteristics. Our expansion team has gained a great deal of experience in selecting and negotiating for the right clubs in these countries. This experience will help us in our expansion process going forward.	**Developments 2020** • The COVID-19 pandemic impacted the opening of new clubs. The building of clubs was paused, no new contracts were signed. The pipeline is well filled. Once the clubs can open again and the pandemic is under control, Basic-Fit will continue its strategy.

STRATEGIC

Risk area and possible impact	How does Basic-Fit mitigate this risk?	Developments
(Follow up Expansion into existing or new markets)	• **Monitoring local laws:** Our centralised international legal department closely monitors local laws and regulations, with support from local external advisors if required. • **Promoting:** Our international marketing campaigns focus on promoting and positioning our brand, and include group-wide and local marketing efforts and sales promotions that appeal to local inhabitants.	**Developments 2021** • We will continue to strengthen our development teams, including the procurement department and quality, health and safety department in line with our growth and we will continue to further align processes in 2021. • 72-step plan implemented and fully digitalised. • Although the COVID-19 pandemic stills continues to impact the roll out of new clubs in the beginning of the year, Basic-Fit will continue with its expansion strategy once the pandemic is under control.
Competition The health and fitness industry is highly competitive and localised and competitors could succeed in attracting our existing and new members, which could impact future growth and profitability.	• **Value-for money:** We invest continuously in offering an attractive value-for-money proposition to our existing and new members. We offer a value-for-money membership at low cost with longer opening hours. • **Localised marketing:** We have localised marketing campaigns and sales promotions to win market share and increase the fitness penetration rate. • **Cluster strategy:** With our cluster strategy and online off-site fitness offering, we make fitness accessible for (potential) members, wherever they are and whenever they want • **Operating leverage:** Due to our size, we could benefit from operating leverage.	**Developments 2020** • We launched a new marketing campaign in 2020. • In 2020, we continued the rollout of the implementation of a highly advanced remote surveillance system in some countries to support high levels of safety and security and efficient functioning of the clubs and opening hours, in line with the highest standards of privacy compliance. • We opened more clubs on a 24/7 basis in the Netherlands, Belgium and Luxembourg. **Developments 2021** • We will continue the rollout of the implementation of a highly advanced remote surveillance system in some countries in 2021. • We will continue the rollout of clubs on a 24/7 basis in the Netherlands, Belgium and Luxembourg.
Environment: External economic & political risks and natural disasters Potential adverse impact on growth and profitability.	• **Diversified portfolio:** Our diversified portfolio of 905 clubs in five countries at year end 2020, with local operational management, is a mitigating factor against individual political, country, regional or local economic risk. We monitor these risks through the normal course of business. • **Contribution:** As one of the larger fitness players in the European market, we want to contribute to the growth of the entire fitness market and penetration and we actively participate in the development of the industry and its standards at local and European level. • **Business model:** We can take advantage of our value-for-money proposition in times of economic downturn.	**Developments 2020** • In 2020, Basic-Fit had to deal with COVID-19 measures in all its countries. We appointed a dedicated team to manage the impact of the COVID-19-related government measures on our clubs. • We believe that the fitness industry can make a positive contribution to battling COVID-19. By offering a safe workout environment, we enable people to work on their fitness and strengthen their immune systems. We introduced a number of measures to make sure our members can work out and can continue to work out during club closures through our online platform, and our employees can work in a safe environment. We will continue our approach in 2021. **Developments 2021** • We still expect to reach our medium-term club target of 1,250 clubs by 2022. • We expect to face an economic recession as a result of COVID-19. We could benefit from this on the whole due to our business model. On top of this, it may be possible to add new locations on more favourable terms.
Brand and reputation The risk of negative publicity, ineffective marketing campaigns or incidents occurring that adversely affect the Basic-Fit brand and its reputation.	• **Corporate communications:** we have an extensive marketing, corporate communication and investor relations department in place to manage our commercial communications, corporate communications and PR, to protect our reputation and brand value. • **Quick response system:** We have insight into all publications and communications on Basic-Fit in public markets through a news service, so we have a quick response system in place. • **Integrity:** The company has well embedded compliance, risk management and internal audit functions that work closely together, while respecting their independence, to mitigate risks and protect the company's integrity and reputation.	**Developments 2020** • The risk, compliance and privacy functions have been strengthened and brought together with a shares focus towards risk and compliance management. • We devoted extra attention and focus to building our brand, clarifying the added value of our concept to communities and authorities, to help create an environment in which Basic-Fit clubs are welcomed and supported. We will continue these efforts in 2021. **Developments 2021** • Basic-Fit will continue its lobby with local and national governments to emphasise the relevance of the fitness industry for the health of people and communities and in the fight against diseases.

OPERATIONAL

Risk area and possible impact	How does Basic-Fit mitigate this risk?	Developments
Technology Our business model is technology and data driven and if we are unable to keep up with technological changes or when we are unable to implement new systems (in a timely fashion), this could impact future growth and profitability.	• **Improve:** We continuously maintain, enhance and improve the functionality, capacity, accessibility, reliability and features of our automated member interfaces and other technology offerings (e.g. virtual coaches and GXR concept). • **Experienced partners:** We have selected experienced partners to help maintain and develop existing systems and to help us adopt new emerging technologies. • **Agile:** We also continue to implement an agile way of working, with multidisciplinary teams to improve our agility and stay on top of new developments in our markets.	**Developments 2020** • Monitoring safety and opening hours at the clubs and implementing 24/7 opening, requires the installation of highly advanced camera systems and remote surveillance monitoring. We continued the installation of new systems in our clubs. We will continue with this rollout in 2021. • Following the government measures, we introduced an online reservation system which enables us to manage the flow of people to our clubs and the number of people in our clubs at any given time. **Developments 2021** • We plan to launch an online coaching app for our members, which will enable them to be in direct contact with their personal trainer, also remotely. • We will implement a new financial platform to support further growth ambitions.
Suitable sites Crucial to our growth ambition is the identification and securing of suitable sites, obtaining the required permits and permissions and agreeing acceptable lease terms	• **Real estate experts:** We work with both our own real estate specialists and selected real estate agents in all our countries, to help us identify and secure the best available sites and negotiate acceptable leases that only become effective once all required permits and approvals for a site have been granted and are irrevocable. • **Local agents:** Our management teams work with local agents to obtain the required permits and approvals. • **Approval:** Construction of a new site can only take place after approval by the Management Board and after a rigorous investment analysis that includes return on invested capital. • **Control:** Our property management department has implemented a management and control mechanism and tool to control the entire club selection and development chain, to secure a uniform and coherent club approach.	**Developments 2020** • We strengthened the company's property management team, as well as our country expansion teams, to facilitate the company's long-term growth plans in terms of opening new clubs and exploring new opportunities. • We have further optimised the automation of the site identification process to increase efficiency and improve time to market. **Developments 2021** • We will continue to further optimise the automation of the site identification process to increase efficiency and improve time to market in 2021.

OPERATIONAL

Risk area and possible impact	How does Basic-Fit mitigate this risk?	Developments
People Any failure to recruit, train, motivate and retain service minded staff in our clubs and customer care centre, or suitably qualified management, could impact future growth and profitability.	• **Continuous development:** We have an onboarding training course for club staff, used to train employees in how to run a club. We have launched an additional training course for all customer service employees, including basic elements of fitness and member retention. In addition to this, we facilitate the continuous development of customer care employees and have a mandatory e-learning/on-site programme for all new employees in this department. • **Employee surveys:** Our size and brand value is increasing the popularity of Basic-Fit as an attractive employer. We use the feedback from employee surveys to constantly develop our HR strategy and our approach to employees. • **High-quality personal service:** We aim to optimise the service to our members by offering high-quality personal service by our staff at peak hours and by remotely monitoring and servicing our members in off-peak hours. • **Performance development:** We have a performance assessment process in place to constantly identify and steer performance development. We also use this process to identify our talent pool, to increase promotion opportunities, improve employee engagement and retain this talent in the company.	**Developments 2020** • To further optimise the e-learning process, we have extended tools and programmes to a broader range of topics and have adopted a renewed approach to communications, to raise awareness, value and purpose of the company, with the aim of increasing engagement. • We have appointed an International Training and Development manager. • We have installed a works council for Basic-Fit International. • During the COVID-19 pandemic, we adopted a flexible home-working approach and we will evaluate which positive elements could be implemented on a more structural basis. • Basic-Fit increased its visibility and attractiveness to employees, which has boosted interest in vacancies. **Developments 2021** • We will implement a new HR management system (Workday) in 2021, to make the HR processes global, efficient and secure. • We are working on digitalising all our training in 2021. • We are working on standardised development plans for clubs employees.
Dependency on suppliers The limited number of suppliers for various aspects of our business makes us vulnerable to interruptions to our existing and new operations, and could impact future growth and profitability.	• **Key suppliers:** We have multi-year agreements in place with certain key suppliers related to the procurement of fitness equipment, the building of new clubs, the member registration system, member payment processing and IT services. For many products or services, we work with different suppliers to spread the dependency and workload. • **Rollout suppliers:** The centralised property management department supports control over investments related to our club rollout strategy. This department is involved in maintaining long-term and good relationships with key suppliers. It also regularly evaluates and re-assesses our suppliers, optimising the quality and number of suppliers with whom we work, cost controls and the timely execution of our expansion strategy.	**Developments 2020** • We strengthened the contractual work framework for procurement and entered into new contracts with existing and new partners on the basis of this framework. We will continue with this process in 2021. **Developments 2021** • We are working on a facility portal to further optimise our property management.
Quality, Health, Safety and Environment Any failure to respect external laws and regulations related to health and safety issues or to follow our own procedures and policies could impact the company's reputation and its long-term growth and profitability.	• **General:** We are installing smart security cameras with a view to optimising the safety of our members and staff. We generally have staff trained in first aid in our clubs and our clubs are typically supplied with defibrillators. We have also enhanced our incident reporting procedure to further mitigate these incident risks in our clubs. • **Pandemic**: COVID-19 had a major impact on the Basic-Fit' health and safety standards and club environment. Basic-Fit developed extensive protocols to secure the safety of members and employees in line and beyond local governmental regulations.	**Developments 2020** • We are developing Basic-Fit's Q.H.S.E. strategy, with the aim of offering a uniform, high-quality level in all of our clubs in accordance with our policies and health and safety regulations and will continue this in 2021. • Our dedicated COVID-19 team will continue to meet regularly to look at the current developments related to the COVID-19 pandemic. We follow the local government guidelines and provide our stakeholders with information when needed. We apply strict hygiene protocols, as hygiene is a top priority at Basic-Fit. • We introduced an online reservation system which enables us to manage the flow of people to our clubs and the number of people in our clubs at any given time.

OPERATIONAL

Risk area and possible impact	How does Basic-Fit mitigate this risk?	Developments
(Follow up Quality, Health, Safety and Environment)		**Developments 2021** • We will continue to develop and implement tools and procedures to achieve the goals of this department. We will also strengthen the departments. • We will continue to roll out smart cameras and connect additional clubs to the security room. • We will continue to investigate whether additional measures related to health issues are applicable.
Managing growth: The company's rapid and continuous growth could put constraints on the efficiency and availability of the centralised support organisation and requires continuous adaptation, balancing and flexibility of the strategy, in line with the new phase in Basic-Fit's evolution.	• **Advantages of scale:** The centralised support departments and the uniform strategy, business model and membership model, offer enormous advantages of scale. • **Innovations:** For the rollout of new products or innovations, we hire experts or work with external partners to guide and establish the solid development and implementation of new products. • **Project management:** We have installed a project management department to align and prioritise Basic-Fit's key strategic projects. • **Senior management:** The Management Board is supported by a senior management team.	**Developments 2020** • We are in the process of automating the expansion process to support the operations and staff departments in the continued enhancement of smart and agile working methods and to prepare them for the company's long-term goals. **Developments 2021** • We are enhancing our global operational excellence plan to align all departments with our growth ambitions.
Secondary revenue In addition to the operational revenue from members, the revenue from other operational activities such as sports nutrition, vending machines and personal training activities is becoming increasingly important. So any setback in those activities will have an impact on growth and profitability.	• **Vending machines:** We continue to roll-out our vending machines with our partners within our network of clubs and focus on offering our own NXT Level sports nutrition brand in these machines. • **Webshop offering:** We improved our webshop offering of home fitness tools and NXT Level sports nutrition and we have strengthened our e-commerce team to support the growth of these product categories • **Personal trainers:** A dedicated team ensures effective co-operation with personal trainers within the clubs, in line with a well-defined partnership model in all countries.	**Developments 2020** • We expanded the distribution of our NXT Level sports nutrition products and started early testing in FMCG channel • We introduced home fitness tools in our webshop. • We expanded our digital out of home offering for media sales, by increasing the number of digital screens in our clubs. • We are automating management and reporting of secondary revenue in software tools. **Developments 2021** • We plan to launch an online coaching app for our members, which will optimise our service levels. • We plan to expand our offering of home fitness tools.
Cyber security Cyber security issues are becoming increasingly relevant. Not being able to control and minimise cyber risks could have an adverse impact on our daily operations, profitability and reputation.	• **Cyber security:** We continuously maintain, enhance and improve the functionality, capacity, accessibility, reliability and features of our automated member interfaces and other technology offerings. We continuously monitor, test and improve our security systems and processes and have specialised staff in place to enhance this process.	**Developments 2020** • We performed repeated pen testing to secure the cyber security resilience at Basic-Fit and will continue this in 2021. • We started on the improvement of our security monitoring. **Developments 2021** • We will continue the improvement of our security monitoring in 2021. • We will conduct additional training to maintain and increase awareness of the Business Continuity Plan. This training will also cover elements of cyber security attacks, to enable us to act on and mitigate incidents that could harm Basic-Fit's reputation.

FINANCIAL

Risk area and possible impact	How does Basic-Fit mitigate this risk?	Developments
Capital expenditure and cash flow risk In line with our growth strategy, we manage a large number of capital-intensive projects to expand our club base. Overspending or price increases could impact our cash flows.	• **Capex:** Each new club analysis process includes a detailed investment plan, and the required expansion and maintenance capital expenditure is analysed on a club-by-club basis. • **Price risk:** The centralised property management and procurement departments control all our investments and try to minimise price risk.	**Developments 2020** • Due to the continued uncertainties regarding COVID-19 and potential additional government measures, Basic-Fit decided during the second wave to postpone the construction of additional new clubs for the time being. By year-end, we had 905 clubs in our network.
Liquidity risk Basic-Fit requires access to capital to fulfil its day-to-day financial obligations and fund its growth ambitions.	• **Fund our growth:** Since June 2018, we have a five-year €450-million financing facility, consisting of a €250-million term loan and a €200-million revolving facility. The agreement also includes an accordion option up to a maximum of €150 million. In 2019, we extended the facility agreement to June 2024. • **Cash flow forecast:** Cash is managed on a daily basis, while management prepares a weekly cash flow forecast to identify the company's short-term cash needs. • **Monitoring:** We monitor long-term liquidity needs on a quarterly basis. • **Ample liquidity:** The COVID-19 pandemic has demonstrated the importance of always having ample liquidity for unforeseen circumstances.	**Developments 2020** • Basic-Fit exercised €40 million of the accordion option. This is part of the term and RCF facilities agreement as amended and extended in 2018. • To absorb the impact of the COVID-19-related government measures, Basic-Fit obtained a €60 million GO-C facility. • Basic-Fit successfully raised €133.3 million through an accelerated bookbuild offering of 5,333,333 new ordinary shares. We used the net proceeds from this offering to strengthen the balance sheet providing the company with the financial flexibility to recommence its growth strategy. • Basic-Fit has sought and obtained a temporary waiver of its financial covenants under the RCF facilities agreement and the Schuldschein loan due to the impact of COVID-19 pandemic. **Developments 2021** • Basic-Fit has successfully secured a €150 million bridge financing. This facility provides us with additional financial flexibility, which we believe is sufficient to weather the continuing impact of the COVID-19 related government measures and to recommence our growth strategy once these government measures have been lifted. • Management is confident that sufficient debt, equity or equity-linked instruments can be timely attracted to refinance the €150 million bridge facility and to create sufficient headroom to avoid covenant breaches. In case of delayed club openings or re-installed closures after the spring of 2021, the Management Board assesses that the Company is able to renegotiate its borrowings and covenants.
Credit risk The payment behaviour of our existing and future members could change, which would have an impact on our profitability and cash flows.	• **Membership fees:** As members need to pay membership fees upfront, credit risk is limited to those membership fees that cannot be collected upfront. • **Collection agencies:** We have strengthened our credit management department and we use collection agencies for receivables that have been due for more than 120 days • **Cash:** We avoid concentration of credit risk with banks by spreading cash and cash equivalents over various banks.	**Developments 2020** • We started the implementation of a credit management tool to improve the management of outstanding amounts in 2020. **Developments 2021** • We will continue to further implement and optimise the credit management process, adding tailored workflows and personalised reminder processes.

FINANCIAL

Risk area and possible impact	How does Basic-Fit mitigate this risk?	Developments
Currency and interest rate risk Transaction and translation risks could impact our financial position and/ or performance.	• **Currency:** Basic-Fit only operates in the Eurozone, so translation risk is very limited. We mitigated the transaction risk by purchasing in euros and sign multi-year contracts with our equipment suppliers. We do not use financial instruments to hedge any remaining currency risk. • **Interest rate:** Interest rate risk arises from the financing facility, which is linked to Euribor. With new hedges in place since January 2019, we have hedged less than 50% of our variable interest exposure by using floating-to-fixed interest rate swaps. An increase of 50 basis points in Euribor would result in decreased annual pre-tax interest expenses of approximately €0.3 million (based on exposure at year end).	**Developments 2020** • No specific developments recorded in 2020
Tax and accounting risk Changing tax and accounting regimes could impact our financial performance or tax treatment programming.	• **General:** Based on our internal control framework, the centralised support departments, supported by external advisors, monitor and review local practices to provide reasonable assurance that we remain aware of and act in compliance with relevant laws and policies, including those related to reporting and tax.	**Developments 2020** • We optimised the processes related to the application of IFRS 16 leases in 2020.

COMPLIANCE

Risk area and possible impact	How does Basic-Fit mitigate this risk?	Developments
Legal, compliance and regulatory risks Failure to comply with internal and external policies, rules and regulations could have a negative impact on our reputation and future growth and profitability.	• **Laws and regulations:** At Basic-Fit, we are committed to complying with the laws and regulations of the countries in which we operate. In specialist areas, the relevant country and centralised support teams are responsible for setting detailed standards to comply with regulations and laws that are relevant to their roles. • **Legal department:** Basic-Fit has a well embedded centralised legal department with legal professionals for all jurisdictions, a compliance officer and a privacy officer. The department's focus is on compliance with laws and regulations in alignment with the business strategy, training and legal awareness creation and protection of the integrity and reputation of the Basic-Fit brand. An annual compliance plan is executed on Basic-Fit's priority topics, such as procurement, health & safety and the consumer regulatory framework. • **Work culture:** Basic-Fit invests in the creation of a work culture that supports the company's vision in terms of entrepreneurship, responsibility and integrity. We conduct several surveys among employees on a regular basis. These cover topics such as work culture, satisfaction and risk culture. Based on the outcome of these surveys, Basic-Fit continuously develops its employee model and the development and growth opportunities of its employees, to enhance employee motivation and commitment to the Basic-Fit values and vision.	**Developments 2020** • Basic-Fit has appointed a Data Protection Officer at group level to implement, define and monitor Basic-Fit's privacy policy. • We strengthened our legal department to support our growth in various countries. • The compliance, privacy, (IT) risk and internal audit functions are aligning processes and working methods. We are currently implementing a joint review and audit plan for the second line. We will continue this in 2021. **Developments 2021** • The compliance officer heads a dedicated team, which devotes attention for integrity within Basic-Fit. This team is working on guidelines to describe in more detail how to deal with Basic-Fit's values and standards with regard to integrity, as defined in the Code of Conduct.
Corporate and Social Responsibility (CSR) The risk of infringements on generally accepted corporate and social responsibilities and of those reflected in Basic-Fit's values and Code of Conduct, could have an adverse effect on the profitability and reputation of the Basic-Fit brand.	• **Environmental Social & Governance:** Basic-Fit has developed a Corporate and Social Responsibility framework and strategy with a vision on people, planet and communities. Basic-Fit is focused on limiting the use of energy resources in its clubs and works with largely non-electrical equipment, as well as smart lighting and airco solutions. An increasing number of suppliers are bound by Basic-Fit's supplier code of conduct. • **Same mission:** We have more than 6,000 employees in five countries with multiple nationalities and from diverse backgrounds. We are all unique and we embrace the same mission: to make fitness available to everyone and getting people to love their fitness habits.	**Developments 2020** • We developed new corporate sponsorships with three main national partners to promote a healthy lifestyle among young people and young adults. • We conducted a light update of the extensive materiality assessment, in which the overall high and low material topics remained the same. • We made our app accessible to everyone for free for a certain period in 2020 to encourage people to take up fitness and strengthen their immune systems during the COVID-19 pandemic. On top of this, we actively offered virtual classes via social media. **Developments 2021** • We will continue to structure our CSR approach to reinforce our positive impact on people, planet and communities.
Privacy and Data Governance It is of the utmost importance that our data is secure and processed responsibly. Failure to follow the right procedures could impact our image and brand.	• **Data governance:** Data governance means that we have policies and responsibilities in place with respect to our data streams. These include order, insight, quality and GDPR compliance. Now that Basic-Fit is becoming an increasingly data-driven company, this topic will also become more important in the coming years. We have a data protection and security officer in place to support and advise the responsible managers and to periodically monitor and improve all existing procedures.	**Developments 2020** • The privacy officer and the security officer enhanced and implemented the data classification scheme, which provides a basis for all related policies. • We updated and implemented the regulation related to our camera surveillance, which serves as a framework for all related procedures and protocols. **Developments 2021** • We will continue to optimise the incident management procedure for all incidents related to information security. • Awareness programme will be an important topic in 2021. We are working on an onboarding training course and periodic training for managers and their teams with respect to privacy, compliance and security matters.

CORPORATE GOVERNANCE

Basic-Fit recognises the importance of good governance, and its vital role in ensuring integrity and maintaining open and transparent communications with stakeholders and other parties interested in the company. Basic-Fit's corporate governance structure, its supervision, and how it is reported are all in line with the Dutch Corporate Governance Code 2016 ('the Code'). The Code contains principles and best practice provisions that regulate relations between the Management Board, the Supervisory Board and the General Meeting, with a focus on ensuring the continuity and growth of Basic-Fit while the company endeavours to create long-term shareholder value.

Basic-Fit fully endorses the core principles of the Code and is committed to following the Code's best practices to the greatest extent possible. However, in consideration of our own interests and the interests of our stakeholders, we deviate from a limited number of best practice provisions, which we specify and explain in the Corporate Governance declaration in this annual report.

Furthermore, Basic-Fit fully complies with the legislation resulting from the EU's Shareholder Rights Directive II, aiming at promoting effective and sustainable shareholder engagement in listed companies, something we will touch upon throughout this report.

General

Basic-Fit N.V. is a public limited liability company incorporated under Dutch law on 12 May 2016. On 10 June 2016, part of the share capital of Basic-Fit was offered to the public in an Initial Public Offering (IPO) as a result of which 54,666,667 shares were listed on Euronext Amsterdam. On 11 June 2020 Basic-Fit issued 5,333,333 new shares as a result of which 60,000,000 shares are now listed in Euronext Amsterdam. On the Basic-Fit has a two-tier board structure, consisting of a Management Board and a Supervisory Board. The Management Board currently consists of two members, while the Supervisory Board has six members. The provisions in the Dutch Civil Code related to the 'large company regime' ('structuurregime') do not apply to Basic-Fit, since the majority of Basic-Fit employees are not based in the Netherlands.

Management Board

Duties

The Management Board is collectively responsible for the day-to-day management of Basic-Fit. Its tasks include the overall management, performance and general affairs of Basic-Fit, as well as the formulation and implementation of its strategy, policies and objectives, as well as the company's results. The Management Board provides the Supervisory Board with information in a transparent way. The key items of information are the annual and long-term budgets, monthly management reports, quarterly reports and the annual report, information on significant investments and expansion strategies, risk management and control reports, including compliance and internal audit updates, together with major HR and IT issues. Over the past year, the Management Board devoted specific and intense attention to the approach and execution of Basic-Fit's strategy in light of the government measures implemented to fight COVID-19.

The Management Board is supervised by the Supervisory Board and has adopted rules (Management Board Rules) describing its duties, responsibilities, composition, decision-making and procedures. The Management Board Rules were last updated on 15 December 2020 and are available on the Basic-Fit corporate website.

Certain resolutions of the Management Board are subject to prior approval by the Supervisory Board. These resolutions are also outlined in the above-mentioned Management Board Rules and in Basic-Fit's articles of association, which you will find on the Basic-Fit corporate website.

Appointment, dismissal and suspension

The General Meeting appoints the members of the Management Board (i) pursuant to and in accordance with a proposal of the Supervisory Board, or (ii) pursuant to a binding nomination to be drawn up by the Supervisory

Board. A resolution of the General Meeting to appoint a member of the Management Board pursuant to and in accordance with a proposal of the Supervisory Board can be adopted by an absolute majority of the votes cast, irrespective of the capital present or represented at the meeting.

The General Meeting may only overrule the binding nature of a nomination by the Supervisory Board by resolution of the General Meeting adopted by an absolute majority of the votes cast, provided said majority represents at least one-third of the company's issued share capital. If the General Meeting votes in favour of overruling the binding nature of the nomination by an absolute majority of the votes cast, but this majority does not represent at least one-third of our issued share capital, then a new meeting may be convened at which the resolution can be passed by an absolute majority of the votes cast, irrespective of the capital present or represented at the meeting. In the notice convening the new meeting, it must be stated, giving the reason therefor, that a resolution may be passed by an absolute majority of the votes cast, irrespective of the part of the capital represented at said meeting.

If the binding nature of the nomination is overruled, the Supervisory Board shall draw up a new binding nomination to be voted upon at the next meeting. If the Supervisory Board has not drawn up a proposal or binding nomination, the General Meeting is free to appoint a member of the Management Board, provided that the appointment is subject to and in accordance with the requirements under applicable law, and further provided that said resolution of the General Meeting is adopted by an absolute majority of the votes cast, representing at least one-third of the company's issued share capital.

The Articles of Association give the General Meeting the authority to suspend or dismiss a member of the Management Board. Such a resolution of the General Meeting requires an absolute majority of the votes cast, and this majority must represent at least one-third of the issued share capital. If the General Meeting votes in favour of the suspension or dismissal by an absolute majority of the votes cast, but this majority does not represent at least one-third of the issued share capital, a new meeting may be convened at which the resolution may be passed by an absolute majority of the votes cast, irrespective of the capital present or represented at said meeting.

The Supervisory Board may also suspend a member of the Management Board at any time. The General Meeting may at any time discontinue a suspension by the Supervisory Board. Said suspension shall lapse automatically if the General Meeting does not resolve to dismiss said member of the Management Board within three months from the date of said suspension.

Composition

The Management Board of Basic-Fit consists of two or more members, and shall in any event comprise a CEO, who will act as chairman.

On 31 December 2020, the Management Board was composed as follows:

- René Moos (1963, Dutch) is Chief Executive Officer (CEO) and chairman of the Management Board.
- Hans van der Aar (1958, Dutch) is Chief Financial Officer (CFO).

The section on the Basic-Fit Management Board contains more information on their profile.

Both statutory members of the Management Board have entered into service agreements with Basic-Fit and have been appointed for an indefinite period. As long as René Moos is a member of the Management Board of Basic-Fit, he will (i) be chairman of the Management Board and have the title of CEO; and (ii) have the power to represent Basic-Fit individually. This is in accordance with the Relationship Agreement (further referred to as the 'Relationship Agreement'), entered into between Basic-Fit and its main shareholders, Mito Holdings S.à.r.l. (referred to hereafter as 'Mito') and AM Holding BV (referred to hereafter as 'AM Holding') on 27 May 2016. If the Management Board consists of two members and the CEO has been suspended, the Management Board can only adopt valid resolutions to the extent required to continue the normal business operations of Basic-Fit, or to the extent required to safeguard the continuity of the business.

In addition to this, Redouane Zekkri is as key employee part of Basic-Fit's leadership team in the role of Chief Operations Officer (COO) .

Remuneration

Information on the remuneration of the Management Board and its key employees can be found in the Remuneration Report.

Supervisory Board

Duties

The Supervisory Board is responsible for supervising and advising the Management Board, and for overseeing the general direction of Basic-Fit's operations and strategy. In the performance of its duties, the Supervisory Board is guided by the interests of Basic-Fit and its affiliated business, taking into consideration the interests of Basic-Fit's stakeholders.

The Supervisory Board is responsible for the quality of its own performance. The Supervisory Board has adopted rules (Supervisory Board Rules) describing its duties, responsibilities, composition, decision-making and procedures, which were last updated on 15 December 2020. The Supervisory Board Rules are available on Basic-Fit's corporate website.

Appointment, removal and suspension

The General Meeting appoints the members of the Supervisory Board pursuant to a binding nomination to be drawn up by the Supervisory Board, with due observance of the profile for the size and the composition of the Supervisory Board as adopted by the Supervisory Board from time to time.

The General Meeting may only overrule the binding nature of such nominations by the Supervisory Board by resolution of the General Meeting adopted by an absolute majority of the votes cast, provided such majority represents at least one-third of the issued share capital.

If the General Meeting votes in favour of overruling the binding nature of the nomination by an absolute majority of the votes cast, but this majority does not represent at least one-third of the company's issued share capital, then a new meeting may be convened at which the resolution may be passed by an absolute majority of the votes cast, irrespective of the capital present or represented at said meeting. In the notice convening the new meeting it must be stated, giving the reason therefor, that a resolution may be passed by an absolute majority of the votes cast, irrespective of the part of the capital represented at the meeting.

If the binding nature of the nomination is overruled, the Supervisory Board shall draw up a new binding nomination to be voted upon at the next meeting. If the binding nature of a nomination is not overruled and the nomination for a vacancy to be filled consists of one person, the person nominated by the Supervisory Board is considered appointed by the General Meeting. If the Supervisory Board has not drawn up a binding nomination, the General Meeting is free to make such an appointment, provided that the appointment is subject to and in accordance with the requirements under applicable law, and further provided that such resolution of the General Meeting is adopted by an absolute majority of the votes cast, representing at least one-third of the company's issued capital.

Each member of the Supervisory Board is appointed for a maximum period of four years, with reappointment possibilities in line with BPP 2.2.2 of the Code. A rotation schedule has been put in place to avoid, as far as possible, a situation in which multiple members of the Supervisory Board are due for reappointment in the same year.

The Articles of Association give the General Meeting the authority to suspend or dismiss a member of the Supervisory Board. Under the Articles of Association, a resolution of the General Meeting to suspend or dismiss a member of the Supervisory Board pursuant to and in accordance with a proposal thereto by the Supervisory Board requires an absolute majority of the votes cast. However, such a resolution of the General Meeting other than one pursuant to and in accordance with a proposal thereto by the Supervisory Board requires an absolute majority of the votes cast, which majority must represent at least one-third of the company's issued share capital.

If the General Meeting votes in favour of the suspension or dismissal by an absolute majority of the votes cast, but this majority does not represent at least one-third of the company's issued share capital, a new meeting may be convened at which the resolution may be passed by an absolute majority of the votes cast, irrespective of the part of the capital represented at said meeting. In the notice convening the new meeting it must be stated, giving the reason therefor, that a resolution may be passed by an absolute majority of the votes cast, irrespective of the part of the capital represented at the meeting.

Composition

The Supervisory Board must consist of a minimum of three members. The number of members is to be determined by the Supervisory Board. The profile of the Supervisory Board is available on Basic-Fit's corporate website. On 31 December 2020, the Supervisory Board consisted of six members.

In accordance with the Relationship Agreement, one Supervisory Board member is appointed upon nomination by Mito and one Supervisory Board member is appointed upon nomination by AM Holding. Pieter de Jong has been designated for nomination by Mito and Hans Willemse by AM Holding. As Mito and AM Holding each hold more than 10 percent of the shares in Basic-Fit, these members are deemed not to be independent within the meaning of best practice provision 2.1.8. vii of the Code.

Herman Rutgers is the Supervisory Board member who serves as an industry expert. Pursuant to the Relationship Agreement, the proposal for appointment by the Supervisory Board of the industry expert requires the consent of the member of the Supervisory Board designated for appointment by AM Holding.

The right of Mito and AM Holding to each designate one member for nomination and replacement will lapse if Mito or AM Holding, as applicable, ceases to own or control, directly or indirectly, at least 12.5% of the outstanding share capital of Basic-Fit.

As at 31 December 2020, the Supervisory Board was composed as follows:

Name	Position
Kees van der Graaf (1950, Dutch)	Chairman
Carin Gorter (1963, Dutch)	Vice-chairman and Chairman of the Audit & Risk Committee
Herman Rutgers (1949, Dutch)	Chairman of the Selection, Appointment & Remuneration Committee
Pieter de Jong (1964, Dutch)	Member of the Selection, Appointment & Remuneration Committee
Hans Willemse (1968, Dutch)	Member of the Selection, Appointment & Remuneration Committee and the Audit & Risk Committee
Rob van der Heijden (1965, Dutch)	Member of the Audit & Risk Committee

The Supervisory Board Profile contains additional information. Information on the remuneration of the members of the Supervisory Board can be found in the Remuneration Report.

Committees of the Supervisory Board

The Supervisory Board has established two committees: the Audit & Risk Committee and the Selection, Appointment & Remuneration Committee. The function of these committees is to support the decision-making process of the Supervisory Board. The roles and responsibilities of each committee, as well as the composition and how it performs its duties, are set out in the respective charters of the committees, for which the charter of the Audit&Risk Committee has been updated on 15 December 2020 and published on Basic-Fit's corporate website.

Audit & Risk Committee

The Audit & Risk Committee assists the Supervisory Board in monitoring Basic-Fit's system of internal controls, the quality and integrity of its financial reporting process, the content of the financial statements and reports, and the assessment and mitigation of Basic-Fit's business and financial risks. In addition, the Audit & Risk Committee assists the Supervisory Board by advising it on matters such as: the company's policy on tax planning; the financing of the company; the company's compliance with applicable laws and regulations; the company's integrity policy; the company's disclosure of financial information, including the company's accounting principles; the recommendation for the appointment of the company's external auditor to the General Meeting as well as assessing the independence of the external auditor; compliance with recommendations from the company's external auditor; plus the review of the internal risk management and control systems, and IT and business continuity safeguards. The Audit & Risk Committee will meet as often as circumstances dictate, but in any event no less than four times a year.

Selection, Appointment & Remuneration Committee

The Selection, Appointment & Remuneration Committee advises the Supervisory Board on the remuneration of individual members of the Management Board; monitors Basic-Fit's remuneration policy; and reviews and recommends policies relating to the compensation of the members of the Management Board. In addition, the Selection, Appointment & Remuneration Committee monitors the succession plans for the Management Board and the Supervisory Board and advises the Supervisory Board on the selection criteria and appointment procedures for members of the Management Board and the Supervisory Board, as well as on proposals for appointments and reappointments.

Conflicts of interest

Basic-Fit's Management Board and Supervisory Board rules include provisions on the procedures to be followed in the event of a conflict of interest. In March 2021, Basic-Fit implemented a new related party policy to set out the internal rules for related party transactions in line with all applicable legislation and the Code.

A member of the Supervisory or Management Board is not deemed to have a conflict of interest solely by reason of their affiliation with a direct or indirect shareholder. Any potential conflict of interest must be reported immediately to the other Supervisory Board members and/or the chairman of the Supervisory Board. Basic-Fit's CEO, René Moos, is an indirect shareholder in HealthCity in the Netherlands and Germany and has an indirect majority interest in fitness club Saints & Stars. HealthCity is a chain of fitness clubs active in the mid-to-premium market segments of the health and fitness market. Saints & Stars is a fitness club active in the premium market segments. These clubs could be perceived as competing with Basic-Fit and, even though they operate in a separate fitness market segment, could in theory benefit from changes in the health and fitness market harmful to the business of Basic-Fit.

Furthermore, Basic-Fit leases a number of premises for its clubs, as well as its international headquarters, from companies that are directly or indirectly owned by the CEO, René Moos.

All transactions between Basic-Fit and the holders of at least 10% of the shares are listed in note 7.3 of the consolidated financial statements. All these transactions are related to board members and are agreed on terms that are customary in the sector concerned. In entering into these transactions, Basic-Fit complied with the best practice provisions 2.7.3, 2.7.4 and 2.7.5 of the Dutch Corporate Governance Code. There have been no material related party transactions that do not follow normal business dealings or that are not entered into under normal market conditions with related parties as defined in provision 2:167 of the Dutch Civil Code.

Insider trading

The Management Board adopted insider trading regulations at the moment of listing. It is Basic-Fit's policy that all employees, and anyone else with any other type of relationship of authority with Basic-Fit, will adhere to these regulations, which can be found on Basic-Fit's corporate website.

Diversity in profiles and composition

The Company values diversity within the Company and believes that diversity, both in terms of gender and background, is essential to the pursuance of its long-term strategy, and in this respect the Company will strive towards an adequate and balanced composition for all the corporate bodies in line with Dutch legislation and our diversity policy.

The gender diversity requirements in the context of the Dutch Management and Supervision Act ('Wet Bestuur en Toezicht') ceased to exist as per 1 January 2020. Pursuant to these requirements, certain large Dutch companies, including Basic-Fit, had to pursue a policy of having at least 30% of these seats on both the Management Board and Supervisory Board held by women, to the extent that these seats are held by natural persons. The Dutch House of Representatives ('Tweede Kamer') followed the advice of the Social and Economic Council ('Sociaal Economische Raad' - SER) and agreed with a mandatory quota of at least one-third female members for supervisory boards of listed companies, reflected in the pending legislative amendment: Amendments to Book 2 of the Civil Code in connection with balancing the ratio between the number of men and women on the board and the supervisory boards of large public and private companies ('Wijziging van Boek 2 van het Burgerlijk Wetboek in verband met het evenwichtiger maken van de verhouding tussen het aantal mannen en vrouwen in het bestuur en de raad van commissarissen van grote naamloze en besloten vennootschappen').

The Supervisory Board has formulated a profile defining its size and composition, taking into account the nature of Basic-Fit and its activities. The composition of the Supervisory Board and the combined diverse mix of knowledge, skills, experience and expertise should be such that it fits the profile and the strategy of Basic-Fit.

Basic-Fit has a diversity policy approved by the Supervisory Board to promote diversity within its main corporate bodies, these being the Management Board and the Supervisory Board. The preferred composition of the Supervisory Board and the Management Board shall be such that inter alia the combination of experience, expertise, independence and the diversity of its members meets the qualifications as stipulated in the profile and the diversity policy and enables both the Management Board and the Supervisory Board to carry out their duties and responsibilities in the best possible way. In the event of a new appointment, both bodies will take into account the most relevant profile aspects that should be added for a balanced composition, giving preference to women in the event of equal qualifications, to achieve the targets stipulated above.

Basic-Fit encourages the development of female talent, which led to the appointment of several female experts in key senior management positions, as a result of which more than 30% of Basic-Fit's senior management are now female. The Management Board has appointed and uses a senior management team to support them in their strategy and decision-making processes. Within this team, 31% of the members are female. However, Basic-Fit does not currently meet the gender diversity targets stipulated above for either the Supervisory Board or the Management Board.

Although the first priority when considering vacancies is finding a person with the required skills, expertise, experience and independence, all aspects of diversity, including gender and nationality, will remain an important consideration in the selection process for the (re)appointment of members of the Supervisory Board. There have been no changes in the composition of the Supervisory Board since last year, nor will this happen in 2021, since there will be no election of new board members, except for the re-election of Kees van der Graaf, Hans Willemse and Rob van der Heijden, who are available for a new term and wish to be reappointed to the Supervisory Board. The Management Board supports this, based on their relevant knowledge of company, their background and their expertise and therefore wishes to retain this value for the company. These re-appointments do not therefore influence the gender ratio within the Supervisory Board.

The size and composition of the Management Board, and its combined experience and expertise, should be such that it best fits the profile and strategy of Basic-Fit.

The Management Board is composed of René Moos, CEO, and Hans van der Aar, CFO. There have been no vacancies in the Management Board in recent years. In 2019, Basic-Fit appointed Redouane Zekkri as COO, which is a non-statutory appointment.

General meeting of shareholders

The Annual General Meeting of Shareholders (referred to hereafter as the 'General Meeting') must be held within six months of the end of each financial year. An Extraordinary General Meeting (EGM) may be convened whenever the Supervisory Board or Management Board deem this to be in the interests of Basic-Fit. Shareholders who, individually or jointly, hold at least 10% of the issued and outstanding share capital may request that a General Meeting be convened. If no General Meeting has been held within eight weeks of the shareholders' request, the shareholders may, upon request, be authorised by a District Court in summary proceedings to convene a General Meeting.

Notice of a General Meeting must be given 42 days prior to the day of the meeting. The notice must include, among other items: an agenda indicating the place and time of the meeting; the items for discussion and voting; the proceedings for registration, including the registration date; and any proposals for the agenda. Shareholders who, individually or jointly, represent at least 3% of the issued and outstanding share capital may request that an item be added to the agenda. Such requests must be made in writing, have to be either substantiated or include a proposal for a resolution and must be received by Basic-Fit at least 60 days prior to the day of the General Meeting.

Admission to General Meetings

The General Meeting is chaired by the chairman of the Supervisory Board. Members of the Management Board and Supervisory Board may attend the General Meeting and shall have an advisory vote. The chairman of the General Meeting may decide at his discretion to admit other persons to the General Meeting. Each shareholder, as well as other persons with voting or meeting rights, may attend the General Meeting, address the General Meeting and (insofar as they have such a right) exercise voting rights pro rata to their shareholding, either in person or by proxy. Shareholders may exercise these rights if they are the holders of ordinary shares on the registration date (currently the 28th day before the day of the meeting) and if they or their proxy have notified Basic-Fit of their intention to attend the meeting, in writing to the address and by the date specified in the notice of the meeting.

Voting rights

Each shareholder may cast one vote in a General Meeting for each ordinary share held. Pursuant to Dutch law, no votes may be cast at a General Meeting in respect of ordinary shares held by the company. Resolutions are adopted by absolute majority, except where Dutch law or the Articles of Association provide for a qualified majority.

Powers of the General Meeting

The most important matters requiring the approval of the General Meeting include:

- Adoption of the financial statements
- Resolution on the reservation or distribution of the profits
- Adoption of the remuneration policy for the Management Board and the Supervisory Board
- Appointment of the external auditor
- Authorisation for the Management Board to issue shares, to restrict or exclude the pre-emptive rights of shareholders, and to repurchase shares
- Appointment, suspension or dismissal of members of the Management Board
- Appointment, suspension or dismissal of members of the Supervisory Board
- Amendment of the company's Articles of Association

Furthermore the General Meeting is requested to provide company with an advisory vote on the Remuneration report, in line with the requirements following SRDII.

Further details can be found in the Articles of Association, which are published on Basic-Fit's corporate website.

Share capital

Basic-Fit's authorised share capital consists of 150,000,000 ordinary shares, each with a nominal value of €0.06. On 31 December 2020, a total of 60,000,000 shares had been issued, after an issuance of 5,333,333 new shares on 11 June 2020, within the boundaries of the powers granted to company by the General Meeting. The authorised share capital of the company consists solely of ordinary shares. All issued shares are fully paid up and each share confers the right to cast a single vote in the General Meeting. The General Meeting may resolve to issue shares, or grant rights to subscribe for ordinary shares, if this is proposed by the Management Board and the proposal has been approved by the Supervisory Board.

Issuance of shares

The Articles of Association provide that the General Meeting may designate the Management Board as the competent body authorised to resolve to issue ordinary shares or grant rights to subscribe for ordinary shares.

Pursuant to the Code and the Articles of Association, the period of such designation may not exceed five years. At the designation, the number of ordinary shares to be issued by the Management Board must be determined. If the Management Board has been designated as the competent body authorised to issue ordinary shares, the resolution to issue ordinary shares is subject to the prior approval of the Supervisory Board.

The General Meeting has designated the Management Board for a period of five years from 27 May 2016 (i.e. until 27 May 2021), subject to the approval of the Supervisory Board, as the competent body to (i) resolve to issue shares, and (ii) grant rights to subscribe for shares, up to a maximum of 1% of the fully diluted outstanding share capital, either at the time of issue or at the time of granting rights to subscribe for shares, and (iii) to exclude or limit pre-emptive rights to subscribe for shares in the event that the issue of granting of rights to subscribe for shares takes place in connection with the Performance Share Plan or any other employee participation plan.

Furthermore, the General Meeting has designated the Management Board for a period of 18 months from 22 April 2020 (i.e. until 21 October 2021), subject to approval of the Supervisory Board, as the competent body to (i) resolve to issue shares, and (ii) grant rights to subscribe for shares up to a maximum of 10% of the issued share capital, at the time of the issue or at the time of granting rights to subscribe for shares; and (iii) to exclude or limit pre-emptive rights thereto.

Pre-emptive rights

Each shareholder has a pre-emptive right to subscribe, on a pro-rata basis, to any issuance of new ordinary shares, or upon the granting of rights to subscribe for ordinary shares. Pre-emptive rights can be limited or excluded. Exceptions to these pre-emptive rights include the issuance of ordinary shares and the granting of rights to subscribe for ordinary shares (i) to Basic-Fit's employees, (ii) in return for non-cash consideration or (iii) to persons exercising a previously granted right to subscribe for ordinary shares.

Acquisition of own shares

Basic-Fit may repurchase fully paid up ordinary shares at any time for no consideration ('om niet'); or for consideration, subject to the approval of the General Meeting, certain provisions of Dutch law and the Articles of Association, and the prior approval of the Supervisory Board. Basic-Fit may not cast votes on ordinary shares it holds itself, nor is it entitled to dividends paid on those ordinary shares, nor will such shares be counted for the purpose of calculating a voting quorum. The ordinary shares held by Basic-Fit will not be included in the calculation of the profit distribution. On 22 April 2020, the General Meeting authorised the Management Board to repurchase shares in the share capital of Basic-Fit for a period of eighteen months (i.e. until 21 October 2021), up to a maximum of 10% of the issued share capital.

Transfer of shares and transfer restrictions

The transfer of ordinary shares in the share capital of Basic-Fit included in the Statutory Giro System must take place in accordance with the provisions of the Dutch Securities Giro Act ('Wet giraal effectenverkeer'). The Articles of Association do not restrict the transfer of ordinary shares in the capital of Basic-Fit. Basic-Fit is not aware of any agreement pursuant to which the transfer of ordinary shares in the share capital of the company is restricted, other than lock-up arrangements for the Management Board in line with the long-term share incentive plan described in the Remuneration Report.

Dividend policy

It is laid down in the Basic-Fit Articles of Association that if profits are made, the Basic-Fit Management Board can define which part of these profits will be reserved. Profits that are not reserved in this context are available to the General Meeting, which can decide to pay out dividends based on a proposal of the Management Board that has been approved by the Supervisory Board.

Basic-Fit has published its dividend policy on its corporate website under Shareholder Information. This states that given the strong return profile of new club openings, the primary use of cash for the short to medium term will be for investments in the rollout of new clubs. As a result, Basic-Fit does not anticipate paying out any dividends in the short to medium term. Capital will be invested with strict financial discipline and applying the targeted return thresholds. Basic-Fit expects to introduce dividend payments in the future, although any dividend proposals will be carefully assessed against other uses of cash, including an acceleration of the club rollout, repayment of debt, share buybacks and acquisitions.

External auditor

The general meeting appointed the external auditor. For the financial years 2020 and 2021, Ernst & Young Accountants LLP was appointed as Basic-Fit's external auditor. The external auditor may be questioned at the General Meeting regarding its audit opinion on the financial statements. The external auditor is therefore invited to attend, and is entitled to address, the General Meeting.

Internal risk management and control systems

For more information on Basic-Fit's Risk and Control framework, we refer you to the Risk Management chapter.

Change of control arrangements

Change of control arrangements have been included in Basic-Fit's financing facilities, as well as some of Basic-Fit's lease agreements. These arrangements could result in the termination of these agreements in the event of a change of control.

Corporate governance declaration

The Management Board and Supervisory Board, who are jointly responsible for Basic-Fit's corporate governance structure, recognise the importance of good corporate governance. We fully endorse the core principles of the Code and are committed to adhering to the best practices set out in the Code as much as possible. We are of the opinion that we are applying almost all of the principles and best practice provisions of the Code. However, in the interest of Basic-Fit and its stakeholders, Basic-Fit deviates from the following best practice provisions:

Best practice provision 2.2.1 Appointment and reappointment periods – Management Board members:

'A management Board member is appointed for a maximum period of four years. A member may be reappointed for a term of not more than four years at a time, which reappointment should be prepared in a timely fashion. The diversity objectives from best practice provision 2.1.5 should be considered in the preparation of the appointment or reappointment.'

This provision provides that a member of the Management Board be appointed for a maximum period of four years. Both members of the Management Board, René Moos and Hans van der Aar, have been appointed for an indefinite period of time, given their current positions as CEO/co-founder and CFO respectively. The service agreements for the CEO and CFO are for an indefinite period of time, thereby maintaining the same term included in their employment agreements with Basic-Fit before its conversion into a public limited liability company.

Currently, there are no women present in the Management Board. The other principles in the diversity policy are respected and well represented within this Management Board. Further explanation of the functioning of the Diversity Policy can be found in the Corporate Governance chapter.

Best practice provision 2.3.2 Establishment of committees:

'If the Supervisory Board consists of more than four members, it should appoint from among its members an audit committee, a remuneration committee and a selection & appointment committee.'

The Supervisory Board has combined the functions and responsibilities of the remuneration committee and the selection & appointment committee in one committee: the Selection, Appointment & Remuneration Committee.

Best practice provision 2.3.4 Composition of the committees:

'The audit committee or the remuneration committee should not be chaired by the chairman of the supervisory board or by a former member of the management board of the company. More than half of the members of the committees should be independent within the meaning of best practice provision 2.1.8.'

Both committees have three members. Based on this best practice provision, it can be concluded that at least two members per committee should be independent within the meaning of best practice provision 2.1.8. Both Hans Willemse and Pieter de Jong, are considered to be non-independent members of the Supervisory Board, since they represent AM Holding and Mito respectively on the Supervisory Board. Both members are also member of the Selection, Appointment & Remuneration Committee. Hans Willemse is also a member of the Audit & Risk committee. However the other two committee members are considered independent.

Best practice provision 4.2.3 Meetings and presentations:

'Analyst meetings, analyst presentations, presentations to institutional or other investors and press conferences should be announced in advance on the company's website and by means of press releases. Analysts' meetings and presentations to investors should not take place shortly

before the publication of the regular financial releases. All shareholders should be able to follow these meetings and presentations in real-time, by means of webcasting or telephone or otherwise. After the meetings, the presentations shall be posted on the company's website.'

This provision provides that all shareholders should be able to follow all Basic-Fit meetings with and presentations to analysts and investors, as well as presentations related to press releases in real-time. Basic-Fit does not offer this possibility for all presentations and therefore does not comply with this provision. However, the presentations are made available on Basic-Fit's website after the meetings.

Corporate governance statement

The Code requires companies to publish a statement regarding their approach to corporate governance and compliance with the Code. This is referred to in Article 2a of the Decree on the contents of management report ('Besluit inhoud bestuursverslag'), as last amended on 29 August 2017. The information required to be included in this corporate governance statement as described in articles 3, 3a and 3b of the Decree, which are incorporated and repeated here by reference, can be found in the Corporate Governance section. Major shareholders are obliged to give notice of interests exceeding certain thresholds to the Dutch Financial Markets Authority (AFM).

As per 31 December 2020, the following parties had notified the AFM with respect to their shareholdings in Basic-Fit:

Shareholder	**Interest***
R.M. Moos (AM Holding BV)	16.3%
3i Investments plc (Mito Holdings S.à r.l.)	14.9%
Pelham Capital Ltd.	5.0%
Dynamo Internacional Gestão de Recursos	4.7%
Capital Research and Management Company	3.7%
Smallcap World Fund Inc.	3.2%
OceanLink Management Ltd.	3.0%
Granular Capital Limited	3.0%

** These are the interests reported to the register substantial participations of the AFM. These figures do not necessarily reflect the actual shareholding in the company due to the requirements to notify the AFM. Also the change in registered capital since 11 June 2020 to 60mio. shares are not necessarily reflected in the interests in this table. In the table, the interest of "R.M. Moos" refers to the direct interest of AM Holding in the company. The interest of "3i Investments plc" refers to the direct interest of Mito.*
See also the Shareholder Information section of this Annual Report.

Special rights of control and limitation on voting rights

Basic-Fit has not issued shares to which special rights of control are attached and there are no limitations on the voting rights attached to the shares in Basic-Fit.

MANAGEMENT STATEMENTS

In control statement

The Management Board manages the company and is responsible for achieving the company's strategy, objectives, goals and results, and for taking appropriate measures in relation to the design and operation of the internal risk management and control systems in a manner that is consistent with Basic-Fit's business. In 2020, the first priority of the Management Board was to manage the impact of the COVID-19 pandemic on the company's strategy and operations. While doing this, Basic-Fit relied on, reviewed and further enhanced the company's internal risk management and control processes with regard to its strategic, operational, legal and compliance and financial risks (including risks related to financial reporting). Basic-Fit has implemented continuous improvements in the registration, documentation and formalisation of processes and controls in line with the development of the strategy and the growth of the company. The segregation of duties is part of all processes and IT systems have been aligned with the growth level of the company. The risk management and control systems have been designed to: identify opportunities and risks in a timely manner; manage key risks; facilitate the realisation of the company's strategic, operational and financial objectives, while safeguarding the reliability of the company's financial reporting and complying with applicable laws and regulations. The reviews and enhancements, including changes and planned improvements, were discussed with the Audit & Risk Committee and the Supervisory Board.

It should be noted that the above does not imply that these systems and procedures, however well-designed and however much intended to control risks optimally, provide absolute assurance as to the realisation of operational and strategic objectives. Nor that they can prevent all misstatements, inaccuracies, errors, fraud and non-compliance with legislation, rules and regulations.

Based on the approach described above, the Management Board believes that, with respect to financial reporting, the internal risk management and control systems performed satisfactorily in the year 2020, and provide reasonable assurance that the financial reporting does not contain any material inaccuracies.

Responsibility statement

The Management Board confirms that, to the best of its knowledge:

- The financial statements for 2020 give a true and fair view of Basic-Fit's assets, liabilities, financial position and comprehensive income and those of the companies included in the consolidation taken as a whole.
- The Management Board report provides a true and fair view of Basic-Fit's position as of 31 December 2020, and of Basic-Fit's development and performance in 2020 and of its affiliated companies whose information has been included in its financial statements and describes the key risks Basic-Fit faces.
- Basic-Fit received a covenant waiver for its semi-annual testing of leverage and interest cover ratios at year end 2020 and June 2021. For the testing at year end 2021 the leverage ratio covenant has been relaxed.
- Based on its going concern assessment including the current views on the COVID-19 pandemic, its effect on society and scenario analyses and taking into account the uncertainties described in the Basis of preparation of the consolidated financial statements, Management Board is confident that sufficient debt, equity or equity-linked instruments can be timely attracted to refinance the €150 million bridge facility and to create sufficient headroom to avoid covenant breaches. In case of delayed club openings or re-installed closures after the spring of 2021, the Management Board assesses that the Company is able to renegotiate its borrowings and covenants. As such, the Management Board concluded that the

situation does not involve material uncertainties that may cast significant doubt about the Group's ability to continue as a going concern and that it is appropriate to prepare the financial statements on the basis of going concern.
- The Management Board report discloses all material risks and uncertainties that are relevant regarding the expectations as to the continuity of Basic-Fit for the 12-month period after the date this Management Board report was prepared.

Hoofddorp, 9 March 2021
Basic-Fit Management Board
René Moos, CEO
Hans van der Aar, CFO

MANAGEMENT BOARD

René Moos

Chief Executive Officer and chairman of the Management Board

Year of birth: 1963
Nationality: Dutch
Other positions: None

René has over 30 years of fitness sector experience. In 1984, after ending his professional tennis career, René started to manage and invest in tennis parks, to which he added fitness facilities. He co-founded HealthCity, a mid to premium health and fitness club operator, and was appointed CEO in 2004. In 2013, following the demerger of Basic-Fit from HealthCity, René was appointed CEO of Basic-Fit. René studied at the University of Tennessee in Knoxville, Tennessee, USA.

Hans van der Aar

Chief Financial Officer and member of the Management Board

Year of birth: 1958
Nationality: Dutch
Other positions: None

Hans has over 30 years of experience in accounting. He started his career as an auditor in the audit practice of BDO Accountants Advisors, where he was audit partner from 2000 to 2011. From 2004 to 2011, Hans also served as general manager for the BDO office in The Hague. In 2012, Hans was appointed CFO of Basic-Fit . Hans holds a Bachelor's degree in Slavic Languages & Literature from the University of Amsterdam and qualified as a chartered accountant (RA) at the RSM Erasmus University in Rotterdam.

BASIC-FIT SUPERVISORY BOARD

Herman Rutgers

(Chairman of the Selection, Appointment & Remuneration Committee)

Previously:
Extensive international executive experience (Quaker Oats, AkzoOrganon, Sheaffer Pen, Prince/Benetton Sports Group, Life fitness and Octane fitness), with over 25 years in the fitness industry.
Supervisory Board member of SATS and Activage in Sweden
Co-Founder and board member EuropeActive in Brussels

Currently:
Ambassador of EuropeActive (European trade association for the health & fitness industry).
International Ambassador for Reed Exhibitions/FIBO in Germany.
Co-author of the European Health & Fitness Market Report; contributor to several books on the fitness sector.

Education:
Bachelor's degree in Business Administration from Hogere Textielschool, Enschede, the Netherlands.

Hans Willemse

(Member of the Audit & Risk Committee; member of the Selection, Appointment & Remuneration Committee)

Previously:
Several positions at ABN AMRO, mainly in the financial restructuring and recovery department.
Member of the management team and credit committee at Hollandse Bank Unie (a former ABN AMRO subsidiary).

Currently:
Managing partner at Craic Capital, a corporate finance and investment boutique founded and owned by Hans Willemse in 2008.

Education:
Master's degree in Dutch Civil Law from Leiden University, the Netherlands.

Rob van der Heijden

(Member of the Audit & Risk Committee)

Previously:
Director Corporate Banking and first Vice-President of Commerzbank Nederland N.V

Currently:
Managing director of Citadel International BV
Managing director of Harvill Group Holding BV
Chairman of the Supervisory Board of Autobedrijf van den Udenhout B.V.
President of the Board of foundation Hamarpa (MBI Group)

Education:
Bachelor's degree in Business administration
SVM Real Estate Broker

Kees van der Graaf

(Chairman of the Supervisory Board)
Previously:
President Europe and member of the Executive Committee at Unilever N.V.
Member of several supervisory boards.
Currently:
Chairman of the Supervisory Board of GrandVision N.V.
Member of the Board of Directors of ENPRO Industries, Inc. in the US.
Chairman of FSHD Unlimited, a bio-tech start-up working on the development of a therapy for FSHD muscular dystrophy.
Education:
Master's degree in Business Engineering from the University of Twente.

Carin Gorter

(Vice-chairman and chairman of the Audit & Risk Committee)
Previously:
Senior Executive Vice President Group Compliance, Legal & Security at ABN AMRO
Member of several supervisory boards.
Currently:
Member of the Supervisory Board Coöperatie TVM U.A
Member of the Supervisory Board of TKH Group N.V.
External member of the audit committee of the Dutch Ministry of Justice and Security.
Member of the Supervisory Board of DAS Holding N.V.
Member of the Supervisory Board of Nederlandse Transplantatie Stichting as per October 2020
Education:
Chartered Accountant.
Master's degree in Business Economics from University of Groningen, the Netherlands.

Pieter de Jong

(Member of the Selection, Appointment & Remuneration Committee)
Previously:
Experience in corporate finance, management and operations.
Partner at Van Den Boom Groep.
Head of Corporate Finance Advisory at NIBC.
Currently:
Co-head private equity and member of the Executive Committee of 3i Group plc., an affiliate of Mito.
Chairman of the Supervisory Board of Crown Holdco. B.V. (Koninklijke Sanders B.V.)
Education:
Bachelor's degree in Business Administration from Nyenrode Business University, the Netherlands.
Master's degree in Business Administration in Finance from Georgia State University, USA.

SUPERVISORY BOARD REPORT

REPORT OF THE SUPERVISORY BOARD AND ITS COMMITTEES

General introduction

Basic-Fit performed strongly until mid-March, when it was hit by the COVID-19 pandemic. Long periods of temporary club closures in all its countries had a negative impact on the company's pre-defined revenue and EBITDA goals for 2020. Basic-Fit believes that this is only a temporary situation due to the COVID-19 pandemic. The company maintained its strict approach to cost controls and maintained its focus on innovation, expansion and the continued professionalisation of processes, with a focus on the company's future long-term growth and development.

This report gives an overview of the approach and activities undertaken by the Supervisory Board in the year under review. In addition to supervising the general course of affairs, a significant part of the Board's activities in 2020 was focused on supervising the approach to the COVID-19 pandemic, the extensive expansion and innovation plans and continued enhancement of the company's internal control frameworks and compliance plan. In carrying out its duties, the Supervisory Board is guided by the Dutch Civil Code, the Dutch Corporate Governance Code 2016, the company's Articles of Association, and the overall interests of Basic-Fit, its business and its stakeholders.

Composition, independence and education

The Supervisory Board Profile is aligned with the profile and strategy of Basic-Fit, with a balanced distribution of specific expertise in relation to the business activities, strategy and long-term goals. At the General Meeting held on 22 April 2020, Carin Gorter was reappointed as Supervisory Board member. The Supervisory Board currently consists of six members. The composition and diversity of the Supervisory Board in terms of expertise, knowledge, skills, gender, age and independence remained unchanged and are in line with the required profile. This will help Basic-Fit to execute its long-term strategy. The current composition of the Supervisory Board is as follows: Kees van der Graaf (chairman), Carin Gorter (vice-chair), Pieter de Jong, Hans Willemse, Herman Rutgers and Rob van der Heijden.

At the start of the year, members of the Supervisory Board visited Basic-Fit operational sites to gain a deeper understanding of the company's operations, opportunities and challenges and were continuously updated on market and industry developments. Due to the temporary closure of clubs and the COVID-19 measures, it was not possible to continue these visits for the rest of the year.

Basic-Fit aims to comply with the Code and have a balance in terms of gender, age, experience, independence and active versus retired background. As Carin Gorter is the only female Supervisory Board member out of six members, Basic-Fit does not currently meet the gender diversity targets for the Supervisory Board. Diversity, including gender, is an important consideration in the selection process for the (re)appointment of members of the Supervisory Board. The first priority when considering vacancies is finding a person with the required skills, expertise, experience and independence. The decision was made to propose the reappointment of Kees van der Graaf, Hans Willemse and Rob van der Heijden, in order to retain their experience, knowledge and proven value for the company, especially in this transition year, which will hopefully include the final impact of COVID-19. Therefore their reappointment is considered to be the best fit for the composition of the Supervisory Board. Although this would have been an opportunity to move closer to the board's gender diversity targets, this decision was supported and justified by a thorough analysis of their contribution of continued added value, expertise and relevant knowledge to the diversity in the Supervisory Board. Kees van der Graaf is adding value through his extensive international retail and marketing experience. Rob van der Heijden's entrepreneurial and financial background and valuable expertise in owner-led companies makes him suitable for his position, while Hans Willemse has extensive knowledge of financing structures, which has proven to be especially valuable in these uncertain times created by COVID-19, when constant analysis of the financial health and situation of the company is key, Furthermore, it is stated in the legislative proposal that the mandatory quota of at least one third female Supervisory Board members does not apply for reappointments within eight years after the initial appointment.

However, the diversity goals for the Supervisory Board in terms of gender and nationality have not yet been achieved and did not change through these reappointments. If a vacancy arises in the coming years, the Supervisory Board will take into account the Supervisory Board profile, the Code and potential new legislation in order to bring the diversity in the Supervisory Board further into line with the diversity requirements of the Code and the company's wishes for diversity.

Supervisory Board composition

Name	**Gender and Year of birth**	**Nationality**	**International experience**	**Financial expertise**	**Specific experience**
Kees van der Graaf	(male, 1950)	Dutch	Yes		Strategy Development, Retail & Consumer goods and Marketing
Carin Gorter	(female, 1963)	Dutch	Yes	Yes	Finance & Accounting, Risk & Compliance
Pieter de Jong	(male, 1964)	Dutch	Yes	Yes	Private Equity
Hans Willemse	(male, 1968)	Dutch		Yes	Finance
Herman Rutgers	(male, 1949)	Dutch	Yes		Fitness Industry
Rob van der Heijden	(male, 1965)	Dutch	Yes	Yes	Finance and entrepreneurship

Name	**Position**	**Year of possible reappointment***	**Expiration date in case of reappointment**	**Supervisory Board positions incl. Basic-Fit****	**Committee**
Kees van der Graaf	(Chairman, since 2017)	2021	2025	2 (2 chairs)	N/A
Carin Gorter	(Vice-chairman, since 2016)	2024	2026***	4	Chairman Audit & Risk Committee
Hans Willemse	(Member, since 2016)	2021	2023***	1	Audit & Risk Committee and Selection, Appointment & Remuneration Committee
Pieter de Jong	(Member, since 2016)	2022	2024***	2 (1 chair)	Selection, Appointment & Remuneration Committee
Herman Rutgers	(Member, since 2016)	2023	2025***	1	Chairman Selection, Appointment & Remuneration Committee
Rob van der Heijden	(Member, since 2017)	2021	2025	2 (1 chair)	Audit & Risk Committee

** Based on rotation schedule*
*** Number of positions are based on article 2:142a of the Dutch Civil Code. All members comply with the relevant regulations.*
**** Carin Gorter was reappointed in 2020, Herman Rutgers was reappointed in 2019, Pieter de Jong was reappointed in 2018 and Hans Willemse was reappointed in 2017. They are currently in their second term. Based on best practice provision 2.2.2, appointment for a third term can be for a maximum of two years, for which reasons have to be given in the Corporate Governance Statement.*

The supervisory board is of the opinion that the independence requirements referred to in best practice provisions 2.1.7 to 2.1.9 inclusive have been fulfilled. However, Supervisory Board members Hans Willemse and Pieter de Jong are considered non-independent members of the Supervisory Board, as defined in best practice provision 2.1.8. vii of the Code. Hans Willemse was designated for appointment by AM Holding and Pieter de Jong was designated for appointment by Mito. Both AM Holding and Mito are major shareholders that directly or indirectly hold more than ten percent of the shares of Basic-Fit. The Supervisory Board firmly believes that the overriding principle for its composition is that its members make a valuable contribution in terms of experience and knowledge of Basic-Fit's business. In the opinion of the Supervisory Board, its size and composition meet the specifications laid down in the Supervisory Board profile, notwithstanding the above factors.

The members of the Supervisory Board who hold shares in the company are Kees van der Graaf, who personally held 3,275 shares, Herman Rutgers, who personally held 2,000 shares, and Hans Willemse, who personally held 40,029 shares in Basic-Fit as at 31 December 2020. They own their shares with a long-term perspective. None of the other Supervisory Board members were granted, nor do they possess, any Basic-Fit options or shares.

Supervisory Board meetings in 2020

The Supervisory Board met eight times in regular meetings in 2020. Both members of the Management Board were present at all meetings, except for the part of the meeting regarding the self-assessment of the Supervisory Board and the assessment of the Management Board, and the starts of all meetings that are held only with Supervisory Board members. All Supervisory Board members were present during all of the meetings. In addition to the regular meetings, many meetings were held to keep the Supervisory Board updated and involved in the challenging decision processes to be made in the past year as a result of COVID-19.

Furthermore, the members of the Supervisory Board consulted regularly with each other and with the Management Board by telephone and by email. Between meetings, the chairman maintained regular and informal contact with the CEO and CFO. The meetings held in March and October 2020 were attended by the external auditor, where they presented their audit findings for 2019 and the audit plan for 2020. An additional meeting was held in March 2021 with respect to the audit findings for 2020. The meetings took place at the Basic-Fit head office in Hoofddorp, with one meeting held on a field trip in Bordeaux, France in February, one two-day strategy meeting in August at an offsite location in the Netherlands, while virtual meetings were held following the implementation the Dutch government's COVID-19 measures.

All members were able to devote sufficient time, including between meetings, to the affairs of Basic-Fit.

Recurring topics at the Supervisory Board meetings included:

- CEO and CFO updates
- Monthly results
- Market and business updates
- Risk reports
- COVID-19 developments and impact
- Legal updates, including compliance and governance-related matters
- Investor relations activities

Topics that were discussed in more detail during these meetings included:

- Group strategy and long-term value creation
- Expansion strategy
- Quarterly results, H1 2020 results and related reports
- Full-year financial statements and approval of annual report
- Press releases for the H1 results and Q1 and Q3 trading updates
- Scenario analyses and Budget 2021
- Share issue June 2020
- Capital management and financing strategies
- Liquidity position and scenario's analyses
- Compliance with debt convenants
- Current and expected profitability and cashflows
- Management performance and succession planning
- Supervisory Board performance and succession planning
- Other positions of Supervisory Board and Management Board members
- Remuneration of the Management Board
- Outlook and strategy 2020–2022
- Innovations in fitness and service
- Corporate story, values and culture
- Corporate social responsibility
- Governance and Compliance model
- Internal Audit Plan
- Management letter

- Risk and control framework
- Integrity and fraud
- Pricing and membership model
- The opening of partly unstaffed 24/7 fitness clubs
- The opening of Ladies and Express clubs
- Compliance assessment and compliance plan 2021
- State guaranteed Go-Financing
- Club visits

The meetings addressed routine commercial, financial and operational matters, and focused on strategy implementation, the further maturation of the organisational (risk and control) structures required for future growth and the implementation of the corporate and social responsibility framework for the organisation. In 2020, COVID-19 developments and the impact of the pandemic were recurring topics at the meetings. The Management Board informed the Supervisory Board about the related club closures, their impact on members, employees, landlords, suppliers and banks, and related measures.

Basic-Fit once again expanded its online offering and further enhanced the customer journey, all part of the strategic plans to make the Basic-Fit concept available at all times and everywhere. Due to the extended and advanced online offering of classes, workouts and other material, our members were able to work out even when the clubs were closed. All developments are focused on the protection and growth of the long-term interests of the company and continued development of a strong and sustainable business model.

The company focused strongly on the development of a corporate strategy that is fit for the long-term future and creates long-term value for all stakeholders, including members, communities, employees, partners and shareholders. Basic-Fit focused its strategy on promoting its fitness concept as available for everybody, everywhere and at all times.

As described in the CEO letter and the Strategy section, the Management Board and the company have kept working constantly and with confidence on the rollout of a solid and future-oriented strategy, despite the challenges of this year. Basic-Fit is closely monitoring the COVID-19-related developments and will adjust plans accordingly. The Supervisory Board has been closely involved in the definition and fine-tuning of the strategy.

The expansion and growth strategy remains ambitious but supports the company's mission to make fitness available to all. The company continued to devote a great deal of time and attention to enhancing its strategy and fundamental processes to make it future proof. The continued automation and streamlining of processes is high on the Management Board's agenda. Given the cluster strategy, the potential to increase fitness penetration, a well thought-out marketing approach and the assurance that each club will deliver a minimum return on invested capital (ROIC) threshold of 30% at maturity, the Supervisory Board feels comfortable with the long-term growth path of the company and is confident that this can be picked up again once the COVID-19 limitations are lifted and the clubs are open again.

The Supervisory Board was closely involved by Management Board in its approach towards the company's overall strategy definition and more specifically with respect to the following topics throughout the year:

- The impact of COVID-19 on company's strategy, financial situation, measures to be taken and the relationship with stakeholders in this respect;
- In the course of the year, the company further embedded its corporate values and the ambitions that reflect the company's focus, drive and ambition. This was discussed extensively with the Supervisory Board.
- All new innovations and ideas were reviewed by the Supervisory Board and were backed up by extensive research and solid business cases. Pilots were part of new product and innovation projects and the outcome, risk and potential of these pilots were presented to the Supervisory Board. Examples of these pilots include the innovation projects and methods for offering a continuously renewed offering of exercise, audio programmes and Basic-Fit classes beyond the boundaries of the clubs, through the Basic-Fit app, the GXR and audio programmes. The innovation strategy is crucial to the company's future growth and profitability and always supports the strategy to operate the clubs effectively and efficiently with a limited number of employees and with a strong focus on quality, service and retention.
- The financial resources to support the strategy and to keep the company in financial health for the long term. The company reinvests cash generated and has a solid credit facility to support its budget and its strategy. The company issued shares, extended its credit facility, and entered into state guaranteed Go-financing.
- The company continued to enhance its sustainability

strategy, which can further strengthen and support Basic-Fit's long-term strategy and mission. Every decision the company makes is focused on getting as many people as possible to exercise and work on their health. A critical analysis showed that how the company works, builds and operates continues to raise environmental awareness and limit impact. The company contributes to society by helping people to improve their health and fitness, by reducing its environmental impact and the promotion of strong and cohesive communities.
- The Supervisory Board closely monitors and follows the company's growth strategy in the various countries, tailor-made to the characteristics and demographics of each country.
- The Supervisory Board is also focused on making sure that the remuneration policy and the targets set for short-term and long-term bonus schemes reflect the company's long-term strategy. The targets are focused on the growth strategy, the number of clubs and members and the implementation of innovation projects in the field or HR, IT and Quality, Health and Safety. The successful implementation of these innovations contributes directly to the recruitment of new members and members staying longer, and supports the company's long-term vision, which is why they are part of the target setting in the bonus and performance share plans of the Management Board and senior management.
- In the year under review, the company continued to develop its employee profiles and job classification system and structure. Furthermore, the company devoted a great deal of attention to succession throughout the organisation, the training and development and motivation and engagement of staff, especially during the difficult months that the clubs were closed.
- The Supervisory Board also monitors sound succession planning and discusses changes in management structure within Basic-Fit.

The Supervisory Board was also involved in the discussion of how to implement these goals, objectives and values in the Basic-Fit culture and the company's codes of conduct. In these discussions, the company specified its Code of Conduct in more detail in terms of the relationship with its employees and with its suppliers and partners. The organisational structure, management structure and culture of the company have to support the strategy and the company adjusted these where necessary to make them more efficient. The company conducted a new employee satisfaction survey among Basic-Fit employees. The team and culture display high levels of motivation and a strong urge to get things done and be open and transparent. The company's values are broadly supported and are evident in how people act at every level of the company.

These values are communicated and embedded in the recruitment and onboarding process and in the overall internal and external communications, as well as in the cooperation with colleagues, partners, members and everyone related to Basic-Fit.

The Supervisory Board received training on its governance responsibilities, compliance, fitness industry developments, financing options and methodologies, customer and employee motivation, defence strategy and continuity planning for the company. This training was given by industry experts, the CFO, external counsels and the general counsel.
One of the meetings of the Supervisory Board was dedicated to assessing its own functioning and the functioning of the Management Board and was held in the absence of the Management Board. The Supervisory Board reviewed both strengths and opportunities for improvement. The 'Functioning of the Management and Supervisory Board' section in this Supervisory Board Report describes this assessment in more detail.

Activities of the Supervisory Board Committees

The Supervisory Board has two committees: the Audit & Risk Committee and the Selection, Appointment & Remuneration Committee. The committees prepare the relevant items ahead of Supervisory Board meetings and the chairman of the committee reports to the Supervisory Board on the discussions of the committee and its main recommendations.

Audit and Risk Committee

The Audit & Risk Committee consists of three members: Carin Gorter (chair), Hans Willemse and Rob van der Heijden. Collectively, the Audit & Risk Committee has the appropriate level of knowledge and experience in terms of financial accounting for listed companies. The committee's main role is to assist the Supervisory Board in monitoring the internal control systems, the quality and integrity of the financial reporting process, and the content of the financial statements and reports; and in assessing and mitigating the business and financial risks. The charter of the Audit & Risk Committee is available on Basic-Fit's corporate website.

In the year under review, the Audit & Risk Committee met eight times, including five meetings in March, April, July, October and November that were combined with the Supervisory Board meetings. All meetings were attended by all members of the Committee and both members of the Management Board, except for the self-assessment preparation and one meeting with the external auditor that was held in the absence of the Management Board. All meetings, except for one in February, were attended in full or in part by the external auditor and the internal auditor, as well as the meeting in March 2021, at which the external auditor presented their audit findings and other information on 2020. All members were present at all meetings, resulting in 100% attendance.

The chairman of the Audit & Risk Committee was in regular contact with the CFO, mainly to prepare the Audit & Risk Committee meetings.

The items and topics on the agenda of the Audit & Risk Committee included:

- Monthly reports
- H1 2020 results and Q1 and Q3 trading updates
- Press releases
- Accounting policies
- The external auditor's 2020 audit plan, including engagement conditions and audit policy for non-audit services and auditor independence
- Cash and treasury management
- IT and (data) governance
- capital management and financing strategies
- liquidity position and scenario's analyses
- compliance with debt convenants
- current and expected profitability and cashflows
- Share issue of June 2020
- Integrity, fraud and risk assessments
- Pensions
- Tax-related topics
- Scenario analysis and Budget 2021
- Risk and control framework
- Compliance framework
- IFRS 16
- Internal Audit Plan and Internal Audit reports
- All communications with the external auditor (e.g. Accountants report/ Management letter)

The Management Board and the Audit & Risk Committee consult the external auditor before the publication of press releases containing financial information.

The Audit & Risk committee also discussed the key audit matters concerning going concern, revenue recognition, goodwill impairment and IFRS 16. Due to the COVID-19 situation, the Audit & Risk Committee monitored throughout the year the developments regarding liquidity, financing and compliance with debt convenants, supported by scenario analyses and discussed the capital management and financing strategies. Regular updates on these matters took place with Management Board and the external auditor. The Audit & Risk committee established that the external auditor is independent. The committee evaluated the functioning of the external auditor in terms of quality, content and adequacy of the audit and the additional work of the auditor. The committee discussed the audit findings with the external auditor, the Supervisory Board and the Management Board.
The Audit & Risk committee also advises the Supervisory Board regarding the reappointment of the external auditor. The committee had a meeting with the auditor in the absence of the Management Board in line with the Code.

Risk and control framework

The Supervisory Board oversees the management's monitoring of compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in terms of risks faced by the company.

In 2020, Basic-Fit continued to apply and adapt its internal control framework to the development and growth of the company. Internal Audit presented the internal audit plan, which was assessed by the Audit & Risk Committee and approved by the Supervisory Board.

Selection, Appointment and Remuneration Committee

The Selection, Appointment & Remuneration Committee consists of three members: Herman Rutgers (chairman), Hans Willemse and Pieter de Jong.

The Committee's main responsibilities are to assist the Supervisory Board in supervising the Management Board in respect of the determination of the remuneration policy, compensation programmes and compensation for Basic-Fit's managers and executive officers; to make proposals for the remuneration of the individual members of the Management Board and Supervisory Board; and to assist in the selection and appointment procedures for members of the Management Board.

In the year under review, the Selection, Appointment & Remuneration Committee met four times, including one session in August combined with the Supervisory Board meeting. All members were present at all meetings, resulting in 100% attendance.

The main topics of discussion were:

- Performance and individual remuneration of the members of the Management Board
- Benchmark study Supervisory Board remuneration
- Short term target setting for 2020
- Establishment of target achievement for 2019
- Long-term incentive target setting for the members of the Management Board and key managers
- Performance of senior management and succession planning for the Management Board and senior management
- Succession planning
- Organisational structure and development
- Development employee profile and culture
- Diversity policy

Functioning of the Management Board and the Supervisory Board

The Supervisory Board assesses its own functioning, and that of its committees, on an annual basis. In addition, the Supervisory Board assessed the functioning of the Management Board and discussed this with the members of the Management Board.

The Supervisory Board evaluated the performance of the Management Board and its individual members. Following this, the chairman of the Selection, Appointment & Remuneration Committee held meetings with each member of the Management Board and gave feedback on their respective performances. The Supervisory Board also evaluated the functioning of the Management Board as a team. The conclusions were discussed in a closed meeting of the Supervisory Board. Overall the Supervisory Board praises the flexibility, strength and perseverance of the Management Board to guide the company through the COVID-19 crisis. During this period with many challenging decisions to make, the exchange of information and co-operation between Management Board and Supervisory Board was frequent with increased contact moments.

In early 2021, the Supervisory Board also reviewed its composition and its own performance and that of its two committees. The internal self-assessment was based on a questionnaire, which was completed by each Supervisory Board member and discussed in a closed plenary meeting. The Supervisory Board concluded that in the difficult year 2020 with all COVID-19 pandemic impacts, the higher intensity of Supervisory Board updates and meetings was very relevant. The relationship with the Management Board allows open and in-depth discussions, which is very valuable. A new reporting tool has been implemented which was a good improvement. Timely and sufficient distribution of information always remains important point of attention.

Management Board remuneration

Basic-Fit's remuneration policy aims to attract, retain and reward highly-qualified executives with the required background, skills and experience. It is transparent and is aligned with the medium and long-term interests of Basic-Fit, its shareholders and other stakeholders, with the aim of delivering a strong and sustainable performance in line with Basic-Fit's strategy. You will find additional details in the remuneration policy on Basic-Fit's corporate website and in the remuneration report section of this report. In accordance with the Selection, Appointment & Remuneration charter, the Supervisory Board determined the individual remuneration of Management Board members, as well as the performance conditions and metrics for the short and long-term incentive plans for 2020.

Information on the costs of the actual remuneration of the Management Board and Supervisory Board can be found in the remuneration report and in notes 8.1 and 8.2 of the consolidated financial statements.

Financial statements 2020

The Audit & Risk Committee reviewed and discussed the Management Board report and financial statements for the financial year 2020.

The financial statements for 2020 have been audited and provided with an unqualified independent auditors report by Ernst & Young Accountants LLP (see the independent auditor's report in Other information in this annual report), and were discussed extensively by the Audit & Risk Committee in the presence of the Management Board in March 2021.

Following this discussion, the full Supervisory Board discussed the financial statements with the Management Board in the presence of the auditors. The Supervisory Board is of the opinion that the 2020 financial statements meet all requirements for correctness and transparency. The 2020 financial statements are endorsed by all Management Board and Supervisory Board members, and are included in this annual report.

The Supervisory Board recommends that the General Meeting, to be held on 22 April 2021, adopts the 2020 financial statements. In addition, it recommends that the meeting discharge the members of the Management Board and Supervisory Board from liability for their respective management and supervisory activities performed in 2020.

Gratitude

Last year was an extraordinarily challenging year, demanding constant adaptation to changes and uncertain circumstances, always striving for the best solution for all stakeholders involved. Although the circumstances were difficult, the Management Board, with the help of many dedicated employees and partners, managed to guide the company through this period. With great strength and flexibility Management protected and secured the long term strategy of the company. New innovations and further enhancements of digital offering made it possible for members to work out although the clubs were closed. These innovations and enhanced processes will help the company also after the COVID-19 pandemic. Basic-Fit continuously strengthens its leading position throughout Europe in the value-for-money segment of the fitness market, is maturing its corporate values and integrating this constantly in a dynamic, flexible and entrepreneurial culture with talented, engaged and highly motivated people making fitness accessible to everyone. The Supervisory Board wishes to thank the members of the Management Board for their continuous efforts to build on a strong and solid company with an impressive perspective for the long term. Finally, the Supervisory Board would like to thank all Basic-Fit employees, under the strong leadership of the Management Board, for their enormous commitment and dedication to making Basic-Fit the success it is.

Hoofddorp, 9 March 2021
Kees van der Graaf, on behalf of the Supervisory Board

REMUNERATION REPORT

This report was prepared by the Management Board and the Selection, Appointment & Remuneration Committee of the Supervisory Board. The Selection, Appointment & Remuneration Committee makes recommendations to the Supervisory Board regarding the remuneration policy, as adopted by the General Meeting, for the Management Board and how to apply the remuneration policy to the remuneration of the individual Management Board members.

This remuneration report combines both the requirements for the Selection, Appointment & Remuneration Committee to prepare a remuneration report in line with the Code, as well as the requirements for the Management Board to prepare a remuneration report in line with Book 2 of the Dutch Civil Code.

This remuneration report is published on the Basic-Fit corporate website as part of the annual report.

The remuneration report will be submitted to the General Meeting of 22 April 2021 for an advisory vote.

Remuneration policy

In 2020, the remuneration policy was revised by the Supervisory Board in line with the developments and growth of the company and new requirement pursuant to SRD II. It was approved by the General Meeting on 22 April 2020, and became effective on the same date. Any subsequent amendments are subject to the approval of the General Meeting.

At the General Meeting of 22 April 2020, the shareholders have been requested to give an advisory vote on the remuneration report over the year 2019. From the issued share capital, 79,98% (and 75,87% of the represented share capital) provided a positive advisory vote on the remuneration report. The size of the vote gave sufficient comfort that the implementation of the remuneration in line with the then existing remuneration policy, as well as the proposed remuneration package for 2020 for the Management Board and the Supervisory Board in line with the new remuneration policy for which approval was requested and obtained in the same General Meeting, have the consent and support of the General Meeting. Therefore the advice was taken into account and the remuneration package for 2020 was implemented as proposed. The Management Board and Supervisory Board also believe that the decision to limit the salaries with 50% during three months during the first half of the year as a result of the lock down and the closing of the clubs, reflects the spirit of the remuneration policy, sensible and responsible business behaviour and addresses the interests of the shareholders. Also the decision not to increase salaries as long as the uncertainties following the COVID-19 pandemic measures remain present, follows this line of thinking.

The remuneration policy aims to attract, retain and reward highly-qualified executives with the required background, skills and experience needed for a company the size and complexity of Basic-Fit. The policy is transparent and aligns the interests of the company, shareholders and other stakeholders. Variable compensation is an important part of the total package. The policy focuses on the medium and long-term and aims to deliver long-term value creation and sustainable performance in line with Basic-Fit's strategy.

The service agreements with the members of the Management Board contain provisions relating to severance arrangements and claw-back provisions.

Consistent with the best practice principles of the Code, the first part of this remuneration report describes the remuneration policy for the members of the Management Board, while the second part sets out how the remuneration policy was implemented in 2020. The report concludes with the details of the remuneration policy of the Supervisory Board and how this remuneration policy was implemented in 2020.

The level of remuneration of the members of the Management Board is determined on the basis of a range of factors, including a periodic benchmark assessment performed every three years to assess the market comparability of the remuneration package. The last assessment was performed in 2019. An independent audit firm performed a benchmark assessment on the remuneration of the Management Board and Supervisory Board within the framework of the remuneration policy. The total package of remuneration components, including the 2020 conditions for remuneration, was taken into account and benchmarked against a selected peer group.

The peer group was identified in a comparability study taking into account industry, geography, ownership structure and size parameters. To capture the various market dynamics and competitive perspectives, both international sector-specific companies and Dutch general market companies were included in the remuneration peer group, based on comparability to Basic-Fit. To determine the peer group, the audit firm advising Basic-Fit applied a range of size parameters, from 2.5 times smaller to 2.5 times larger than Basic-Fit in terms of employees, net revenue and total assets. For market capitalisation, they applied a range of between 0.25 and 4.0 times Basic-Fit's market capitalisation.
This led to the following peer group of 18 peer companies active in recreational services, semiconductors, food products and specialised customer services:

Remuneration reference group	
Accell Group N.V.	Ordina N.V.
AMG Advanced Metallurgical Group N.V.	Medifast, Inc
Amsterdam Commodities N.V.	Planet Fitness, Inc.
ASM International N.V.	Sligro Food Group N.V.
BE Semiconductor Industries N.V.	Just Eat Takeaway.com N.V.
Beter Bed Holding N.V	Technogym SpA
Brunel International N.V.	TomTom N.V.
Corbion N.V.	Weight Watchers International, Inc.
Fitbit, Inc.	TKH Group N.V.

The average positioning of Basic-Fit within the remuneration peer group is in the 50th percentile of the total peer group and in the 54th percentile of the Dutch peer group, based on the size parameters market capitalisation, net revenues, total assets and number of employees.

Taking into account the regular compensation for the Management Board at the start of the year, the Total Direct Compensation (TDC) level for the CEO of Basic-Fit would have been between the 25th percentile and the median level of the remuneration peer group. This means that in 2019, the remuneration elements, amount and balance between the elements were in line with the remuneration policy and were considered to be acceptable in light of the position and growth of the company. For the CFO, the TDC was at the median level of the remuneration peer group. The in the comparability study budgeted and implemented TDC for 2020 matches the currently applied position within the remuneration peer group in the current remuneration policy. Basic-Fit set-out in 2020 to adhere to their market positioning, but COVID-19 caused the MB and SB to temporarily waive part of their compensation.

In the remuneration policy and while determining the remuneration of the members of the Management Board in 2020, the Supervisory Board took into account possible outcomes of the variable remuneration elements and how they may affect the remuneration of the members of the Management Board. These scenario analyses were taken into account when defining the structure of the policy. Each year, the Remuneration Committee discusses whether the remuneration policy is still suitable for the level and size of the company. In 2020, the remuneration of the members of the Management Board was in line with market practices and within the boundaries of the remuneration policy that was implemented only recently after the last General Meeting. For the remuneration of the members of the Management Board for 2021, no salary increase was applied at the start of the year given the fact that the impact of COVID-19 and the remaining period that Basic-Fit would suffer from this impact was still unclear. A salary increase at that moment would not have been appropriate, although the benchmark assessment allows a moderate increase in base salary and variable compensation if the performance of the company justifies this. So far, the Supervisory Board has not made an alternative decision on this for the current year or the remainder of the year and it is open if and when an increase would be applied after all, in that case in line with the remuneration policy.

The overall remuneration is balanced. Compared with the remuneration of the peer group, Basic-Fit has a relatively larger focus on fixed income compared with variable income for both CEO and CFO.

Furthermore, the Supervisory Board took note of the views of the Management Board on their own remuneration. The Management Board proposed a remuneration level within the boundaries of the remuneration policy that they deemed fit for their position, reflecting the growth and development of the company and the accompanying responsibilities, taking into account a limited increase in base salary in 2020. The Committee subjected these arguments to a serious examination and adopted the proposal and arguments in the approval of the remuneration package for 2020. The salary cut during the COVID-19 pandemic was applied at the request of the Management Board.

Pursuant to the remuneration policy, the remuneration packages of the members of the Management Board consist of fixed and variable components. The variable remuneration is linked to predetermined, assessable and influenceable targets, which are predominantly of a long-term nature. The remuneration policy is in line with the entrepreneurial culture of Basic-Fit, with a good balance between fixed and variable income, with an emphasis on the fixed part of the remuneration. It should be taken in account that the CEO has considerable stake in the company, which strengthens the vision of a long-term value creation strategy for the company and which is also reflected in the short-term and long-term performance targets for the Management Board.

In determining the remuneration of the Management Board, the Supervisory Board also takes into account the impact of the overall remuneration of the Management Board on the pay differential within Basic-Fit. In line with the Code, Basic-Fit takes into account the internal pay ratios within the organisation when formulating the remuneration policy and determining the remuneration of individual members of the Management Board. To balance the pay ratio, the remuneration increase for 2020 has been limited to 2.5% on base salary for the second year in row, as requested by the Management Board. With a view to transparency and clarity, Basic-Fit calculated the internal pay ratios based on the notes to the consolidated financial statements.

Basic-Fit's internal pay ratio is calculated as the total CEO remuneration divided by the employee average remuneration. For the purposes of this calculation:

- Total CEO remuneration consists of the following components for the full year 2020: base salary €637,930 (2019: € 711,281) + short-term incentives of €0 (2019: €369,866) + long-term incentives at fair value at grant of €145,814 (2019: €393,946) + pension allowance of €109,359 (2019: €106,692). All figures are full year, based on the information provided in note 8.1, Remunerations of key management personnel;
- Employee average remuneration based on total employee benefit expenses as disclosed in note 3.4, Employee benefits expense, and total average number of employees in FTEs as disclosed in note 3.4, Employee benefits expense.

Consequently, Basic-Fit's calculated pay ratio in 2020 is 28.0 (2019: 40.3), implying that CEO remuneration is 28,0 (2019: 40.3) times the average pay of an employee.
If the pay ratio is calculated between CEO and CFO, this leads to a pay ratio of 1.3 (compared to 1.3 in 2019). The pay ratio of the CEO compared with the next senior management level was 5.1 in 2020 (compared to 6.6 in 2019).

These internal pay ratios were taken into account in the compensation discussions within the company. In the determination of the remuneration of senior management and the definition and implementation of the new salary structure for the HQ and clubs, the focus was on bringing salaries in line with each other and with the market. The salaries for senior management were also increased in line with the market to retain talent and expertise, while reducing the payment differences and creating a more equal spread and increase in salary levels throughout the organisation.

In addition to the internal pay ratios, the company takes the development of its performance into account in the development of the remuneration of the members of the Management Board. The table below shows that the development of the remuneration of the members of the Management Board is consistently slower than the development of the company's performance according to all criteria. The development of the Management Board's remuneration is higher than the development of the average remuneration for all employees of the company. This is partly due to the growth of the employee base at club level, as these employees are generally positioned in the lower salary segments of the market, combined with the increase in salary of the Management Board remuneration over the past years to bring it in line with the market as reflected by the median of the peer group.

In the formulation of the remuneration policy, the company took into account previous comments and suggestions from shareholders. In previous General Meetings, no comments were made regarding the remuneration policy. The company has asked major shareholders for their input on the new remuneration policy. Furthermore, we have also taken into account comments and suggestions from external audit firms and investor advising institutions such as Eumedion and ISS. This was mainly related to comments on the peer group, the division of flexible and fixed remuneration and the type of targets that would best suit a company such as Basic-Fit and its shareholders' interests.

The Supervisory Board has the authority to make discretionary adjustments to the outcome of variable remuneration, if the outcome is deemed to be unfair. In that case, the Supervisory Board can deviate from the policies set out above, when the members of the Supervisory Board consider this necessary or desirable in specific individual cases.

Annual Change	FY 2019 – FY 2020 (without discount salary MB/fee SB)	FY 2019 – FY 2020 (with discount salary MB/fee SB)	FY 2018 – FY 2019	FY 2017 – FY2018	FY 2016 – FY2017
Director's remuneration					
Rene Moos	-37.8%	-43.5%	10.5%	15.2%	29.9%
Hans van der Aar	-37.0%	-43.0%	7.1%	20.0%	19.0%
Supervisory Board remuneration*	9.9%	-1.6%	0.0%	4.6%	10.7%
Company Performance					
Total Revenue	-26.9%	-26.9%	28.2%	23.3%	26.0%
Underlying (until 2019: Adjusted) Ebitda	-39.6%	-39.6%	25.0%	23.5%	25.0%
No. of clubs	15.4%	15.4%	24.6%	20.7%	24.3%
Average remuneration of a FT equivalent basis of employees					
Employees of the group	-9.9%	-9.9%	2.4%	7.6%	1.0%

** This is the average change for all Supervisory Board members together. Per April 2020 the Supervisory Board remuneration was revised, because of which the individual changes compared to 2019 could slightly deviate from the average. In earlier comparison years the change was equal for all members.*

Management Board Remuneration 2020

The remuneration of the Management Board consists of five elements:

- Fixed compensation - annual base salary
- Short-term incentive - annual cash bonus plan
- Long-term incentive – annual performance share plan
- Pension allowance and other benefits
- Severance payments

Fixed compensation

The annual base salary of the members of the Management Board is a fixed compensation and is set by the Supervisory Board, taking into account a variety of factors, such as the level compared to other Dutch and international listed companies, also taking into account the size and complexity of those companies and the broadness of the responsibility of the Management Board members. Based on this benchmark due diligence exercise, the fixed compensation for the Management Board was adjusted as per 1 January 2020. As a result, as of 1 January 2020, the annual base salary for René Moos (CEO) was set at €729,063 and for Hans van der Aar (CFO) at €561,879 which is considered to be in line with the remuneration policy. In the first half of the year, both CEO and CFO waived 50% of their fixed salary for a duration of three months, during the first lock down as a result of the COVID-19 pandemic.

Short-term incentive (STI)

The STI is an annual cash bonus. The objective is to incentivise strong financial and personal performance, in line with Basic-Fit's strategy and annually defined targets. The bonus for both members of the Management Board may vary from 0% to 60% of the annual fixed base salary, with 40% being applicable when targets are achieved, for both financial and non-financial personal targets. The pay-out at threshold level will be 20%, at target 40% and in the event of outperformance 60%, to be determined for each separate target.

The Supervisory Board sets targets annually based on the budget and taking into account the strategy ambitions. Financial targets such as total revenue and EBITDA determine 70% of the bonus, while non-financial or personal targets determine the remaining 30%. These personal targets are related to the definition and implementation of new strategic projects or products in the company, with a focus on achieving the company's goals of sustainable long-term business, strengthening the company's presence in its markets and making fitness accessible for everyone, within existing and new target groups, with existing and new products.

A performance zone is set for each of the financial targets, with no bonus below the threshold level and the maximum bonus when the performance exceeds the upper end of the performance zone. The Supervisory Board may change the exact percentages and targets from time to time. For 2020, the targets were not met due to the impact of COVID-19. Even if this had been different, no STI pay-out would have taken place, since the company made use of the NOW ('Tijdelijke Noodmaatregel Overbrugging Werkgelegenheid") regulations installed by the government to compensate companies for the payment of salaries of employees if a certain loss in turnover occurs. The NOW regulations have been implemented in certain tranches with specific conditions attached. The NOW 2.0 regulation specifically provided that no bonus could be paid out for the year 2020 to the leadership team, if the company had made use of the NOW 2.0 regulation. This has therefore been applied to the entire leadership team and no bonus pay-out will take place for 2020, regardless of whether targets are met or not.

The results on the targets have been defined and approved by the Supervisory Board on 2 March 2021. The total Revenue target was not achieved at target, which would not have resulted in a bonus pay-out. The EBITDA target was not achieved, which would not have resulted in a bonus pay-out.

With respect to the non-financial targets, the CEO was responsible for the number of clubs opened. In addition to that, one target was related to the enhancement of a safe fitness environment through the implementation of remote surveillance in the Belgian clubs. Finally, one of the CEO's targets was the mature club development compared with 2019. Due to COVID-19, priorities shifted and although these topics remain of the utmost importance and were implemented to a certain extent, it was not possible to meet the targets related to the number of club openings, as Capex and revenue development were directly impacted by COVID-19. No bonus will be paid out.

The CFO was responsible for the implementation of a new HR management system for all countries. Furthermore, the CFO was responsible for the implementation of an updated IT and data strategy. The implementation of the strategy and HR management system are well on track but not completely finalised due to shifted priorities this year as a result of COVID-19 pandemic. His final target was an EBITDA margin in line with the budget, which was not achieved. Even if targets would be met, this would not have resulted in a bonus pay-out as a result of the use of the NOW 2.0 regulation.

Name of Director	Objective	Weight	Year	Condition	Threshold 1/3 of target	Target 2/3 of target	Max 3/3 target	Results
					20%	40%	60%	
Rene Moos CEO	Financial	35%	2020	Total Revenue	Budget - 6%	Budget	Budget + 3%	0%
	Financial	35%	2020	EBITDA (pre IFRS16 basis)	Budget – 4%	Budget	Budget + 2%	0%
	Personal	10%	2020	No. of new clubs	Budget – 10 clubs	Budget	Budget + 5 clubs	0%
	Personal	10%	2020	Contribute to safe fitness environment: clubs with remote surveillance	70% of all new clubs	90% of all new clubs	100% of all new clubs	0%
	Personal	10%	2020	Mature club revenue development compared to 2019	0,5% growth	1% growth	1,25% growth	0%
							Total CEO	0%

Hans van der Aar, CFO	Financial	35%	2020	Total Revenue	Budget - 6%	Budget	Budget + 3%	0%
	Financial	35%	2020	EBITDA (pre IFRS16 basis)	Budget – 4%	Budget	Budget + 2%	0%
	Personal	10%	2020	Implementation of new HR management system	NA	full implementation end of year	Same per 30-09-2020	0%
	Personal	10%	2020	Achieve Ebitda Margin in conformity with budget	27%	29%	30%	0%
	Personal	10%	2020	Implementation of IT Data strategy	Maturity level same as end 2019	Maturity level average 3,5	Maturity level at target green line	0%
							Total CFO	**0%**

Long-term incentive: Performance share plan PSP

As part of the remuneration policy, Basic-Fit has installed a performance share plan (PSP). The purpose of the PSP is to align the interests of the company, shareholders and Management Board over the long-term; to foster and reward sustainable performance; and to provide an incentive for longer-term commitment and retention of the members of the Management Board. A PSP award is a long-term incentive and consists of an annual grant of conditional performance shares. Vesting is subject to continued employment and performance testing after three years.

The number of conditionally granted shares is set for a period of three years. Shares under this plan were granted for the first time in 2017 and each subsequent year. A conditional award for the years 2020 - 2023 was granted to the members of Management Board in May 2020, whereby the principle for the grant is 60% of the annual base salary for the CEO and 50% of the annual base salary for the CFO, both based on 'at target' results. As a result of this, in 2020 the CEO, René Moos, and the CFO, Hans van der Aar, were granted 28,535 and 18,326 ordinary shares respectively under the PSP. However, the grant contains a condition that no legislation or other guidelines are in place that prevent the grant from vesting. In this case, the NOW legislation will be respected in such way that no vesting can take place on any bonus, in cash or in shares for the year 2020.

Any award of performance shares will vest at the end of a three-year performance period, subject to (i) the achievement of two predetermined group financial targets that appropriately reflect Basic-Fit's longer-term strategy, these being average revenue growth and net debt / EBITDA ratio, both reflecting 50% of the total target, and (ii) continued service as a member of the Management Board and (iii) no legislation of guidelines in grants are applicable that prevent (part of the) grant from vesting, for example as a result of the usage of NOW 2.0 regulations during the COVID-19 pandemic. Vesting of the shares granted in May 2020 will take place in May 2023 for the performance period 2020 through 2022. Previous grants in June 2017, vested in June 2020 for the period 2017 – 2019. This led to a vesting of 27,183 shares for the CEO and 17,443 shares for the CFO. The grant made in June 2018 will vest in June 2021 for the performance period 2018 through 2020. Vesting of the shares granted in June 2019 will take place in June 2022 for the performance period 2019 through 2021. In all these periods the applicable NOW legislation will be taken into account where and if applicable for the year 2020.

When considered appropriate, the Selection, Appointment & Remuneration Committee may apply at its discretion a performance incentive zone between 0% and 150%. When such a zone is applied, the Supervisory Board may reduce or increase at target and threshold percentages to ensure awards are an appropriate reflection of performance. Shares acquired at the end of the performance period by members of the Management Board must be held for an additional period of two years, in accordance with best practice provision 3.1.2 of the Code, with the exception of a sale of said shares to cover the tax obligations of the members of the Management Board related to the awarded shares.

PSP plans 2020 in relation to COVID-19

In 2020, the General Meeting adopted the revised Remuneration Policy for the Management Board. This new Remuneration Policy takes due notice of the (inter)national developments and market practices regarding executive remuneration. Due to the outbreak of the COVID-19 pandemic, Basic-Fit faced exceptional circumstances that are beyond the control of the Management Board. In the fight against this pandemic, government measures in all countries relevant to Basic-Fit caused that all clubs had to close during various periods throughout the year 2020 and 2021 that heavily impact the results of company.

In the Netherlands, the government provided measures for the contribution of employment costs related to loss in revenue compared to the previous year. This has been laid down in the NOW regulations. Basic-Fit has used the compensation options offered by the Dutch government under these regulations. The NOW 2 and NOW 3 regulations contain conditions for the use and pay out of remuneration, whereby limiting the company to grant bonuses in any form or shares in company for the year 2020 (NOW2 and NOW3) and 2021 (NOW3).

Due to the closure of our clubs for a considerable amount of time, the Revenue and EBITDA margins were heavily impacted in 2020 and are expected to remain impacted during 2021. With respect to the predefined targets for the three and one year performance period applicable to respectively the long term incentive plans and short term incentive plans, these targets set for 2020 have not been achieved due the impact of the outbreak of the COVID-19 pandemic to the performance of the company.

In line with clause 2:135a lid 4 and 5 of the Dutch Civil Code, the Remuneration Policy of Basic-Fit contains the following clause:
"In accordance with Dutch law, the Supervisory Board may for the remuneration of the Management Board, in exceptional circumstances only, decide to temporarily deviate from the Remuneration Policy. Exceptional circumstances shall cover only situations in which the deviation from the Remuneration Policy is necessary to ensure the long-term interests and sustainability of the Company as a whole or to assure its viability, such as a change of control at the level of the Company. In such circumstances a deviation from the Remuneration Policy is permitted. The Supervisory Board will account for this during the General Meeting immediately following the occurrence of such exceptional circumstance resulting in a deviation from the Remuneration Policy"

The COVID-19 pandemic and its impact to company were unforeseen, beyond any control of company and are influencing the results of company over a longer period of time. The use of NOW contributions was essential to protect the mid and long-term interests of the company and immediately limit the functioning and operation of the Long-Term Incentive plans ('Performance Share Plan: PSP') for the performance years 2020 and 2021. Furthermore, no Short-Term Incentive bonus will be paid over the years 2020 and 2021 and this is in accordance with the conditions underlying the application of the NOW regulation. The years 2020 and 2021 are also included in multiple year PSP plans, which also include financial years where the Management Board showed extraordinary results (i.e. for the financial years 2018 and 2019) and furthermore will contain future financial years where Management Board has to perform strongly in order to recover from the COVID-19 impact (i.e. 2022 and 2023).

The Supervisory Board is of the opinion that the outbreak COVID-19 pandemic and the resulting measures and impact on Basic-Fit relate to exceptional circumstances for which a temporary deviation from the remuneration policy is appropriate to serve the longer-term interests and continuity of the Company. Therefore, the Supervisory Board decided to temporarily deviate from the Remuneration Policy as follows:

- For all currently outstanding and future PSP awards containing the performance years 2020 and/or 2021, these years will not be considered and excluded in determining whether or not the PSP performance targets have been achieved and any vesting for the remaining performance years will be determined and assessed on a pro-rated basis for such remaining years only.
- For the PSP plan 2018-2020, that would vest in 2021 in accordance with the Remuneration Policy, the vesting will be deferred until 2022 and any vesting linked to the performance years 2018 and 2019 will be subject to an additional review and test of reasonableness by the Remuneration Committee in order to assess whether or not the vesting of this award will be effectuated on a pro rata basis for the years 2018 and 2019 only. For the years 2018 and 2019, the predetermined performance targets have been achieved in both years that would normally result in a pro rata of 83,3% of the granted shares. Upon the recommendation of the Remuneration Committee, the Supervisory Board will under this deviation from the Remuneration Policy decide as to whether or not any vesting will take place in 2022, and if so, whether or not it is appropriate that a maximum of 83,3% of the shares subject to this PSP award will vest.
- Any vesting can only take place at the moment the NOW regulations allow the Company to do so.

The temporary deviation from the Remuneration Policy as described above, including an additional review and test of reasonableness when deferring the vesting of the outstanding PSP plan awards is proposed to the AGM for approval as an amendment to the Remuneration Policy.

Management board remuneration

	Base Salary *	Short-term incentive *	Social charges	Pension	Other	Total 2020 (cash)	Total 2019 (cash)	LTIP 2017 **	LTIP 2020 award ***	Ratio fixed / variable ****
René Moos	€ 637,930.00	€ -	€ 13,043.00	€ 109,359.00	€ 23,188.00	€ 783,520.00	€ 1,236,668.00	€ 421,880.16	€ 145,813.85	84% / 16%
Hans van der Aar	€ 491,644.00	€ -	€ 13,043.00	€ 84,282.00	€ 45,237.00	€ 634,206.00	€ 961,755.00	€ 270,715.36	€ 93,645.86	87% / 13%
	€ 1,129,574.00	**€ -**	**€ 26,086.00**	**€ 193,641.00**	**€ 68,425.00**	**€ 1,417,726.00**	**€ 2,198,423.00**	**€ 692,595.52**	**€ 239,459.71**	**86% / 14%**

** The annual base salaries for René Moos and Hans van der Aar amount to €729,063 (2019: €711,281) and €561,879 (2019: €548,174) respectively. During the closure of all our fitness clubs in the first lockdown from mid-March until June, the Management Board waived 50% of their salary for a period of 3 months. This resulted in an annual salary for René Moos of €637,930 and for Hans van der Aar of €491,644. Furthermore, in reaction to the impact of the COVID-19 pandemic, no short-term incentive was granted to the Management Board for 2020.*

*** In 2017, René Moos and Hans van der Aar were granted 21,746 and 13,954 shares respectively under the Long-term Incentive Plan (LTIP). Under this plan, 27,183 respectively 17,443 shares vested in 2020 related to the performance period 2017-2019 (including overperformance adjustment). The amounts in the table are based on the share price on the grant date (€15.52) of the granted shares. The share price on the date of vesting in 2020 was €25.05*

**** In 2020, René Moos and Hans van der Aar were granted 28,535 and 18,326 shares respectively under the long-term incentive plan (LTIP), with a share price on the grant date of €15.33. These numbers can increase to 35,669 and 22,908 respectively in the event of outperformance. Under this plan, the aforementioned number of shares will vest in 2023, fully conditional on them still being employed at Basic-Fit and the achievement of targets. In case of vesting, the years 2020 and 2021 will not be taken into account due to limitations to pay any form of bonus to Management Board if Company used compensations under NOW 2 and NOW 3. For the P&L impact of these plans, we refer you to section 8.1, Remuneration of members of the Management Board.*

***** Proportion of fixed and variable remuneration in 2020. Variable remuneration 2020 calculated based on Short-term incentive and PSP 2020 award*

Pension allowance and other benefits

The members of the Management Board do not participate in Basic-Fit's collective pension scheme, but receive a comparable payment of a pension allowance of 15% of their base salary. They are entitled to customary fringe benefits, such as a company car and other benefits.

Severance pay

The service agreements with the Management Board include a severance payment in the event of involuntary termination of six months fixed salary and a notice period of six months. No severance payment will be made in the event of serious imputable or negligent behaviour. This is compliant with the best practice provision of the Code on severance payments.

Claw-back and ultimum remedium

Variable remuneration may be adjusted or recovered from a member of the Management Board, in accordance with the relevant provisions in the Dutch Civil Code, as amended from time to time.

Supervisory Board Remuneration 2020

The Supervisory Board remuneration had been unchanged since the IPO in 2016. The Remco conducted a benchmark study with an external advisor to review and adjust the remuneration of the Supervisory Board. Based on the remuneration policy for the Supervisory Board as approved by the General Meeting in 2020, the remuneration of the members of the Supervisory Board consists of fixed annual fees for their role as Supervisory Board members and has been adjusted per the General Meeting 2020 according to the overview provided in this paragraph.
In addition, the chairman and members of both the Audit & Risk Committee and the Selection, Appointment & Remuneration Committee receive a fixed annual fee for these roles. In line with the Management Board's decision, the Supervisory Board also waived their right to 50% of their remuneration for three months in the first half of 2020 due to the impact of COVID-19 on Basic-Fit.

Basic-Fit does not grant variable remuneration, shares or options to members of the Supervisory Board. As per 31 December 2020, the members of the Supervisory Board have no loans outstanding with Basic-Fit, and no guarantees or advance payments have been granted to members of the Supervisory Board. Basic-Fit pays company-related travel and accommodation expenses related to meetings.

Annual fees per function in the Supervisory Board	Until 14-04-2020	As from 14-04-2020
Chairman	€55,000	€65,000
Member	€40,000	€45,000

Annual fees per function in Supervisory Board committees	Until 14-04-2020	As from 14-04-2020
Chairman Audit & Risk Committee	€10,000	€15,000
Chairman Selection, Appointment & Remuneration Committee	€8,000	€10,000
Member Audit & Risk Committee	€7,500	€7,500
Member Selection, Appointment & Remuneration Committee	€5,500	€5,500

	Yearly fees of Supervisory Board members until 14-04-2020*	Yearly fees of Supervisory Board members as from 14-04-2020	Total yearly fees 2020 ex discount	Total yearly fees 2020 incl discount
Kees van der Graaf	€55,000	€65,000	€62,083	€55,521
Carin Gorter	€50,000	€60,000	€57,083	€51,042
Herman Rutgers	€48,000	€55,000	€52,958	€47,375
Hans Willemse	€53,000	€58,000	€56,542	€50,604
Pieter de Jong	€45,500	€50,500	€49,042	€43,885
Rob van der Heijden	€47,500	€52,500	€51,042	€45,677

**These fees are unchanged compared to 2018. For a comparison of the supervisory board remuneration for the three years of listing, more information can be found in the table above in this section.*

COMMUNITY INVOLVEMENT

EVERYONE DESERVES TO BE FIT AND FEEL GREAT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As a company, we want to have a positive impact on society and actively support the communities where we operate. We are partnering with three respected organizations that help people and children in particular, who lack the opportunity to exercise to stay fit and enjoy the social benefits of doing sport, no matter what their background or abilities are.

Last year Basic-Fit started to structure its approach to get closer to people and communities. Doing sport from an early age is essential for developing a healthy lifestyle and acquiring skills that will benefit young people at a later stage in their social and professional life. The organisations with whom we cooperate fully support our view.

We have three national sponsorships with the aim of motivating youngsters and young adults into opting for a healthier lifestyle and finding a better future for themselves. Basic-Fit promotes education, equality and diversity. We know that sport plays a key role in education from an early age and our goal is to accompany youngsters and young adults along their path towards a bright and healthy future.

We have partnered with the Johan Cruyff Foundation in the Netherlands, Sport2be in Belgium and Sport dans la Ville in France. These three foundations have a wide range of goals. The Cruyff foundation focuses on getting people fitter.

Sport2be and Sport dans la Ville, with their sport and job initiatives, focus on harnessing the power of sport through helping young people acquire self-confidence and life skills that will set them up for the future.

We work closely with our partners and support their activities through donations in kind, employee volunteering, fitness training or a combination thereof. Basic-Fit employees share our corporate values. They are engaged in our mission to get people more active and benefit from the power of fitness. Our employees can get involved in our corporate sponsorships by sharing their skills and experience, giving advice about nutrition or training, or organising free group classes.

This year, more than ever, it was important to remind people around the world about the importance of exercise and leading a healthy lifestyle. Hand in hand with our partners, we focus in finding ways to work towards this goal. In concrete terms, we set up a range of activities, digitally or on the ground in line with local pandemic measures. Naturally, during the various lockdowns, it was impossible to fully maintain the partnership programmes as we had hoped. We did however provide our partners with a variety of tools to encourage both staff and members to stay active. We facilitated access to our Basic-Fit app to our partners, suppliers, sport federations and healthcare staff. We are proud to have been able to support so many people during these challenging times. We also set up group classes and unique events like the Home Gym day (see page xx), live streamed on our social media.

These initiatives were reinforced by more local ones. With Sport2be for example, we set up online workout classes for youngsters during lockdown. We also launched a weekly live dance programme aimed at 14 to 18 year old girls in clubs in the Brussels area. With Sport dans la Ville, in some clubs, youngsters were able to partake in sport and fitness activities. We also supported the Cruyff Foundation with fitness equipment and live workouts at their annual Open Day in September.

Smaller projects were also undertaken. We supplied gym equipment to some partners and medical staff in France and Spain. We joined the French citizen initiative 'Tous confinés, Tous engagés', set up during the pandemic, to link employee skills with various associations. In this way, Basic-Fit was able to give some employees an opportunity to play a social role in their communities during this difficult period.

Moving into 2021 Basic-Fit plans to continue these fruitful partnerships. They fit closely with our mission and core business. Our focus going forward is to continue to share our expertise and passion for fitness and to raise awareness of the importance of getting and staying fit.
Philippe Oddou, CEO Sport dans la Ville: We are proud and happy to be able to count on the support of Basic-Fit. Whether in the field of education through sport or in our professional integration actions, it is a partnership with a strong impact for all the young people of the area.

SPORT2BE
DU SPORT À L'EMPLOI • VAN SPORT TOT JOB

SPORT DANS LA VILLE
Du Sport à l'Emploi

CRUYFF FOUNDATION

Philippe Oddou, CEO Sport dans la Ville:

We are proud and happy to be able to count on the support of Basic-Fit. Whether in the field of education through sport or in our professional integration actions, it is a partnership with a strong impact for all the young people of the area.

© Sport dans la Ville

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of comprehensive income

Consolidated statement of profit or loss

For the year ended 31 December 2020	Note	2020 € 000	2019 € 000
Revenue	3.2	376,811	515,159
		376,811	**515,159**
Costs of consumables used	3.3	(14,456)	(14,341)
Employee benefits expense	3.4	(76,407)	(89,332)
Depreciation, amortisation and impairment charges	3.6	(260,593)	(211,926)
COVID-19 rent credit	4.4	11,198	-
Other operating income	3.7	3,744	3,376
Other operating expenses	3.8	(158,469)	(149,049)
Operating profit		**(118,172)**	**53,887**
Finance income	6.7	60	6
Finance costs	6.7	(46,002)	(37,452)
Finance costs - net		**(45,942)**	**(37,446)**
Profit before income tax		(164,114)	16,441
Income tax	3.9	38,926	(5,393)
Profit for the year		**(125,188)**	**11,048**

Earnings per share for profit attributable to the ordinary equity holders of the company:

Basic earnings per share (in €)	6.2	(2.17)	0.20
Diluted earnings per share (in €)	6.2	(2.17)	0.20

Other comprehensive income

For the year ended 31 December 2020	Note	2020 € 000	2019 € 000
Profit for the year		**(125,188)**	**11,048**
Other comprehensive income for the year net of tax		-	-
Total comprehensive income for the year		**(125,188)**	**11,048**

Consolidated statement of financial position

As at 31 December 2020	Note	2020 € 000	2019 € 000
Assets			
Non-current assets			
Goodwill	4.1	203,604	202,634
Other intangible assets	4.2	48,649	54,180
Property, plant and equipment	4.3	747,115	662,113
Right-of-use assets	4.4	1,104,316	950,261
Deferred tax assets	3.9	45,530	12,623
Receivables	5.2	5,933	5,146
Total non-current assets		**2,155,147**	**1,886,957**
Current assets			
Inventories	5.1	8,147	6,497
Income tax receivable	3.9	966	393
Trade and other receivables	5.2	42,944	30,817
Cash and cash equivalents	5.3	70,406	66,487
		122,463	**104,194**
Assets held for sale		-	2,000
Total current assets		**122,463**	**106,194**
Total assets		**2,277,610**	**1,993,151**
Equity			
Share capital		3,600	3,280
Share premium		490,025	358,360
Other capital reserves		1,590	3,240
Retained earnings		(184,513)	(58,394)
Total equity	6.1	**310,702**	**306,486**
Liabilities			
Non-current liabilities			
Lease liabilities	4.4	1,013,496	866,741
Borrowings	6.3	546,259	517,283
Derivative financial instruments	6.5	2,111	3,268
Deferred tax liabilities	3.9	6,134	10,970
Provisions	7.1	824	549
Total non-current liabilities		**1,568,824**	**1,398,811**
Current liabilities			
Trade and other payables	5.4	158,504	147,994
Lease liabilities	4.4	174,167	138,787
Borrowings	6.3	63,060	60
Current income tax liabilities	3.9	7	772
Derivative financial instruments	6.5	1,345	-
Provisions	7.1	1,001	241
Total current liabilities		**398,084**	**287,854**
Total liabilities		**1,966,908**	**1,686,665**
Total equity and liabilities		**2,277,610**	**1,993,151**

Consolidated statement of changes in equity

For the year ended 31 December 2019 (in € 000)

	Share capital	Share premium	Treasury shares	Other capital reserves	Retained earnings	Total equity
As at 1 January 2019	**3,280**	**358,360**	**-**	**2,105**	**(68,785)**	**294,960**
Comprehensive income:						
Profit for the period	-	-	-	-	11,048	11,048
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**11,048**	**11,048**
Equity-settled share-based payments	-	-	-	1,981	-	1,981
Purchase of treasury shares	-	-	(771)	-	-	(771)
Exercised share-based payments	-	-	771	(846)	(657)	(732)
Transactions with owners recognised directly in equity	**-**	**-**	**-**	**1,135**	**(657)**	**478**
As at 31 December 2019	**3,280**	**358,360**	**-**	**3,240**	**(58,394)**	**306,486**

For the year ended 31 December 2020 (in € 000)

	Share capital	Share premium	Treasury shares	Other capital reserves	Retained earnings	Total equity
As at 1 January 2020	**3,280**	**358,360**	**-**	**3,240**	**(58,394)**	**306,486**
Comprehensive income:						
Profit for the period	-	-	-	-	(125,188)	(125,188)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(125,188)**	**(125,188)**
Issue of ordinary shares - (note 6.1)	320	133,013	-	-	-	133,333
Transaction costs - net of tax	-	(1,348)	-	-	-	(1,348)
Equity-settled share-based payments	-	-	-	167	-	167
Purchase of treasury shares	-	-	(1,435)	-	-	(1,435)
Exercised share-based payments	-	-	1,435	(1,817)	(931)	(1,313)
Transactions with owners recognised directly in equity	**320**	**131,665**	**-**	**(1,650)**	**(931)**	**129,404**
As at 31 December 2020	**3,600**	**490,025**	**-**	**1,590**	**(184,513)**	**310,702**

Consolidated statement of cash flows

For the year ended 31 December 2020	Note	2020 € 000	2019 € 000
Operating activities			
Profit before income tax		(164,114)	16,441
Non-cash adjustments to reconcile profit before tax to net cash flows:			
Depreciation and impairment of property, plant and equipment and right-of-use assets	3.6	244,780	198,319
Amortisation and impairment of intangible assets	3.6	15,813	13,607
COVID-19 rent credit	4.4	(11,198)	-
Share-based payment expense	3.5	167	1,981
Gain on disposal of property, plant and equipment		(976)	(708)
Finance income	6.7	(60)	(6)
Finance costs	6.7	46,002	37,452
Movements in provisions	7.1	1,034	(14)
Working capital adjustments:			
Increase in inventories	5.1	(1,650)	(3,408)
Increase in trade and other receivables	5.2	(6,237)	(2,818)
Increase in trade and other payables	5.4	15,552	7,981
Cash generated from operations		**139,113**	**268,827**
Interest received		60	6
Interest paid		(38,548)	(33,831)
Income tax (paid) received		294	(5,092)
Net cash flows from operating activities		**100,919**	**229,910**
Investing activities			
Proceeds from sale of property, plant and equipment		593	626
Purchase of property, plant and equipment	4.3	(207,803)	(220,818)
Purchase of other intangible assets	4.2	(9,771)	(9,342)
Acquisition of a subsidiary, net of cash acquired	4.5	(4,023)	(26,388)
Repayment of loans granted	5.2	23	117
Investments in other financial fixed assets	5.2	(810)	(1,451)
Net cash flows used in investing activities		**(221,791)**	**(257,256)**
Financing activities			
Proceeds from borrowings	6.3	105,000	199,500
Repayments of borrowings	6.3	(13,560)	(21,515)
Lease payments	4.4	(94,922)	(87,925)
Financing costs paid	6.3	(515)	(351)
Proceeds from issuance of ordinary shares	6.1	133,333	-
Incremental costs paid directly attributable to the issuance of new shares	6.1	(1,797)	-
Purchase less sale treasury shares and exercised share-based payments		(2,748)	(1,502)
Net cash flows from/(used in) financing activities		**124,791**	**88,207**
Net (decrease)/increase in cash and cash equivalents		**3,919**	**60,861**
Cash and cash equivalents at 1 January	5.3	66,487	5,626
Cash and cash equivalents at 31 December	5.3	**70,406**	**66,487**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Notes to the consolidated financial statements

Section 1: Corporate and Group information

This section provides corporate and group information about Basic-Fit N.V. (the 'Company') and its subsidiaries (together with the Company referred as the 'Group' and individually as 'Group entities').

1.1 Corporate information

Basic-Fit N.V. is a company incorporated and domiciled in the Netherlands and whose shares are publicly traded. The Company's registered office is at Wegalaan 60, Hoofddorp, the Netherlands. The Company is registered at the Chamber of Commerce in Amsterdam under trade registration number 66013577.

With 905 clubs and two million members at 31 December 2020, Basic-Fit is the largest fitness chain in Europe. The Group is active in five countries: the Netherlands, Belgium, Luxembourg, France and Spain. Basic-Fit aims to make fitness easy, affordable and fun, and give its members unbeatable value.

The Group's consolidated financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Management Board on 9 March 2021.

1.2 Group information

These consolidated financial statements reflect all of the assets, liabilities, revenue, expenses and cash flows of the Group. The Group consists of the following legal entities:

- Basic-Fit N.V., Hoofddorp (the Netherlands);
- Basic Fit International B.V., Hoofddorp (the Netherlands) (100% interest of Basic-Fit N.V.);
- Basic Fit Nederland B.V., Hoofddorp (the Netherlands) (100% interest of Basic Fit International B.V.);
- Basic-Fit Belgium B.V., Jette (Belgium) (100% interest of Basic Fit International B.V.);
- HealthCity België N.V., Jette (Belgium) (100% interest of Basic-Fit Belgium BVBA);
- Basic-Fit Luxembourg S.A., Sandweiler (Luxembourg) (100% interest of Basic Fit International B.V.);
- Basic Fit France S.A., Paris (France) (100% interest of Basic Fit International B.V.);
- Basic Fit II S.A., Paris (France) (100% interest of Basic Fit France S.A.);
- Basic-Fit Spain S.A., Madrid (Spain) (100% interest of Basic Fit International B.V.);
- BF Developments B.V., Hoofddorp (the Netherlands) (100% interest of Basic Fit International B.V.);
- B-Securité B.V., Hoofddorp (the Netherlands) (51% interest of BF Developments B.V.).

Basic Fit France S.A. and BF Developments B.V. are intermediate holding companies and do not run fitness clubs or undertake other operations.

B-Securité B.V. is involved in the remote surveillance of a number of the fitness clubs that are operated by the Group.

1.3 Shareholder structure

On 31 December 2020, Basic-Fit's main shareholders were, as reported to the Dutch Financial Markets Authority (AFM):

Mito Holdings S.à.r.l., an entity controlled by 3i Investments plc: 14.9%
René Moos (AM Holding B.V.): 16.3%

Our CFO, Hans van der Aar, owns 112,592 shares (0.2%).

Section 2: Basis of preparation, other significant accounting policies and COVID-19 impact

This section starts with a summary of the impact of COVID-19 on the Group.

Furthermore, this section provides additional information about the overall basis of preparation that the directors consider is useful and relevant in understanding these financial statements:

- Summary of other significant accounting policies affecting the results and financial position of the Group, including changes in accounting policies and disclosures during the year
- Standards that have been issued but not yet adopted by the Group

2.1 COVID-19 Impact

Following the COVID-19 pandemic declaration, governments in the countries where Basic-Fit operates have taken measures to limit the consequences of the outbreak. As a result of these measures, Basic-Fit had to temporary close all fitness clubs as of mid-March 2020 (first lockdown). Shortly thereafter, Basic-Fit communicated to its members that they would be compensated for the period that their clubs were temporary closed. Following this, Basic-Fit worked on a compensation scheme for members and held an extensive survey among these members to that end. The options presented included an upgrade to Premium membership, the return of fees paid as a discount over six payment periods, a goodie bag and no pay-back of membership fees. Around 75% of all members supported Basic-Fit by opting for one of the compensation options. Around 25% of members indicated that they did not want to be debited for April and their membership was immediately frozen until the clubs were re-opened. As of 1 May, all memberships were frozen.

Following the closure of all clubs, Basic-Fit took swift action to manage cash and halted the construction and opening of new clubs. Basic-Fit also minimised maintenance activities, such as replacements of equipment and refurbishments, to reduce capital expenditures to a minimum. In addition, Basic-Fit lowered club operating costs and overhead costs. These cost reductions were partly realised with the support of the various government facilities and arrangements, which largely compensated staff costs (note 3.10). Furthermore, as part of its response to COVID-19, the Group negotiated rent waivers with multiple landlords (note 4.4).

In addition to the operational measures, Basic-Fit took action to maintain availability of sufficient liquidity. In April 2020, Basic-Fit reached agreement on a €40-million accordion facility in the form of a revolving credit facility (RCF). To secure additional liquidity throughout the COVID-19 crisis, Basic-Fit obtained an additional €60 million government-backed term facility in May 2020. These additional funds (both described in more detail in note 6.3), gave Basic-Fit sufficient liquidity to absorb the consequences of the club closures during the first lockdown.

In addition, in June 2020 Basic-Fit raised €133.3 million through an accelerated bookbuild offering of 5,333,333 new ordinary shares with the intention of using the net proceeds to strengthen the balance sheet and provide the Company with the financial flexibility required to recommence its growth strategy (note 6.1).

Basic-Fit started reopening clubs in Luxembourg on 29 May 2020, followed by clubs in Belgium, France and Spain in June and the Netherlands on 1 July. As of that date, all clubs were open and Basic-Fit restarted the collection process.

Following the reopening of clubs in June and July, Basic-Fit introduced a number of measures to make sure members could work out and employees could work in a safe environment. Among other things, Basic-Fit introduced even higher standard cleaning protocols and offered ample cleaning stations in its clubs, so people could clean their equipment before and after their workout. In addition, Basic-Fit optimised the ventilation in the clubs to make sure that there was no recirculation of air and ample inflow of fresh air. Using an online reservation system, Basic-Fit was able to manage the flow of people to the clubs and the number of people in the clubs at any given time. This was combined with clear signage in the clubs that ensured that members were able to abide by social distancing protocols. Basic-Fit enabled as many people as possible to continue to work on their fitness and strengthen their immune system.

Directly after the reopening of the clubs, Basic-Fit saw strong membership development, which lasted until the resurgence of COVID-19 and subsequent first club closures in France in the second half of September. In the months thereafter, Basic-Fit gradually had to close all clubs, except for those in Spain. As during the first lockdown period, members were offered several compensation options and memberships were frozen from December 2020. Basic-Fit ended the year with 2.00 million members, a ten percent decline compared to year end 2019. After the reopening of the clubs, memberships will be reactivated and Basic-Fit will be able to charge and collect membership dues again.

Due to the continued uncertainties regarding COVID-19 and potential further government measures, Basic-Fit decided to postpone the construction of additional new clubs for the time being during the second lockdown. Only clubs that were in an advanced stage of construction were finished or have been completed in early 2021. Furthermore, Basic-Fit postponed or cancelled investments and projects and intensified cost reduction initiatives.

Given the dynamic environment and the continuing uncertainties regarding the development of the COVID-19 pandemic, Basic-Fit secured temporary covenant relief. In December 2020, Basic-Fit successfully negotiated a temporary waiver and the relaxation on its loan covenants with its syndicate banks for its existing multicurrency term, RCF, GO-C facilities and Schuldschein loans (note 6.6). In January 2021, Basic-Fit reached a similar agreement for its other Schuldschein loans.

In February 2021, Basic-Fit successfully secured a €150 million bridge facility to be refinanced within twelve months. Basic-Fit will need to refinance this committed bridge facility with debt, equity or equity-linked instruments or a combination thereof (note 8.5).

The progress of the vaccination programmes in the various countries, the relief from the lockdown that governments are looking into, the wavering support for government measures, and other information available today, strengthens Basic-Fit's assessment that most probably as from the end of March or the beginning of April, clubs will gradually reopen.

Given the current uncertainties regarding the development of COVID-19, Basic-Fit will focus specifically on cost control and cash flow management. The longer-term impact of COVID-19 pandemic remains uncertain and may further affect our business. This is further detailed in the risk section.

Given the developments regarding COVID-19, Basic-Fit also assessed the valuation of assets and liabilities, including goodwill, on its statement of financial position:

- As part of this assessment, Basic-Fit recognised an additional credit loss allowance on trade receivables. As a result, the credit loss allowance as a percentage of the outstanding trade receivables balance increased from 32% to 49% and the amount of credit loss recognised in profit or loss increased with €5.6 million compared to 2019.
- The trigger-based and year-end impairment test of goodwill and other intangible and tangible assets did not result in any impairment (more details can be found in note 4.1).
- For all losses incurred in 2020, Basic-Fit recognised a deferred tax asset, as the Group assesses it more than likely that these carry forward tax losses can be offset by future profits.

2.2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and also comply with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. The consolidated financial statements have been prepared on a historical cost basis, except for the financial assets and liabilities (including derivative instruments), which are measured at fair value.

The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand ('€ x 1,000'), except when otherwise indicated.

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed below under 'Significant accounting judgments, estimates and assumptions'.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. This situation is not applicable for these financial statements.

Going concern

The outbreak of the COVID-19 pandemic and the measures adopted by governments to mitigate the pandemic's spread have significantly impacted the Group. For a detailed description of the impact of COVID-19 on Basic-Fit and the actions the Group has taken during 2020, reference is made to note 2.1.

In determining the appropriate basis of preparation of the financial statements, the Management Board is required to consider whether the Group and the Company can continue as a going concern. The Management Board considered the following elements:
- The current and expected results and cash flows
- Capital management and financing strategies: timing of repayment of the existing financing, compliance with applicable covenants and strengthening the capital and debt position

Current and expected results and cash flows

As a result of the measures by governments in the Netherlands, Belgium, France and Luxembourg to limit the consequences of the COVID-19 pandemic, Basic-Fit had to close all clubs in these countries from mid-March 2020 until June 2020 as well as during the last months of 2020. The clubs in Spain were closed from mid-March until mid-June. In response to the impact of the closing of clubs, management took the following mitigating actions to reduce costs, optimise the Group's cash flows and preserve liquidity:
- reducing non-essential capital expenditure and deferring or cancelling discretionary spend;
- freezing non-essential recruitment;
- renegotiating rent discounts from landlords. Basic-Fit received COVID-19 rent credits up to €11.2 million for rent obligations that were due in 2020 and further discounts for rent obligations in 2021, consisting of property rent discounts received from landlords which did not entail an amendment of lease contracts;
- reducing marketing and other spend;
- apply for Government support. The Group benefitted in 2020 from €30 million of support from various government facilities and arrangements, compensating for staff and other costs. At least similar compensation has been or is expected to be received in 2021.

As a result of the above, the Group recognised a net loss of €125 million (2019: net profit of €11 million) for the year ended

31 December 2020, bringing total equity at €312 million. In line with the development of result, operational cash flow generated during 2020 decreased by €130 million compared to the prior year.

In January 2021, the clubs in Luxembourg were reopened, but as at the date of these financial statements it is not clear yet when clubs in the Netherlands, Belgium and France could be reopened.

Management has considered uncertainties that could impact the Group's results and operations, including:
- the duration and spread of the pandemic and any resurgence of COVID-19;
- actions taken by governments, including mandated club closures, restricted openings as well as other restrictions that would limit the ability to expand the member base following reopening;
- continued and/or additional government support programmes that cover remaining fixed costs as well as continued discounts from landlords;
- the impact of the pandemic on business and economic conditions, including the commercial behaviour of members;
- available options for changes in loan and shareholder financing.

The longer-term consequences for the Group's operations and results due to the above uncertainties and the macro-economic uncertainty are hard to predict. The COVID-19-virus can develop in multiple ways and extension of government measures can result in prolonged negative operating results and pressure on liquidity.

The geographic spread of operations over five countries is a mitigating factor. There is a fair chance that not all clubs have to be closed temporarily at the same time, as was the situation during the prior lockdown periods in 2020. As a result, the reopened clubs will generate cash inflow and reduce the negative cash impact of temporary club closures in other regions or countries.

In addressing these uncertainties, the Management Board aims to obtain the best possible information to make a proper assessment and to take appropriate measures. Based on such information the Management Board has prepared several forecast scenarios taking into account a different timing of the reopening of clubs during 2021. Based on information from the governments, the progress of vaccination programmes and its own estimation, management expects that the most likely scenario is that clubs can be reopened throughout the spring of 2021. Based on several announcements of the governments, management included in its forecast scenarios continued support from various governments related to employee and other expenses in line with different compensation programmes in 2020 and the first months of 2021.

Furthermore, the forecast scenarios include the benefits of actions already taken by management to mitigate the trading downsides created by COVID-19, such as cost reduction initiatives and the renegotiation of property rents to reduce rental expenses to similar levels as in 2020. After the re-opening of clubs, forecasted revenues are calculated taking into account the number of members whose memberships are currently frozen. The inflow and outflow of members is mainly based on the experiences of the openings after the first lockdown in 2020. Marketing expenses are expected to be limited until at least September 2021. Once all the clubs are re-opened with no new lockdown periods, monthly losses are expected to vanish, resulting in a reversal of negative monthly operating cash flows into positive operating cash flows and potentially creating room to intensify investments.

The Group's financial forecasts reflect the outcomes that the Management Board considers most likely, based on the information available at the date of signing of these financial statements. The assumptions modelled are based on the estimated potential impact of COVID-19 restrictions and regulations and expected levels of consumer demand similar as during the 2020 re-opening, along with management's proposed responses over the course of the period as described above. The forecast is inherently dependent on assumptions, most critically the timing of re-opening of clubs and any ongoing restrictions imposed by governments. The Management Board has recognised these risks and developed a scenario for the possible extended closures and restrictions into the second half of 2021. Under such possible, but in the assessment of the Management Board unlikely scenario - based on the progress of the vaccination programme, wavering support for government lockdown measures and the seasonal development of COVID-19 - the Group may need to raise additional capital or will be required to renegotiate its borrowings and covenants. On the basis of the proven successful business model, the experience from the re-opening in 2020, the positive outlook once COVID-19 is under control as well as the financial position of the company, interactions with financial institutes, analyst reports and share price developments, the Management Board is confident that these renegotiations will be successful should the need arise.

Capital management and financing strategies
As from the beginning of the COVID-19 lockdown measures, the Management Board has pro-actively worked on a capital and finance strategy to respond to the situation. The objectives of this strategy is to:
- guarantee sufficient liquidity during periods of club closures causing net cash outflows;
- avoid covenant breaches;
- maintain a strong capital basis;
- secure a sound finance position to recommence the growth strategy post-COVID-19.

As a result of this strategy, Basic-Fit reached agreement on a €40 million accordion facility, an additional €60 million government-backed term facility and raised €133.3 million through a share issue during 2020. In the same context, a covenant waiver and relaxation was obtained and in February 2021, Basic-Fit successfully secured a €150 million bridge facility.

At the end of 2020, the Group had approximately €90 million of available liquidity, including cash of €70 million and committed undrawn revolving credit facilities (RCF) of €20 million. Total borrowings, excluding lease liabilities and amortised borrowing costs, were €612 million and can be specified as follows:
- €250 million term loan and €210.5 million RCF, both committed until June 2024;
- €91.5 million Schuldschein, of which €73.5 million repayable in October 2022 and €18 million repayable in October 2024;
- €60 million GO C-facility, repayable from June 2021 until June 2023 in equal quarterly installments.

In December 2020, Basic-Fit successfully negotiated a waiver and the relaxation on its loan covenants with its syndicate banks for its existing multicurrency term, revolving and GO-C facilities. Under this arrangement Basic-Fit does not have to test its covenants per 31 December 2020 and 30 June 2021. For the year ending 31 December 2021, the leverage ratio has been relaxed, whereas certain minimum cash positions have been required at the end of each month (refer to note 6.6). In January 2021, Basic-Fit reached a similar agreement for its Schuldschein loans.

In February 2021, Basic-Fit successfully secured a €150 million bridge facility to increase liquidity. The committed bridge facility is to be refinanced within twelve months. Basic-Fit will need to refinance this committed bridge facility with debt, equity or equity-linked instruments or a combination thereof.

Starting June 2021 every quarter a repayment obligation of €6.6 million applies to the GO-C debt facility. Other repayment obligations apply in the second half of 2022 or thereafter.

Due to the aforementioned actions and measures, Basic-Fit's monthly operational cash outflow is approximately €20 million a month ('cash burn') as long as fitness clubs in the Netherlands, Belgium and France cannot be reopened. As soon as Basic-Fit can reopen the clubs and start to collect membership dues in at least one of these countries, the Group's monthly cash burn will be less than €5 million a month. As soon as clubs in two of these countries are opened again, cash flows are expected to be positive. Based on the current information which management used for their forecasts, they deem it unlikely that the clubs in the Netherlands, Belgium and France remain closed until fall 2021 or need to close again in a third lockdown period.

In the context of the capital management, financing and growth strategy, the Management Board has put forward a proposal to the shareholders in their Annual General Meeting (AGM) of April 2021 to designate the Management Board to issue shares and/or to grant rights to subscribe for shares up to a maximum of two times 10% of the issued share capital. The support of the AGM for this and the potential subsequent successful placement, which proceeds could be used to refinance the €150 million bridge facility and comply with the applicable covenants, is inherently uncertain. However, based on the current market outlooks for Basic-Fit, the share price developments at the time of the issuance of these financial statements and the recent successful share issuances, management is confident that it will have the support of the AGM.

In addition to the option to issue shares, the Management Board has prepared alternative financing scenario's as well as financing scenarios to recommence and catch up on the growth strategy once COVID-19 restrictions have been lifted. These scenarios also involve inherent uncertainties.

Management assessment related to going concern
With the additional financing received in February 2021 and taking into account the likelihood of the different forecasted scenarios, including the successful implementation of the capital and finance strategy, the Management Board expects that there will be sufficient liquidity and meet its liabilities as they fall due for the next twelve months after the publication of these financial statements and to take Basic-Fit through this COVID-19 crisis for at least twelve months after the publication of these financial statements. Under the preferred capital management approach, the Management Board assesses that additional liquidity will be successfully attracted by means of debt, equity or equity-linked instruments or a combination thereof to refinance the €150 million bridge facility and to continue to comply with the applicable covenants in the course of 2021. In the case of extended club closures into the second half of 2021 or re-installed closures, which the Management Board's assessed as not likely, Basic-Fit will need to reduce its borrowings by raising sufficient additional capital or equity linked debt to meet its leverage ratio covenant and/or renegotiate its borrowings and covenants. On the basis of the proven successful business model, the experience from the re-opening in 2020, the positive outlook once COVID-19 is under control as well as the financial position of the company, interactions with financial institutes, analyst reports and share price developments, the Management Board is confident that these renegotiations will be successful should the need arise.

Assessing the risks, considerations and assumptions mentioned before, management is confident that sufficient debt, equity or equity-linked instruments or a combination hereof can be timely attracted. Therefore, the Management Board continues to adopt the going concern basis in the preparation of these financial statements and concludes that the situation does not involve material uncertainties that may cast significant doubt about the Group's ability to continue as a going concern.

Significant accounting judgments, estimates and assumptions
The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made various judgments. Those which management has assessed to have the most significant impact on the amounts recognised in the consolidated financial statements are discussed in the individual notes to the related financial statement line items or below.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that carry a significant risk of prompting a material adjustment to the carrying amounts of assets and liabilities within the next financial year are also described in the individual notes to the related financial statement line items below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances that are beyond the Group's control. Such changes are reflected in the assumptions when they occur.

The table below presents the areas that involve a higher degree of judgement or areas where assumptions and estimates are significant to the financial statements:

	Note
Basis of preparation - Going concern assumptions	2.2
Revenue recognition	3.2
Deferred tax assets	3.9
Estimated impairment of goodwill	4.1
Impairment of non-current assets	4.2
Useful lives	4.2
Determining the lease term of contracts with renewal and termination options	4.4
Leases - estimating the incremental borrowing rate	4.4
Allowance for expected credit losses	5.2 / 6.5

In the process of applying the Group's accounting policies, management made the following judgments that have a significant impact on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with above).

Recognition of provisions

The Group is subject to a number of factors that could lead to an outflow of economic benefits. When assessing whether such factors require either provision or disclosure, management is required to consider, among other factors, whether a constructive obligation exists at reporting date and whether the resulting risk of an outflow of economic benefits is probable (requiring a provision), less than probable but more than remote (requiring disclosure), or remote (requiring neither provision nor disclosure).

Decommissioning liabilities

For certain fitness club locations, the Group has a contractual obligation to restore locations to an agreed upon state. The Group has not recorded a decommissioning liability for such obligations. Management judgment is that, based on limited historical experience, the likelihood that the Group will be required to restore a location to its original state is remote. Fitness club locations are often renovated to a better state than their original state and, moreover, the duration of a lease contract is usually longer than ten years. As a consequence, lessors have made very few requests for the restoration of locations over the years. The Group has therefore not recognised any decommissioning liabilities.

2.3 Summary of other significant accounting policies

The general accounting policies applied to the consolidated financial statements as a whole are described below, while other significant accounting policies related to specific items are described in the relevant notes. The description of accounting policies in the notes forms an integral part of the description of the accounting policies in this section. Unless otherwise stated, these policies have been consistently applied to all the years presented.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled either directly, or indirectly, by the Company.

Subsidiaries are all 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 over 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.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been aligned with the Group's accounting policies where necessary to ensure consistency with the policies adopted by the Group.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Foreign currency translation

The Group's consolidated financial statements are presented in euros, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. The Group rarely has transactions in foreign currencies, and gains and losses resulting from the settlement of such transactions are generally recognised in profit or loss.

Statement of cash flows
The statement of cash flows has been prepared using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. Interest is classified as operating cash flow and dividends are classified as financing cash flows.

2.4 Changes in accounting policies and disclosures
The Group applied for the first time certain standards and amendments that are effective for annual periods beginning on or after 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The nature and impact of new and amended standards and interpretations is described below.

Amendments to IFRS 3: Definition of a Business
The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 16: COVID-19-Related Rent Concessions
On 28 May 2020, the IASB issued COVID-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendment provides relief to lessees from applying IFRS 16 guidance to lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19-related rent concession from a lessor is a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. The Group has applied the amendment retrospectively for all concessions received. The amendment has no impact on retained earnings at 1 January 2020. The Group did not apply this amendment in its half year report as this amendment was not endorsed at that time. However, applying this amendment would have resulted in similar results in the half year report.

Other
Several other amendments and interpretations applied for the first time in 2020, but do not have an impact on the consolidated financial statements of the Group.

2.5 Standards and interpretations issued but not yet effective
Certain new accounting standards and interpretations have been published that are not mandatory for reporting periods to 31 December 2020 and the Group has not opted for the early adoption of these standards and interpretations. These standards and interpretations are not expected to have a material impact on the entity in the current or future reporting periods, or on foreseeable future transactions.

Section 3: Results of the year

This section presents the disclosure of operating segments and the notes related to items in the income statement (except for finance income and costs). If applicable, relevant notes on balance sheet items, which also relate to items in the income statement, are also presented in this section. A detailed description of the results for the year is provided in the business and financial review section in the Management Board report.

3.1 Segment information

The chief operating decision-maker ('CODM'), who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Company's CEO, CFO and COO. The CODM examines the Group's performance from a geographical perspective and has identified five operating segments: the Netherlands, Belgium, Luxembourg, France and Spain.

The business activity of all of these operating segments is the operation of low-budget fitness clubs under the same Basic-Fit label. The formula for the operation of these clubs is the same in all countries: memberships and membership fees are similar and the cost structure is similar. Furthermore, all operating segments and their business activities are located in EU-member countries. The political and economic environment of these countries is similar and the euro is used in all countries. Moreover, the Benelux countries (Belgium, the Netherlands and Luxembourg) generate similar profit margins (underlying EBITDA) to one another, as do France and Spain. However, the profit margins in the Benelux are not (yet) comparable to those in France and Spain, which are the countries where the fastest growth is expected.

Given these similar economic characteristics, and the fact that the nature of the services, types of customer, method for distribution and regulatory environment are similar, the operating segments Belgium, the Netherlands and Luxembourg have been aggregated into one reportable segment (Benelux), and the operating segments France and Spain have also been aggregated into one reportable segment (France & Spain). Other reconciling items represent corporate costs that are not allocated to the operating segments.

In the press release related to the full year results 2019 (dated 10 March 2020), Basic-Fit introduced new KPI definitions as a direct consequence of the adoption of IFRS 16. Underlying EBITDA adjusts IFRS EBITDA for exceptionals and rent expenses. In the financial statements for the year ended 31 December 2019, Basic-Fit reported based on adjusted EBITDA. As of 2020, underlying EBITDA is used as alternative performance measure. Comparative figures have been restated.

Segment disclosure

The CODM of Basic-Fit primarily uses underlying EBITDA as alternative performance measure to monitor operating segment results and performance. Total revenues and underlying EBITDA per reporting segment are as follows:

			2020
	Benelux	France & Spain	Total
Revenues	**206,035**	**170,776**	**376,811**
Underlying EBITDA segments	83,683	37,482	121,165
Other reconciling items			(27,399)
Total underlying EBITDA			93,766

Reconciliation of underlying EBITDA to profit before tax:

Underlying EBITDA	93,766
Depreciation, amortisation and impairment charges	(260,593)
Finance costs – net	(45,942)
Invoiced rent	140,301
COVID-19 rent credit	11,198
Exceptional items:	
- COVID-19 related costs	(101,801)
- Other exceptional costs and profits	(1,043)
Loss before tax	**(164,114)**

			2019
	Benelux	France & Spain	Total
Revenues	**292,010**	**223,149**	**515,159**
Underlying EBITDA segments	118,847	61,659	180,506
Other reconciling items			(29,210)
Total underlying EBITDA			151,296

Reconciliation of underlying EBITDA to profit before tax:

Underlying EBITDA	151,296
Depreciation, amortisation and impairment charges	(211,926)
Finance costs – net	(37,446)
Invoiced rent	115,049
Exceptional items:	
- Other exceptional costs and profits	(532)
Profit before tax	**16,441**

COVID-19 related exceptional costs include personnel, housing and other costs, to the extent that Basic-Fit did not receive government compensation during the time that clubs were closed.

Entity-wide information

The Group operates in five countries. Note 3.2 'Revenue' contains a breakdown of the revenues of these countries, as well as those of the Netherlands, the Group's country of domicile. Furthermore, there are no customers that account for 10% or more of revenue in any year presented.

A breakdown of the non-current assets is as follows:

	2020	2019
The Netherlands (country of domicile)	550,389	490,511
Belgium	383,535	374,067
Luxembourg	36,019	38,858
France	1,040,436	888,515
Spain	93,305	77,237
Total	**2,103,684**	**1,869,188**

Non-current assets for this purpose consist of property, plant and equipment, right-of-use assets, goodwill and other intangible assets. The additions to non-current assets (Segment Benelux €144 million, Segment France and Spain €291 million) are directly related to the investments in new club openings and acquisitions in 2020.

3.2 Revenue

With reference to note 2.1, it is noted that COVID-19 had significant impact on the revenues for 2020. As described in that note, memberships were 'frozen' for several months. This 'freeze' means that a membership is put on hold and is not direct debited. For memberships that are within the non-cancellable membership period, the 'freeze period' is added to the remaining membership duration. After the 'freeze period', members are debited again.

For the period that membership dues were received but the clubs were closed, Basic-Fit offered several compensation options. The options that members could choose included an upgrade to a Premium membership, free sportswater add-on, the return of fees paid as a discount over six payment periods, a goodie bag and no pay-back of membership fees. Part of the members did not inform Basic-Fit before the reporting date which option they prefer.

Depending on the compensation option chosen and in line with the Group's accounting policy, Basic-Fit only recognises revenues during the period that the clubs are closed for the access that members have to the online Basic-Fit platform via the app and, if applicable, for the value of the goodie bag at the moment the goodiebag is handed over to the member. Such revenue is only recognised regarding members who have to make future payments. Hence, only revenue is recognised during the 'freeze' period regarding members who are inside the non-cancellable membership period.

In prior year, the membership fees were recognised including the use of the Basic-Fit app as visiting the clubs and using the app occurred in the same period. Due to the club closings, there were periods in which the app could be used, but the clubs not visited. Therefore, Basic-Fit determined a standalone selling price of the app, taking into account the price of the Basic-Fit app in 2018 when the app was sold separately and the price of competing apps in 2020.

With regard to the members who did not inform Basic-Fit before the reporting date about the compensation option they prefer, Basic-Fit does not know whether they have to offer one of the compensation options. Recognising revenue regarding these members could result in a reversal in the amount of cumulative revenue recognised when it becomes clear which option these members prefer. Given the uncertainty, Basic-Fit decided not to recognise revenue regarding these customers with respect to the compensation options in 2020.

Disaggregation of revenue

In the following table, revenue is disaggregated by revenue type, by country and based on the timing of revenue recognition:

	2020	2019
Type of goods or service		
Fitness revenue	367,244	501,378
Other revenue	9,567	13,781
Total	**376,811**	**515,159**

Geographical markets		
The Netherlands	105,991	140,874
Belgium	91,762	139,893
Luxembourg	8,282	11,243
France	154,481	199,449
Spain	16,295	23,700
Total	**376,811**	**515,159**

Timing of revenue recognition		
Products and services transferred over time	356,218	492,863
Products transferred at a point in time	20,593	22,296
Total	**376,811**	**515,159**

Other revenue primarily relates to revenue from personal trainer services, day passes, rental income and revenue from sales via the online store and vending machines.

Contract balances and remaining performance period

The following table provides information about receivables and deferred revenues from contracts with customers:

As at 31 December	2020	2019
Receivables, which are included in 'Trade and other receivables'	16,022	15,721
Deferred revenues, which are included in 'Trade and other payables'	46,570	26,990

The receivables relate to amounts due from customers for services performed in past period(s), less any provision for bad debts. Basic-Fit receives considerations before revenues are recognised (e.g. joining fees), but also recognises revenues before considerations are received (e.g. access to the Basic-Fit app during a 'freeze' period). A combination per member of joining fees, access to the app and other timing differences between receipts and revenue recognition is possible. The deferred revenues represent the net effect of these timing differences. The increase in deferred revenue occurred because Basic-Fit initially continued to direct debit its members during the second lockdown at the end of 2020. As compensation options are offered to members, these amounts are included in deferred revenues as far as they relate to performance obligations in 2021.

All remaining performance obligations are expected to be recognised within one year.

Accounting policy

The Group's principal sources of revenue are membership services, principally fitness club memberships, including joining fees and add-ons for drinks and/or live group lessons. In addition, within the Basic-Fit clubs, additional services are provided by external parties (e.g. personal trainers, physiotherapists), who pay a monthly fee to obtain access to the club and the members, and these are accounted for under other revenues. Other revenues also include revenues related to the sale of day passes and revenues related to the sale of nutritional products and drinks within the club by a third party. Under this full-service vending construction, the Group receives a percentage of the revenue generated by the vending machines. These amounts are shown as revenues for the Group in its income statement. Revenues are measured at the fair value of the consideration received or receivable and represent amounts receivable for goods supplied and services rendered, stated net of discounts, returns and value added taxes. The Group recognises revenues when the amount of revenues can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

Sales of services

The Group provides fitness club services for its customers. For sales of services, revenue is recognised in the accounting period in which the services are rendered (over the contract term). Delivery of fitness club services extends throughout the term of membership.

Joining fees are recognised over the contract period for one-year contracts and over the expected duration of the membership ('average length of stay') for 'Flex contracts' (contracts that can be cancelled every month).

Membership fees collected but not earned are included in deferred revenue. The Group's promotional offers often include a discount granting a free period (e.g. current month free or next month free), waiving of the joining fee (fully or partly), granting a promotional item, or a combination of these three. The member's payment will be based on the applicable promotion, but the monthly revenue is determined for the entire contract period by taking into consideration the discounts granted that are allocated using relative amounts. In addition, Basic-Fit may recognise revenue regarding access to the Basic-Fit app during a freeze period before membership fees are collected. A combination per member of these timing differences between receipt and revenue recognition is possible. The deferred revenues represent the net effect of these timing differences.

All compensation options offered to members (with continued access to Basic-Fit's online platform) are considered a contract modification in the light of IFRS 15. The modification is treated as a termination of the existing contract and the creation of a new contract. As a result, revenue recognised to date on the original contracts is not adjusted. Instead, the remaining portion of the original contracts and the modification are accounted for, together, on a prospective basis by allocating the remaining considerations to the remaining performance obligations, including those added in the modification.

Sales of goods

In the fitness clubs, the Group sells nutritional and other fitness-related products, such as beverages. Sales of these products are recognised when the products are sold to the customer.

Significant estimates

Significant revenue recognition estimates relate to the value that is allocated to the use of the online platform for the period that memberships were frozen (and not charged) and the accounting treatment of those members who have not explicitly chosen a compensation option at year end 2020.

3.3 Cost of consumables used

	2020	2019
Cost of food and drink	(4,363)	(6,765)
Other cost of sales	(10,093)	(7,576)
Total	**(14,456)**	**(14,341)**

Other cost of sales consist primarily of sports apparel and other goods that are sold to members and/or via the online store.

3.4 Employee benefits expense

Employee benefits can be broken down as follows:

	2020	2019
Salaries and wages (including share-based payments)	(59,471)	(71,863)
Social security contributions	(15,454)	(16,194)
Pension costs – defined contribution plans	(1,482)	(1,275)
Total	**(76,407)**	**(89,332)**

Salaries and wages and social security contributions include €28.2 million respectively €885 thousand in government grants received as further disclosed in note 3.10

In the year under review, the average number of employees calculated on a full-time equivalent basis was 2,980 (2019: 2,303).

	2020	2019
Benelux	1,588	1,402
France & Spain	1,392	901
Total	**2,980**	**2,303**
Club	2,524	1,922
Headquarters	456	381
Total	**2,980**	**2,303**

Accounting policy

Salaries, wages and social security contributions are charged to the income statement based on the terms of employment, where they are due to employees and the tax authorities respectively.

The Group operates a number of defined contribution pension plans. A defined contribution plan is a pension plan under which the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

3.5 Share-based payments

The Company has equity-settled share-based payment plans for members of the Management Board and certain employees as part of their remuneration. As from 2017, performance shares are awarded on an annual basis under the long-term incentive plan (LTIP).

The performance shares awarded in 2017 vested in June 2020. The performance shares awarded in 2018, 2019 and 2020 under the LTIP will vest three years after the award date, subject to continued employment and based on achievement of a target revenue growth per annum and a target debt / EBITDA ratio over the three-year performance period 2018-2020, 2019-2021 and 2020-2022 respectively. Linear vesting applies between threshold (50%), target (100%) and maximum (150%) vesting levels.

When a particular participant's employment is terminated, unvested awards will be forfeited. The unvested awards do not entitle the participant to any share ownership rights, such as the right to receive dividends and voting rights.
Ordinary shares released to the members of the Management Board after vesting of awards are subject to a mandatory

holding period of five years from the award date, provided that a sufficient number of such ordinary shares can be sold to cover any taxes due upon vesting.

Details of the number of share awards outstanding are as follows:

	2020	2019
At 1 January	211,827	206,368
Awarded during the year	120,589	53,933
Performance adjustment	23,427	1,522
Exercised during the year	(117,125)	(49,996)
Forfeited during the year	(10,646)	-
At 31 December	**228,072**	**211,827**

The fair value of the performance shares awarded in 2020 and 2019 has been determined with reference to the share price of the Company's ordinary shares at the date of granting. Since dividends are not expected during the vesting period, the weighted average fair value of the performance shares awarded in 2020 and 2019 is equal to the share price at the date of granting of €15.33 (2019: €30.25).

The awards for 2020 were granted under the specific reservation that the award and its vesting could be subject to limitations if government requirements related to for example government subsidies require these limitations to be applied by the Company and it is essential and necessary or mandatory for the Company to apply for these government subsidies. As a consequence, the years 2020 and 2021 will be disregarded for the calculation and the maximum number of shares that is expected to in 2023 is limited to 33.33% of the achieved performance range for that year.

The share-based payment expenses recognised in 2020, with a corresponding entry directly in equity, amount to €167 thousand (2019: €2.0 million).

As from 2018, the Company applies the exception introduced by the amendments to IFRS 2 and is now settling the share-based payment plans on a net basis by withholding the number of shares with a fair value equal to the monetary value of the employee's tax obligation (2020: €1.3 million) and only issuing the remaining shares on completion of the vesting period. The Group expects to withhold an amount of €1.6 million and pay this to the relevant taxation authorities with respect to the vesting of outstanding share-based payment awards, with €0.7 million of this within one year.

Accounting policy

The Group has a number of equity-settled share-based payment plans, under which the Management Board members and selected eligible employees perform services in exchange for equity instruments of the Company.

The total amount to be expensed for services performed is determined by reference to the grant date fair value of the share-based payment awards made, including the impact of any non-vesting conditions and market conditions. The fair value determined at the grant date is expensed on a straight-line basis over the three-year vesting period, based on the Group's estimate of the number of awards that will eventually vest, with a corresponding credit to equity.

If applicable, the difference between the amount based on the estimated number of shares awarded and the amount based on the actual number of shares awarded that vest is recognised in the consolidated statement of profit or loss in the financial year in which the shares awarded vest.

Service conditions and non-market performance conditions are taken into account in the number of awards expected to vest. At each reporting date, the Group revises its estimates of the number of awards that are expected to vest. The impact of the revision of vesting estimates, if any, is recognised in the consolidated statement of profit or loss for the period.

3.6 Depreciation, amortisation and impairment charges

	2020	2019
Depreciation of property, plant and equipment	(114,437)	(91,037)
Depreciation of right-of-use assets	(129,027)	(106,072)
Amortisation of other intangible assets	(15,792)	(13,607)
Impairment of property, plant and equipment	(1,316)	(1,210)
Impairment of right-of-use assets	(21)	-
Total	**(260,593)**	**(211,926)**

Accounting policy

Reference is made to note 4.2 'Other intangible assets', note 4.3 'Property, plant and equipment' and note 4.4 'Right-of-use assets and lease liabilities'.

3.7 Other operating income

	2020	2019
Net gain on disposal of property, plant and equipment and right-of-use assets	976	707
Insurance reimbursements	763	1,780
Termination fees lease contracts	1,280	180
Other operating income	725	709
Total	**3,744**	**3,376**

Other operating income includes €200 thousand government grants as further disclosed in note 3.10.

Accounting policy

Operating income that cannot be allocated to revenues as described in note 3.2 is recognised as other operating income.

3.8 Other operating expenses

	2020	2019
Other personnel expenses	(14,044)	(18,854)
Housing expenses	(82,021)	(74,031)
Net marketing expenses	(16,326)	(20,511)
Write-off of bad debts, incl. collection agency costs	(16,536)	(10,925)
Short-term and low-value lease expenses and other lease adjustments	(1,768)	(1,073)
Other car expenses	(850)	(821)
Overhead and administrative expenses	(26,924)	(22,834)
Total	**(158,469)**	**(149,049)**

Housing expenses include €544 thousand in government grants received as further disclosed in note 3.10.

Accounting policy

Expenses arising from the Group's business operations are accounted for in the year incurred.

Marketing expenses arising from the Group's business operations are accounted for in the year incurred. The Group receives marketing contributions from its main suppliers of fitness equipment based on separate marketing contribution agreements that are unrelated to the purchase of fitness equipment from these suppliers, and therefore qualify as distinct services. The amount of the contribution is determined between the Group and the relevant suppliers by evaluating the joint marketing efforts. The Group recognises these contributions as a reduction against the marketing expenses in the income statement, as these are reimbursements for joint marketing costs incurred by the Group.

3.9 Income tax and deferred income tax

Income tax

The major components of income tax expense for the years 2020 and 2019 are:

Consolidated statement of comprehensive income	**2020**	**2019**
Consolidated statement of profit or loss		
Current income tax:		
Current income tax charge	1,633	(7,788)
	1,633	**(7,788)**
Deferred income tax:		
Change in deferred tax asset for carry forward losses available for offsetting against future taxable income	33,606	(312)
Changes in other deferred tax assets and liabilities recognised in profit or loss	3,687	2,707
	37,293	**2,395**
Total income tax	**38,926**	**(5,393)**

One of the measures taken by the Dutch Government - in response to cash flow challenges faced by companies during the COVID-19 pandemic - was the possibility for eligible companies to recognise expected 2020 losses in the 2019 corporate income tax return, up to a maximum of the profit for the year 2019. This relief had a positive impact of €3.5 million on the cash flows in 2020.

Amounts recognised directly in equity

All aggregate current and deferred tax arising in the reporting period has been recognised in either the net profit or loss, or, if applicable, other comprehensive income. In addition, an amount of €450 thousand in deferred taxes has been directly credited to equity relating to incremental costs directly attributable to the newly-issued shares, amounting to €1.8 million.

Effective income tax reconciliation

The effective income tax amount on the Group's profit before tax differs from the statutory income tax amount that would arise using the applicable statutory income tax rate. This difference is reconciled below.

	2020	%	2019	%
Profit (loss) before income tax expense	(164,114)		16,441	
Income tax expense based on Basic-Fit's domestic rate	**41,028**	**25.0%**	**(4,110)**	**25.0%**
Effects of tax rates in foreign jurisdictions	75	-	(262)	1.6%
Adjustments in respect of prior years' current taxes	270	0.2%	7	-
Remeasurement of deferred tax assets and liabilities	(157)	(0.1)%	(74)	0.5%
Impact CVAE Tax France	(1,493)	(0.9)%	(1,500)	9.1%
Future tax rate adjustments	(446)	(0.3)%	(284)	1.7%
Recognition of previously unrecognised deferred tax assets and liabilities	-	-	1,250	(7.6)%
Tax losses for which no deferred tax asset was recognised	-	-	(4)	-
Adjustments in respect of tax incentives	119	0.1%	336	(2.0)%
Non-deductible expenses for tax purposes:				
Share-based payments	(42)	-	(495)	3.0%
Other non-deductible expenses	(428)	(0.3)%	(257)	1.6%
At the effective income tax rate	**38,926**	**23.7%**	**(5,393)**	**32.8%**

Income tax expense based on Basic-Fit's domestic rate

The income tax expense based on Basic-Fit's domestic rate is based on the Dutch statutory income tax rate (25%). It reflects the income tax expense that would have been applicable assuming that all of income is taxable against the Dutch statutory tax rate and there were no permanent differences between taxable base and financial results and no Dutch tax incentives were applied.

Effects of tax rates in foreign jurisdictions

This reflects that a portion of Basic-Fit's result is realised in countries other than the Netherlands where different tax rates are applicable.

Adjustments in respect of prior years' current taxes

The movements in the adjustments in respect of prior years' current taxes years 2019 and 2020 are considered to be limited. The adjustments relate to differences between the estimated income taxes and final corporate income tax returns.

Remeasurement of deferred tax assets and liabilities

The remeasurements of deferred tax assets and liabilities are considered to be limited. The adjustments relate to differences between the initially estimated income taxes and final corporate income tax returns and to adjustments in deferred tax assets and liabilities calculated at future tax rates, while the effective tax rate is calculated at the current tax rate.

Impact CVAE Tax France

CVAE ('Cotisation sur la Valeur Ajoutée des Entreprises') is a corporate value added contribution in France that meets, based on the Group's analysis, the definition of an income tax as established under IAS 12. The current income tax charge includes an amount of €2,074 thousand (2019: €2,173 thousand) related to CVAE tax in France. As the CVAE tax is deductible for French corporate income tax calculation, the net impact as reflected in the effective tax reconciliation is €1,493 thousand (2019: €1,500 thousand)

Future tax rate adjustments

As a result of tax reforms in the Netherlands and Luxembourg in the reported periods, Basic-Fit remeasured deferred tax assets and liabilities. Tax reform plans are taken into account as soon as the plans are substantively enacted. In December 2020, the Dutch government changed the gradual reduction of the corporate income tax rates that was enacted in December 2019. Under the new updated legislation, the tax rate will not be reduced to 21.7% but will remain at 25%.

Recognition of previously unrecognised deferred tax assets and liabilities

The deferred income tax in 2019 includes an amount of €1.25 million related to the recognition of loss carry-forwards of Basic-Fit Spain S.A. that were previously not recognised. Reference is made to the disclosure related to tax losses at the end of this chapter for further information about loss carry-forwards of Basic-Fit Spain S.A.

Tax losses for which no deferred tax asset was recognised
The tax losses for which no deferred tax asset was recognised are considered to be very limited. These limited losses relate to the intermediate holding companies in Luxembourg and France.

Adjustments in respect of tax incentives
Adjustments in respect of tax incentives mainly relate to (energy) investment allowances in the Netherlands and Luxembourg and to the participation exemption in the Netherlands. Furthermore, this item includes the stepped tax that is applicable in some countries where a certain threshold is taxable at a lower tax rate than the remaining result.

Non-deductible expenses for tax purposes
Non-tax deductible expenses for tax purposes reflect the impact of permanent non-tax deductible items such as share-based payment expenses and other non-deductible or partly deductible expenses, such as meals and entertainment expenses.

Deferred taxes
Deferred taxes relate to the following:

	Consolidated statement of financial position at 31 December		Consolidated statement of comprehensive income	
	2020	**2019**	**2020**	**2019**
Losses available for offsetting against future taxable income	41,864	7,808	33,606	(312)
Tax incentives (investment allowance)	646	606	40	(32)
Purchase price allocation	(7,956)	(10,208)	2,252	2,579
Goodwill amortisation for tax purposes	(9,778)	(7,826)	(1,952)	(1,456)
Leases	12,632	9,243	3,389	2,273
Valuation of property, plant and equipment	1,149	1,437	(288)	(652)
Timing of expense recognition	(25)	(116)	91	(714)
Derivative financial instruments	864	709	155	709
Deferred tax benefit/(expense)			**37,293**	**2,395**
Net deferred tax assets/(liabilities)	**39,396**	**1,653**		

Reflected in the statement of comprehensive income as follows:

Statement of profit or loss	37,293	2,395
Statement of other comprehensive income	-	-
Total	**37,293**	**2,395**

After netting deferred tax assets and deferred tax liabilities within the same tax entity for an amount of €12.0 million (2019: €7.6 million), these positions are as follows:

	2020	**2019**
Deferred tax assets	45,530	12,623
Deferred tax liabilities	(6,134)	(10,970)
Net deferred tax assets (liabilities)	**39,396**	**1,653**

The following table presents the expected timing of reversal of deferred tax assets and liabilities:

	2020	2019
To be recovered within 12 months	587	(248)
To be recovered after more than 12 months	38,809	1,901
Total	**39,396**	**1,653**

The gross movement on the deferred income tax account is as follows:

	2020	2019
Opening balance as at 1 January	1,653	(460)
Income tax benefit during the period recognised in profit or loss	37,293	2,395
Deferred taxes acquired in business combinations	-	(282)
Deferred taxes recognised directly in equity	450	-
Closing balance as at 31 December	**39,396**	**1,653**

Tax losses

At 31 December 2020, Basic-Fit recognised €41.3 million (2019: €7.8 million) deferred tax assets for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies. In evaluating whether it is probable that sufficient taxable income will be generated to realise the benefit of these deferred income tax assets, the Group considered all available evidence, including forecasts, business plans and appropriate tax planning measures.

Deferred tax assets have been recognised for all loss carry-forwards of the tax jurisdictions HealthCity België N.V., Basic Fit II S.A. and the fiscal unity in the Netherlands consisting of Basic-Fit N.V., Basic Fit International B.V., Basic Fit Nederland B.V. and BF Developments. Based on the budget for 2021 onwards and with reference to the assumptions and significant judgments as described above and in the going concern disclosure in note 2.2, it is considered more likely than not that these entities are able to offset the loss carry-forwards in the coming six years. In assessing whether it is probable that sufficient future taxable profits will be available, it is considered that the entities have a track record of positive results in the past years. Furthermore it is noted that most of the losses are due to an identifiable non-recurring event, namely the COVID-19 pandemic.

Furthermore, deferred tax assets have been recognised for part of the loss carry-forwards of Basic-Fit Spain S.A. Most of the loss carry-forwards of Basic-Fit Spain S.A. were incurred in the period before the company started operating under the Basic-Fit brand (by the end of 2013, with 17 clubs). Based on the budget for 2021 onwards and with reference to the paragraphs above and the going concern disclosure in note 2.2, the Group expects to be able to offset at least part of the losses against taxable profits in the coming years. In assessing whether it is probable that sufficient future taxable profits will be available, it is considered that Basic-Fit Spain S.A. has a track record of positive results in the past years. A deferred tax asset is recognised for the expected recovery of losses in the coming eight years. Basic-Fit will evaluate from year to year whether to recognise more of the currently unrecognised loss carry-forwards related to Basic-Fit Spain S.A., which will result in a higher deferred tax asset. Such recognition of a deferred tax asset will result in lower (deferred) income tax in the consolidated statement of profit or loss and therefore higher profit in the year of recognition.

In total, no deferred tax assets have been recognised for gross loss carry-forwards amounting to €43.2 million (2019: €43.2 million), mainly related to Basic-Fit Spain S.A. There are no restrictions on the expiration of these loss carry-forwards.

Accounting policy

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction adjusted for changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.
Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Nor is the deferred income tax accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and at the time of the transaction does not give rise to equal amounts of taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted, or substantially enacted, by the end of the reporting period, and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for unused tax losses, deductible temporary tax differences, and tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on either the taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

Significant estimates

The Group is subject to income taxes in the Netherlands and a number of other jurisdictions. Judgment is required to determine current tax expenses, uncertain tax positions, deferred tax assets and deferred tax liabilities, plus the extent to which deferred tax assets can be recognised. Estimates are based on forecast future taxable income and tax planning strategies. The utilisation of deferred tax assets is dependent on future taxable profit in excess of the profit arising from the reversal of existing taxable temporary differences. The recognition of deferred tax assets is based on the assessment of whether it is more likely than not that sufficient taxable profit will be available in the future to utilise the reversal of temporary differences and tax losses. Recognition of deferred tax assets involves judgment regarding the future financial performance of the particular legal entity or tax group that has recognised the deferred tax asset.

3.10 Government grants

Wage subsidy programmes

In response to the COVID-19 pandemic, the governments of the Netherlands, Belgium, France and Spain introduced wage subsidy programmes for companies that had to shut (part of) their operations.

In the Netherlands, eligible companies could apply for a subsidy that compensated part of the salary costs based on the percentual drop in revenues. In France, eligible companies could apply for a subsidy in an amount of up to 70% of each employee’s salary, to enable companies to continue paying monthly salaries to employees who were partly unemployed. In Belgium and Spain, the government directly assumed salary expenses and payments for eligible employees. This compensated for (part of) salaries and/or social security charges of the employees affected. These programmes are accounted for in accordance with IAS 20 ‘Accounting for Government Grants and Disclosure of Government Assistance’ and reduced salaries and wages, as disclosed in note 3.4 'Employee benefits expense', by €28.2 million in 2020.

Furthermore, Basic-Fit received €885 thousand in compensation for social charges as part of support programmes introduced by the Belgian government. This compensation reduced social security contributions as disclosed in note 3.4 'Employee benefits expense'.

General state aid France

In March 2020, the French government offered a financial rescue package for small companies in response to the outbreak of the COVID-19 pandemic. At the end of 2020, the French government decided to extend the support to larger companies, with a maximum of €200 thousand per company. As a result, Basic-Fit is entitled to receive €200 thousand, which is recognised as Other operating income (note 3.7 'Other operating income').

Discounts on and/or deferral of payment of taxes outside the scope of IAS 12

In response to challenges faced by companies during the COVID-19 pandemic, governments have implemented various stimulus packages to provide some relief to companies.

In the year under review, Basic-Fit received discounts on local (mainly property-related) taxes. These discounts reduced other operating expenses, as disclosed in note 3.8 'Other operating expenses', by €544 thousand in 2020.

In addition, government measures also relate to the postponement of payments to national and local governments (such as payroll tax, value added tax, property taxes and social security charges) into future periods. Basic-Fit benefitted from these measures in 2020. The deferral total amount of these measures had a positive impact of €3.5 million on cash flows in 2020. This amount is excluding the €3.5 million impact on cash flows as described in the first paragraph of note 3.9 'Income tax and deferred income tax'.

Accounting policy

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Government grants that are receivable as compensation for expenses or losses that have already been incurred, or for the purpose of giving immediate financial support to the Group with no related future costs, are recognised as other operating income in the period in which the grants become receivable.

Section 4: Non-current assets and investments

This section discloses the group's non-current assets, including leased assets and the related lease liabilities and investments made during the year either through separate asset acquisitions or business combinations.

4.1 Goodwill

The movement in goodwill during the years was as follows:

	2020	2019
As at 1 January	202,634	187,351
Acquired through business combinations	970	15,283
As at 31 December	203,604	202,634
Accumulated impairment at 31 December	-	-

Impairment testing for CGUs containing goodwill

Goodwill acquired through business combinations is allocated to and monitored on the level of the five cash-generating units (CGUs) as follows:

	2020	2019
The Netherlands	102,782	101,812
Belgium	83,425	83,425
Luxembourg	12,595	12,595
France	1,607	1,607
Spain	3,195	3,195
Total	203,604	202,634

As disclosed in note 2.1, in 2020 Basic-Fit's operations were severely affected by the COVID-19 pandemic and the measures taken to contain it. These measures, which included a lockdown period of approximately three months, constituted a triggering event leading to an impairment test in the interim condensed financial statements for the six months ended 30 June 2020. That interim impairment test did not result in any impairment.

The assumptions used in performing the 2020 interim impairment test were updated to reflect lower budgeted earnings before interest, tax, depreciation and amortisation (EBITDA) in the forecast period and a delay in the return to the pre-crisis levels of turnover and profitability. It is challenging to predict the full extent and duration of the COVID-19 pandemic's impact on Basic-Fit's operations.

Until 2019, the recoverable amount was determined based on value-in-use calculations. As of 2020, the recoverable amount of each CGU was based on its fair value less costs of disposal (FVLCD), which is higher than the CGU's value in use.

FVLCD was estimated in 2020 using a discounted cash flow (DCF) analysis applying the expected cash flow approach. For this approach, management prepared two scenarios instead of a single cash flow scenario:

- The "growth scenario" is based the assumption that the Group almost doubles in the number of clubs in the forecast period 2021-2025. Given the track record of the Group (from 338 to 905 clubs in the period 2015-2020) and Basic-Fit's growth ambitions, management considers this as the most realistic scenario. In this scenario, EBITDA-margins of all clubs, including those to be opened as of 2021, grow to slightly above the EBITDA margins that are already realised in the currently mature clubs (before the impact of COVID-19) as a result of synergies on overhead and marketing costs.
- The "consolidation scenario" is based on the assumption that the Group stops opening new clubs as of 2021. In this scenario, clubs opened in 2019 and 2020 mature and EBITDA margins for all clubs grow to stable levels that are already realised in the currently mature clubs (before the impact of COVID-19).

While many scenarios and probabilities may exist, management ultimately believes that these two scenarios reflect a representative range of possible outcomes. The calculations for these cash flow projections are based on financial budgets and business plans prepared by management and approved by the board of directors. The budgets and business plans are updated to reflect the most recent developments as at the reporting date. Management's expectations reflect performance to reporting date and are based on its experience in times of recession and consistent with the assumptions that a market participant would make.

Based on the calculated recoverable amounts in the 2020 impairment test of the "growth scenario", there is significant headroom for all CGUs (more than 100% of the total carrying amount). The sensitivity analysis conducted does not indicate that a reasonably possible change in the key assumptions on which the Group has based its determination of the recoverable amounts would result in impairment.

Although the "consolidation scenario" is considered to be less likely than the "growth scenario", Basic-Fit also tested for impairment based on a scenario that the Group does not open any clubs as of 2021, meaning that the total number of clubs remains stable at 905. Also in this more conservative scenario, there is ample headroom, varying from more than 30% for CGU Spain up to more than 100% for all other CGUs. Even a sensitivity analysis conducted does not indicate that a reasonably possible change in the key assumptions on which the Group has based its determination of the recoverable amounts of the "consolidation scenario" would result in any impairment.

Accounting policy

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but 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. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

The Group tests goodwill and other applicable assets for impairment annually in December, or whenever management identifies conditions that may indicate a risk of impairment, by comparing their recoverable amount with their carrying amount.

Goodwill is allocated to CGUs for the purpose of impairment testing. The goodwill is allocated to those CGUs, or groups of CGUs, that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes. Management monitors goodwill on a country basis. Therefore, goodwill has been allocated to the Netherlands, Belgium, Luxembourg, France and Spain. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount and is recognised immediately in the income statement. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. In estimating the recoverable amount, management is required to make an estimate of the expected future cash flows from the cash-generating unit in the forecasted period and also to determine a suitable discount rate in order to calculate the present value of those cash flows. Such estimates are subject to a certain degree of judgment and uncertainty. Impairments to goodwill are not subsequently reversed.

Reference is also made to note 4.5 Business combinations.

Significant estimates

Calculation of the recoverable amount

The recoverable amount as at 31 December 2020 was determined based on fair value less cost of disposal calculations, using cash flow projections based on the financial forecast approved by management, covering a five-year period (2021-2025). These cash flow projections includes both existing clubs and new club openings. The pre-tax discount rates applied to the cash flow projections are shown in the table below.

Cash flows beyond the five-year period are extrapolated using a terminal growth rate of 0.5% for all CGUs, which is the estimated long-term average growth rate in the industry.

Pre-tax WACC discount rate	Netherlands	Belgium	Luxembourg	France	Spain
Year ended 31 December 2020	9.1%	9.7%	9.2%	9.5%	10.5%

The recoverable amount as at 31 December 2019 was determined based on value-in-use calculations, using cash flow projections based on financial budgets approved by management, covering a five-year period. These cash flow projections only include existing clubs and do not take into account any new club openings. The pre-tax discount rates applied to the cash flow projections are shown in the table below. Cash flows beyond the five-year period are extrapolated using a terminal growth rate of 0.5% for all CGUs, which is the estimated long-term average growth rate in the industry.

Pre-tax WACC discount rate	Netherlands	Belgium	Luxembourg	France	Spain
Year ended 31 December 2019	7.6%	8.7%	7.9%	8.5%	9.9%

Key assumptions used

The input to the group's key assumptions include those that are based on non-observable market data (level 3 input in accordance with IFRS 13).
The calculations of fair value less cost of disposal for the CGUs are most sensitive to the following assumptions:

- Terminal growth rate;
- Discount rates;
- Revenue growth; and
- EBITDA margin improvement.

Terminal growth rate - The terminal growth rate is based on management's expectations of market development and industry expectations.

Discount rates - The post-tax rates used to discount the projected cash flows reflect specific risks relating to relevant CGUs, based on market data in which both the cost of equity and cost of debt are derived on the basis of a peer group of companies operating in the same industry as Basic-Fit.

Revenue growth – The revenue growth in 2021 compared to 2020 is strongly depending on the exact timing of the opening of fitness clubs, as allowed by governments. Revenue growth up to 2022 is highly impact by the fact that the revenues in 2020 and 2021 are reduced as a result of membership freezes in reaction to the club closures. As of 2023, revenues are expected to grow with approximately 12% per year for CGUs the Netherlands, Belgium and Luxembourg, 31% for CGU France and 45% for CGU Spain in the "growth scenario". In the "consolidation scenario", revenues for all CGUs combined are expected to grow 4.8% in 2023, 2.8% in 2024 and 2.3% in 2025.

The growth rates are based on management's historical experience of membership developments taking into consideration the maturity of existing clubs. After the forecast period, revenues are expected to increase by 0.5% annually.

EBITDA margin improvement – The cash flow projections assume long term EBITDA margins in line with those are already realised in the currently mature clubs (before the impact of COVID-19), with an increase as a result of synergies on overhead and marketing in the "growth scenario".

4.2 Other intangible assets

The movement in other intangible assets during the years was as follows:

	Trademark	Customer relationships	Other intangible assets	Total
As at 1 January 2019				
Cost	44,918	58,498	14,037	117,453
Accumulated impairments and amortisation	(11,230)	(40,077)	(8,461)	(59,768)
Net book value	**33,688**	**18,421**	**5,576**	**57,685**
Year ended 31 December 2019				
Opening net book value	33,688	18,421	5,576	57,685
Additions	-	-	5,580	5,580
Acquired through business combinations	-	4,527	-	4,527
Cost of disposals	-	-	(49)	(49)
Amortisation for the year	(2,246)	(9,165)	(2,196)	(13,607)
Accumulated depreciation of disposals	-	-	44	44
Closing net book value	**31,442**	**13,783**	**8,955**	**54,180**
As at 31 December 2019				
Cost	44,918	63,025	19,568	127,511
Accumulated impairments and amortisation	(13,476)	(49,242)	(10,613)	(73,331)
Net book value	**31,442**	**13,783**	**8,955**	**54,180**
Year ended 31 December 2020				
Opening net book value	31,442	13,783	8,955	54,180
Additions	-	-	9,770	9,770
Acquired through business combinations	-	491	-	491
Cost of disposals	-	-	(38)	(38)
Amortisation for the year	(2,246)	(9,685)	(3,861)	(15,792)
Accumulated depreciation of disposals	-	-	38	38
Closing net book value	**29,196**	**4,589**	**14,864**	**48,649**
As at 31 December 2020				
Cost	44,918	63,516	29,300	137,734
Accumulated impairments and amortisation	(15,722)	(58,927)	(14,436)	(89,085)
Net book value	**29,196**	**4,589**	**14,864**	**48,649**

Accounting policy

Customer relationships and brand name

Customer relationships and brand names acquired in a business combination are recognised at fair value at the acquisition date. Separately acquired customer relationships and brand names are recognised at historical cost. Customer relationships and brand names have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses. Brand names are amortised on a straight line basis over their estimated useful life of 20 years. For customer relationships amortisation is calculated based on the pattern of economic benefits that Basic-Fit obtains from these customer relationships. If such pattern cannot be reliably estimated the amortisation is calculated using the straight-line method over their estimated useful lives of 7-8 years.

Other intangible assets

Other intangible assets are mostly software-related and are measured at cost on initial recognition. Following initial recognition, other intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the statement of profit or loss when incurred.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

The useful lives of intangible assets are assessed as either finite or indefinite. The Group has assessed the remaining useful life to be finite for all recognised other intangible assets.

Other intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category consistent with the function of the intangible assets.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which do not exceed five years.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Other intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows, which are largely independent of the cash inflows from other assets or groups of assets (CGUs).Other intangible assets are tested for impairment as part of the CGUs and as further disclosed in note 4.1 'Goodwill'.

Non-financial assets other than goodwill that have suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Significant estimates

Impairment testing

The Group determines whether other intangibles assets, as well as property, plant and equipment and right-of-use assets are impaired whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. This requires an estimation of the recoverable amount of the relevant CGU. The recoverable amount is the higher of fair value less costs of disposal and value in use. For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows, known as CGUs.

Impairment testing is an area involving management judgment, requiring assessment as to whether the carrying amount of assets can be supported by the net present value of future cash flows derived from such assets, using cash flow projections that have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions need to be made in respect of highly uncertain matters. Furthermore, for impairment testing, reference is made to note 4.1 Goodwill.

No impairment charge has been recorded for other intangible assets in either period presented.

Useful lives

The useful lives and residual values of the Group's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. Estimated useful economic lives of property, plant and equipment, and intangibles are based on management's judgment and experience. The depreciation or amortisation charge is adjusted prospectively when management ascertains that the actual useful life differs materially from the estimates used to calculate depreciation and amortisation. Due to the significance of capital investment, variations between actual and estimated useful lives could impact operating results both positively and negatively.

The useful life used to amortise intangible assets relates to the expected future performance of the assets acquired and management's judgment for the period over which economic benefit will be derived from the asset.

Changes in useful lives and residual values did not result in any material changes to the Group's deprecation or amortisation charge in 2020.

4.3 Property, plant and equipment

The movement in property, plant and equipment during the years was as follows:

	Land and building	Building improvement	Other fixed assets	Total
As at 1 January 2019				
Cost	-	461,514	272,355	733,869
Accumulated impairments and depreciation	-	(103,153)	(120,090)	(223,243)
Net book value	**-**	**358,361**	**152,265**	**510,626**
Year ended 31 December 2019				
Opening net book value	-	358,361	152,265	510,626
Additions	-	148,870	86,168	235,038
Acquired through business combinations	-	7,051	1,927	8,978
Cost of disposals	-	(3,906)	(5,823)	(9,729)
Depreciation for the year	-	(47,250)	(43,787)	(91,037)
Impairment	-	(804)	(406)	(1,210)
Accumulated depreciation of disposals	-	3,906	5,541	9,447
Closing net book value	**-**	**466,228**	**195,885**	**662,113**
As at 31 December 2019				
Cost	-	613,202	355,647	968,849
Accumulated impairments and depreciation	-	(146,974)	(159,762)	(306,736)
Closing net book value	**-**	**466,228**	**195,885**	**662,113**
Year ended 31 December 2020				
Opening net book value	-	466,228	195,885	662,113
Additions	-	125,712	72,720	198,432
Acquired through business combinations	-	2,246	482	2,728
Transfer from assets held for sale	2,000	-	-	2,000
Cost of disposals	-	(6,047)	(7,276)	(13,323)
Depreciation for the year	-	(60,522)	(53,915)	(114,437)
Impairment	(500)	(816)	-	(1,316)
Accumulated depreciation of disposals	-	6,020	4,898	10,918
Closing net book value	**1,500**	**532,821**	**212,794**	**747,115**
As at 31 December 2020				
Cost	2,000	735,113	421,573	1,158,686
Accumulated impairments and depreciation	(500)	(202,292)	(208,779)	(411,571)
Closing net book value	**1,500**	**532,821**	**212,794**	**747,115**

At 31 December 2020, the carrying amount includes assets under construction of €1,540 thousand (2019: €1,890 thousand).

In 2020, the impairment loss of €1,316 thousand represented the write-down of certain property, plant and equipment in France and the Netherlands.

In 2019, the impairment loss of €1,210 thousand represented the write-down of certain property, plant and equipment in the Netherlands (€388 thousand) and France (€822 thousand).

Accounting policy

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical costs include expenditure that is directly attributable to the acquisition of the items and is calculated after deducting trade discounts.

Subsequent costs are included in the asset's carrying amount, or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the

Group and the costs of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. Depreciation is calculated using the straight-line method to allocate their costs, net of their residual values, over their estimated useful lives as follows:
- Building improvements: 5 - 20 years;
- Exercise equipment: 6 - 8 years;
- Other property, plant and equipment: 5 - 10 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in Other operating income in the consolidated statement of profit or loss.

Fixed assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows, which are largely independent of the cash inflows from other assets or groups of assets (CGUs).

Non-financial assets other than goodwill that have suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Significant estimates

For significant estimates related to impairment testing and useful lives, see note 4.2 Other intangible assets.

4.4 Right-of-use assets and lease liabilities

The Group has lease contracts for buildings, vehicles and, to a limited extent, other equipment used in its operations. Leases for buildings generally have contractual lease terms of between nine and 20 years, while vehicles and other equipment generally have contractual lease terms between three and five years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The Group has several lease contracts that include extension and termination options and variable lease payments, which are discussed in more detail below.

The Group also has certain leases with contractual lease terms of 12 months or less and leases for office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the years:

	Leased buildings	Leased vehicles	Other equipment	Total
As at 1 January 2019	735,237	2,707	-	737,944
Additions	294,004	1,741	-	295,745
Remeasurements	23,147	(503)	-	22,644
Depreciation	(104,792)	(1,280)	-	(106,072)
As at 31 December 2019	**947,596**	**2,665**	**-**	**950,261**
Additions	220,773	-	787	221,560
Remeasurements	59,144	2,452	(53)	61,543
Depreciation	(127,080)	(1,655)	(292)	(129,027)
Impairment	(21)	-	-	(21)
As at 31 December 2020	**1,100,412**	**3,462**	**442**	**1,104,316**

Set out below are the carrying amounts and the movements during the years of lease liabilities related to these right-of-use assets:

	2020	2019
As at 1 January	1,005,528	776,346
Additions/remeasurements	282,934	317,107
Accretion of interest	29,838	25,059
COVID-19 rent credits received	(11,198)	-
Payments	(119,439)	(112,984)
As at 31 December	**1,187,663**	**1,005,528**
Of which:		
Non-current lease liabilities	1,013,496	866,741
Current lease liabilities	174,167	138,787

As a result of deferral of lease payments and rent credits received in 2020, the lease payments in 2020 as reported in the overview above (€119,439 thousand), are recognised in the statement of cash flows as interest paid (€24,517 thousand) and lease payments (€94,922 thousand) respectively.

The maturity analysis of lease liabilities is disclosed in note 6.4.

As part of its response to COVID-19, Basic-Fit negotiated rent waivers with landlords for a total amount of €11.2 million. This is recorded as a separate line item in the consolidated statement of profit or loss.

The following amounts are recognised in profit or loss during the years related to right-of-use assets and lease liabilities:

	2020	2019
Depreciation expense of right-of-use assets	(129,027)	(106,072)
Interest expense on lease liabilities	(29,838)	(25,059)
Expense relating to short-term leases (*)	(651)	(434)
Expense relating to leases of low-value assets (*)	(707)	(561)
Expense relating to lease recalculations and other lease related cost (*)	(410)	(78)
Total amounts recognised in profit or loss	**(160,633)**	**(132,204)**

(*) included in Other operating expenses

The Group had total lease-related cash outflows of €120.8 million in 2020 (2019: €113.9 million). The Group also had non-cash additions to right-of-use assets and lease liabilities of €282.9 million in 2020 (2019: €317.1 million).
The future cash outflows relating to leases that have not yet commenced are disclosed in note 7.2.

Accounting policy

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use asset for acquired leases is measured at the present value of the remaining lease payments adjusted for any favourable or unfavourable lease terms recognised when compared to market terms. These favourable and unfavourable contracts are recognised at fair value on the acquisition date for contracts whose terms are respectively favourable or unfavourable compared with current market terms, and they are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method, based on the term of the lease contracts.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of their estimated useful life and the lease term.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of whether to purchase the underlying asset.

The Group applied the practical expedient issued by the International Accounting Standards Board as a part of the Amendment to IFRS 16 (COVID-19-Related Rent Concessions) and records rent credits granted by lessors as profit in the Consolidated Statement of Profit or Loss and not as a lease modification resulting in remeasurement of right-of-use assets and lease liabilities.

Lease component and non-lease components

The Company has elected to separate lease and non-lease components included in lease payments for property leases. Regarding vehicles leases, Basic-Fit applies the practical expedient not to separate non-lease components from lease components. Therefore, the full monthly lease fees will be reflected on Basic-Fit's statement of financial position. As from 2020, Basic-Fit applies a portfolio approach for vehicle leases to effectively account for the right-of-use assets and lease liabilities.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e. below €5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Extension options

Most of the lease contracts for buildings include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and to align with the Group's business needs. Management exercises significant judgment in determining whether it is reasonably certain that these extension and termination options will be exercised (see below).

Extension options are included in the lease term when the Group has such an economic incentive that exercising the option is reasonably certain. The Group considers available evidence at the time of the assessment, including potential favourable terms upon extension, potential termination penalties, the relative costs associated with potential relocation or termination of the lease and the extent of leasehold improvements undertaken. Additionally, the size and the relative importance of the leased premises as well as the availability of easily substitutable assets is taken into consideration when assessing whether the Group has an economic incentive to extend a lease for which it holds an option to do so.

Periods covered by termination options are included as part of the lease term only when it is reasonably certain that these will not be exercised.

Significant estimates

Significant judgment in determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain that this will be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain that this will not be exercised.

The Group applies judgment in evaluating whether it is reasonably certain it will or will not exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or the termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation of the leased asset).

Leases - estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, so it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Basic-Fit's IBRs are built up of the following components:
- Base rate: risk-free rate

- Country risk premium: premium for the higher risk associated with the country where the lease is situated
- Credit rating (unsecured): premium based on Basic-Fit's credit rating per country
- Lease-specific adjustment: adjustment to the (unsecured) credit rating to reflect the secured borrowing position related to the lease

Basic-Fit determines the IBR per country, taking into account the term of the lease based on three aging buckets (up to 10 years, 10-20 years and more than 20 years). For the years 2019 and 2020, the IBRs range from 1.8% to 4.9%.

4.5 Business combinations

Acquisitions in 2020

In 2020, the Group acquired six clubs in the Netherlands through asset deals. The total purchase price net of cash was €4.0 million, which was mostly allocated to property, plant and equipment, customer relationships, leased assets and related lease liabilities. The goodwill of €970 thousand represents the excess of the consideration transferred after the recognition of newly acquired net identifiable assets and liabilities totalling €3.1 million.

Acquisitions in 2019

In 2019, the Group acquired 31 clubs in the Netherlands and five clubs in France. The total purchase price net of cash was €26.4 million, which was mostly allocated to property, plant and equipment, customer relationships, leased assets and related lease liabilities. The goodwill of approximately €15.3 million represents the excess of the consideration transferred after the recognition of newly acquired net identifiable assets and liabilities totalling €11.2 million. The clubs in the Netherlands were acquired through asset deals and the clubs in France through a share deal. In relation to this share deal, the Group recognised a deferred tax liability for the temporary difference related to the amortisation of customer relationships and the valuation of other assets and liabilities.

The following tables summarise the considerations paid for the acquisitions in 2020 and 2019, the provisional fair value of assets acquired and the liabilities assumed at the acquisition date.

Fair value recognised on acquisition	**2020**	**2019**
Assets		
Property, plant and equipment	2,728	8,978
Right-of-use assets	1,099	40,942
Non-current financial assets	-	191
Customer relationships	491	4,527
Favourable lease contracts (included in right-of-use assets)	-	717
Inventories and receivables	-	387
Cash and cash equivalents	-	121
Assets held for sale	-	2,000
Liabilities		
Lease liabilities	(1,099)	(41,476)
Borrowings	-	(195)
Provision unfavourable leases (included in right-of-use assets)	-	(3,030)
Accrued expenses and deferred income	(166)	(1,654)
Deferred income tax assets and liabilities	-	(282)
Total identifiable net assets acquired at fair value	3,053	11,226
Goodwill arising on acquisition	970	15,283
Purchase consideration transferred	4,023	26,509
Less: cash acquired	-	(121)
Net outflow of cash - investing activities	4,023	26,388

From the date of acquisition, the revenue and net income of the business combinations acquired in 2020 for the period 2020 amounts to €1.3 million and a loss of €1.3 million respectively. If the business combinations had been acquired at the start of the annual reporting period and the estimated impact of forced club closures related to COVID-19 were to be ignored, the revenue and net income of the acquired business combinations would have been €2.9 million and a loss of €0.6 million respectively.

From the date of acquisition, the revenue and net income of the business combinations acquired in 2019 for the period 2019 amounts to €7.0 million and a loss of €1.1 million respectively. If the business combinations had been acquired at the beginning of the annual reporting period, the revenue and net income of the acquired business combinations would have been €17.3 million and a loss of €0.9 million respectively.

Accounting policy

Business combinations are accounted for using the acquisition method. The costs of an acquisition are measured as the aggregate of the consideration transferred, which is measured at fair value at the acquisition date and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent considerations classified as equity are not remeasured and its subsequent settlement is accounted for within equity. Contingent considerations classified as assets or liabilities that are financial instruments and within the scope of IFRS 9 Financial Instruments, are measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent considerations that are not within the scope of IFRS 9 are measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired exceeds the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in the excess fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed of in these circumstances is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Section 5: Working capital

The notes in this section specify the Group's working capital, including disclosures related to cash and cash equivalents.

5.1 Inventories

The composition of the inventories is as follows:

	2020	2019
Food and drinks	2,443	2,247
Sports apparel and other goods	5,704	4,250
Total	**8,147**	**6,497**

Food and drinks consist primarily of sports water that members with a (paid) 'sports water add-on' can drink in the clubs. Sports apparel and other goods includes goods that are sold via the webshop and vending machines and to third parties. The Group did not write down any inventory balances in 2020 (2019: nil).

Accounting policy

Inventories are stated at the lower of costs and net realisable value. Costs comprise direct materials. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

5.2 Receivables

	2020	2019
Member and trade receivables	31,440	23,237
Less: allowance for expected credit losses	(15,418)	(7,516)
Receivables – net	**16,022**	**15,721**
Security deposits	5,814	5,004
Loan receivable	119	142
Taxes and social charges	11,416	5,060
Prepayments	2,719	3,546
Other receivables and accrued income	12,787	6,490
Total receivables	**48,877**	**35,963**
Less: non-current portion of security deposits	5,814	5,004
Less: non-current loans receivable	119	142
Total non-current portion	**5,933**	**5,146**
Total current portion	**42,944**	**30,817**

The fair value of the receivables approximates the carrying amount. No breakdown of the fair values of trade and other receivables has been included, as the differences between the carrying amount and the fair values are insignificant. In determining the expected credit loss allowance the Group has considered any change in risk profile of its customers following the COVID-19 pandemic.

The carrying amounts of the Group's trade and other receivables are all denominated in euros.

Movements in the Group provision for impairment of receivables were as follows:

	2020	2019
As at 1 January	(7,516)	(8,113)
Provision for impairment recognised during the year	(19,047)	(15,155)
Receivables written off during the year as uncollectable	11,145	15,752
As at 31 December	**(15,418)**	**(7,516)**

The creation and release of provisions for impaired receivables have been included in 'Other operating expenses' in the statement of profit or loss (note 3.8). Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

As described in note 6.4 regarding credit risk, all member-related receivable balances are automatically past due. The estimated provision for impairment losses is recognised based on the expected credit loss for each of the ageing buckets. The other classes in trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, the Group expects these amounts to be received when due (the Group does not hold any collateral with respect to these receivables).

Accounting policy

Trade and other receivables include amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days or less and are therefore all classified as current.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment.

Reference is made to note 6.5 Financial instruments for the accounting policy related to financial assets and liabilities, derivative financial instruments and fair value measurement.

5.3 Cash and cash equivalents

The composition of cash and cash equivalents was as follows:

	2020	2019
Cash in bank and on hand	70,296	66,208
Cash in transit	110	279
Total	**70,406**	**66,487**

All cash and cash equivalents are available for immediate use by the Group, except for an amount of €320 thousand (2019: €360 thousand) related to bank guarantees.

Accounting policy

In the statement of cash flows, cash and cash equivalents include cash on hand and deposits held at call with financial institutions. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

5.4 Trade and other payables

The composition of trade and other payables is as follows:

	2020	2019
Trade payables	70,096	80,123
Deferred revenues	46,570	26,990
Holiday allowance and vacation days accrual	9,461	7,501
VAT payable	783	-
Payroll tax payable	5,480	4,506
Interest payable	1,469	575
Investment obligations	6,032	8,380
Housing costs	13,984	11,285
Other liabilities and accrued expenses	4,629	8,634
Total	**158,504**	**147,994**

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the carrying amount due to their short-term character.

Accounting policy

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30-60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are initially recognised at their fair value and subsequently measured at amortised cost using the effective interest method.

For deferred revenues, reference is made to note 3.2.

Section 6: Financing, financial risk management and financial instruments

This section includes notes related to financing items such as equity, borrowings, financial risk management and financial instruments. Related items such as earnings per share calculation and financial income and costs, are included in this section.

6.1 Equity

Share capital

The subscribed share capital at 31 December 2020 amounted to €3,600 thousand and was divided into 60,000,000 shares fully paid-up with a nominal value per share of €0.06. In June 2020, the Company issued 5,333,333 new shares of €0,06 each at a share price of €25 per share.

The movement in share capital over the past two years was as follows:

	2020	2019
As at 1 January	3,280	3,280
Issued ordinary shares on 9 June 2020	320	-
As at 31 December	**3,600**	**3,280**

Share premium

As at 31 December 2020, the share premium amounted to €490,025 thousand. The movement in share premium over the past two years was as follows:

	2020	2019
As at 1 January	358,360	358,360
Issued ordinary shares on 9 June 2020	131,665	-
As at 31 December	**490,025**	**358,360**

The share premium from the proceeds of the issuance of €133.3 million is recorded less incremental costs of €1.8 million qualified as directly attributable to the newly issued shares, net of the related tax impact of €450 thousand.

Treasury shares

In 2020, the Company purchased and shortly thereafter reissued 64,698 shares to satisfy obligations related to the equity-settled share-based compensation plans.

Other capital reserves

The movement in the share-based reserve over the past two years was as follows:

	2020	2019
As at 1 January	3,240	2,105
Share-based payments expense during the year	167	1,981
Exercised share-based payments during the year	(1,817)	(846)
As at 31 December	**1,590**	**3,240**

The share-based payments reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. See note 3.5 for further details.

Retained earnings

The losses and profits for the respective periods 2020 and 2019 have been included in retained earnings.

Accounting policy

Ordinary shares are classified as share capital.

The share premium represents the amount by which the fair value of the consideration received exceeds the nominal value of shares issued. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Treasury shares are deducted from equity for the consideration paid, including any directly attributable incremental costs (net of income taxes), until the shares are cancelled or reissued. When such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and related income tax effects, is included in equity.

6.2 Earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

	2020	2019
Earnings		
Profit (loss) for the period attributable to the ordinary equity holders of the Company	(125,188)	11,048
Number of shares		
Weighted average number of ordinary shares for basic earnings per share	57,610,820	54,666,295
Effect of dilutive potential ordinary shares	-	-
Weighted average number of ordinary shares for diluted earnings per share	**57,610,820**	**54,666,295**
Earnings per share (in €)		
Basic earnings per share	(2.17)	0.20
Diluted earnings per share	(2.17)	0.20

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date these financial statements were authorised.

Accounting policy

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year. Treasury shares are deducted from the number of ordinary shares outstanding on a weighted basis.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year, plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

6.3 Borrowings

The Group's interest-bearing borrowings at 31 December 2020 and 31 December 2019, including the movements during 2020 and 2019, are summarised in the following tables:

		Cash settled		Other changes (non-cash)				
	Balance as at 1 January 2020	New loans	Repayments	Amortisation	Additions (lease liabilities)	COVID-19 rent credit	Accretion of interest	Balance as at 31 December 2020
Floating rate borrowings (non-current and current)								
Bank borrowings	250,000	-	-	-	-	-	-	250,000
Drawn RCF	170,500	40,000	-	-	-	-	-	210,500
GO C-facility	-	60,000	-	-	-	-	-	60,000
Bridge loan	-	5,000	(5,000)	-	-	-	-	-
Schuldschein	92,000		(8,500)	-	-	-	-	83,500
Borrowing costs	(3,337)	(515)	-	1,051	-	-	-	(2,801)
	509,163	**104,485**	**(13,500)**	**1,051**	**-**	**-**	**-**	**601,199**
Fixed rate borrowings and lease liabilities (non-current and current)								
Schuldschein	8,000	-	-	-	-	-	-	8,000
Lease liabilities	1,005,528	-	(119,439)	-	282,934	(11,198)	29,838	1,187,663
Other bank borrowings	180	-	(60)	-	-		-	120
	1,013,708	**-**	**(119,499)**	**-**	**282,934**	**(11,198)**	**29,838**	**1,195,783**
	1,522,871	**104,485**	**(132,999)**	**1,051**	**282,934**	**(11,198)**	**29,838**	**1,796,982**
Of which:								
Non-current Lease liabilities	866,741							1,013,496
Non-current Borrowings	517,283							546,259
Current Lease liabilities	138,787							174,167
Current Borrowings	60							63,060

	Balance as at 1 January 2019	Cash settled: New loans / modification	Cash settled: Repayments	Other changes (non-cash): Amortisation	Other changes (non-cash): Additions (lease liabilities)	Other changes (non-cash): Acquired via business combinations	Other changes (non-cash): Accretion of interest	Balance as at 31 December 2019
Floating rate borrowings (non-current)								
Bank borrowings	250,000	-	-	-	-	-	-	250,000
Drawn RCF	92,500	78,000	-	-	-	-	-	170,500
GO C-facility	-	-	-	-	-	-	-	-
Bridge loan	-	50,000	(50,000)	-	-	-	-	-
Schuldschein	-	92,000	-	-	-	-	-	92,000
Borrowing costs	(3,838)	(351)	-	852	-	-	-	(3,337)
	338,662	**219,649**	**(50,000)**	**852**	**-**	**-**	**-**	**509,163**
Fixed rate borrowings and lease liabilities (non-current and current)								
Schuldschein	-	8,000	-	-	-	-	-	8,000
Lease liabilities	776,346	-	(112,984)	-	275,631	41,476	25,059	1,005,528
Other bank borrowings	-	-	(15)	-	-	195	-	180
	776,346	**8,000**	**(112,999)**	**-**	**275,631**	**41,671**	**25,059**	**1,013,708**
	1,115,008	**227,649**	**(162,999)**	**852**	**275,631**	**41,671**	**25,059**	**1,522,871**
Of which:								
Non-current Lease liabilities	673,347							866,741
Non-current Borrowings	338,662							517,283
Current Lease liabilities	102,999							138,787
Current Borrowings	-							60

The revolving credit facility is presented as non-current borrowings, as the Group expects and has an unconditional right to renew the revolving credit facility every three months until the maturity date.

Bank borrowings: senior debt loans and drawn revolving credit facility (RCF)

The facilities agreement consists of a €250 million term loan and a €200 million revolving facility. In April 2020, the Company drew an additional €40 million from the accordion facility totalling €150 million in the form of an additional revolving credit facility (RCF). This is part of the Term and RCF facilities agreement as amended and extended in 2018. Basic-Fit can request the syndicated banks to make the remaining €110 million of the accordion facility available under the terms of the SFA, but the amount is not yet committed. The interest is variable and based on Euribor plus a margin that depends on certain leverage covenants (2.45% at 31 December 2020). The term loan and RCF are unsecured and are repayable in full in June 2024.

As at 31 December 2020, an amount of €9.8 million (2019: €8.3 million) of the revolving facility of €240 million (including €40 million from the accordion) had been used for bank guarantees and €210.5 million (2019: €170.5 million) had been drawn in cash.

GO C-facility

In May 2020, the Company entered into a €60 million GO C-facility agreement, repayable quarterly in a straight line over two years, after an initial one-year grace period. The interest is variable and based on Euribor plus a margin that depends on certain leverage covenants (2.50% at 31 Decmeber 2020). As part of the GO-C regulation, the Dutch State (Staat der Nederlanden) guarantees 80% of the loan for the benefit of the lenders. Furthermore, as part of the GO-C regulation, the Company is not allowed to pay any dividends until the loan has been fully repaid. The loan is recognised on the basis of IFRS 9 as the interest is a market-rate as that is required by the GO-C regulation. Therefore, IAS 20 related to accounting for government grants is not applicable. As at 31 December 2020, an amount of €20 million related to repayments within twelve months after the reporting period is classified as current liabilities.

Schuldschein

In October 2019, Basic-Fit completed a Schuldschein issuance with a German private placement. As at 31 December 2020, the volume was €91.5 million (2019: €100 million) in euro-denominated tranches with maturities of three and five years. For an amount of 8.0 million, the interest is fixed at 1.80% (2019: 1.55%) and for the remaining part, the interest is variable and based on Euribor plus an average weighted margin of 1.72% (2019: 1.47%). This loan is unsecured and the financial covenants are similar to the Group's bank borrowings. As at 31 December 2020, an amount of €43 million is temporarily presented as part of current liabilities as at that date, no formal agreement had been reached with the lenders with respect to a breach of the loan covenants. For this part of the Schuldschein loan, Basic-Fit received a covenant waiver in January 2021. As a result, this part of the loan is once again classified as long-term borrowings from that moment onwards.

Borrowing costs

The carrying amount of the borrowings is presented net of finance costs (2020: €2.8 million; 2019: €3.3 million). The finance costs are charged to the income statement based on the effective interest rate method over the period to maturity of the loans.

Other bank borrowings

In October 2019, as part of an acquisition, Basic-Fit took over a bank loan. This loan is repayable in quarterly instalments of €15 thousand. The interest rate is fixed at 1.90%.

Lease liabilities

The Group recognises lease liabilities to make lease payments regarding the right to use the underlying assets. Reference is made to note 4.4. for a more detailed disclosure.

Accounting policy

Borrowings are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. However, a revolving credit facility is classified as non-current if the Group expects, and has the discretion, to roll over for at least twelve months after the reporting period.

The Group does not have any qualifying assets, which are assets that necessarily take a substantial period of time to prepare for their intended use or sale. Therefore, borrowing costs are not capitalised and are expensed in the period in which they are incurred.

Reference is made to note 6.5 Financial instruments for the accounting policy related to financial assets and liabilities, derivative financial instruments and fair value measurement.

6.4 Financial risk management

The Group's activities expose it to a variety of financial risks. Management identifies and evaluates the financial risks based on principles for overall risk management. The Group's overall risk management programme seeks, in accordance with our Corporate Treasury Policy, to minimise potential adverse effects on the Group's financial performance.

(a) Credit risk

Credit risk arises from cash, cash equivalents and deposits with banks and financial institutions, as well as credit exposures to outstanding receivables for membership fees or other membership services that could not be collected upfront. The carrying amounts of these financial instruments as disclosed in notes 5.2 and 5.3 represent the Group's maximum credit exposure.

The Group's policy is that all members need to pay membership fees upfront, which means that credit risk related to membership fees is limited to those fees that could not be collected upfront. The first measure to limit credit risk is to deny access to the services provided by the Group to customers with overdue receivables until the receivables have been fully paid. The second measure is the Group's collection policy of using debt collection agencies for all receivables due for more than 120 days. The Group does not hold collateral as security for the membership receivables. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions.

As a result of the Group's prepayment policy, any account receivables balances are automatically past due.

An ageing analysis of the Group's trade and other receivables that are past due is as follows:

Receivables	Balance incl. provision	Overdue < 30 days	Overdue 31-60 days	Overdue 61-90 days	Overdue > 90 days
At 31 December 2020	16,022	4,269	4,046	5,004	2,703
At 31 December 2019	15,721	6,566	2,519	1,784	4,852

The receivables consist of member receivables and trade receivables. These receivables are assessed collectively to determine whether an impairment should be recognised. As a direct result of the COVID-19 pandemic, the amounts receivable from members increased and the Group noticed that it was more difficult to collect the outstanding amounts. In determining the expected credit loss allowance the Group has considered any change in risk profile of its customers following the COVID-19 pandemic. For the receivables the estimated impairment losses are recognised in a separate provision for impairment, which is based on the expected credit loss for each of the ageing buckets. At 31 December 2020, the provision stood at €15.4 million (2019: €7.5 million).

The Group avoids the concentration of credit risk on its cash and cash equivalents by spreading them over ABN AMRO, Rabobank, ING, KBC and BNP Paribas. No collateral is held for the aforementioned liquid assets.

(b) Liquidity risk

The Group's funding strategy is focused on ensuring that it has continuous access to capital. On a weekly basis, management prepares a cash flow forecast to identify the cash needs for the short and medium term and on a quarterly basis for the longer term. Additionally, management monitors on a daily basis the intra-month cash needs by assessing the cash inflows and outflows. In direct response to the impact of the COVID-19 pandemic, management intensified the monitoring of cash needs and frequently updated the forecasts based on the latest available information and expectations related to club closures and re-openings.

The revolving credit facility of €240 million (2019: €200 million) has a maturity date of June 2024. Basic-Fit can request the syndicated banks to make the remaining €110 million of the accordion facility available under the terms of the SFA, but the amount is not yet committed. The facilities can only be cancelled by the lenders upon the receipt of a timely period of notice after an event of default (including non-payment, breach of (financial) covenants or breach of other obligations, in each case subject to materiality thresholds, qualifications and cure periods). In December 2020, the Company successfully negotiated a covenant waiver for its semi-annual testing of leverage and interest cover ratios at year end 2020 and June 2021. The leverage ratio covenant has been relaxed for the testing at year end 2021. The revolving credit facility is presented as non-current borrowings, as the Group expects and has an unconditional right to renew the revolving credit facility every three months until the maturity date.

To further secure liquidity throughout the COVID-19 crisis and to strengthen the balance sheet providing the Company with the financial flexibility to recommence its growth strategy, the Company took the following actions in the second quarter of 2020:
- In April 2020, the Company drew an additional €40 million from an uncommitted accordion facility totalling €150 million in the form of a revolving credit facility (RCF);
- In May 2020, the Company entered into a €60 million GO C-facility agreement (see note 6.3); and
- In June 2020, the Company issued 5,333,333 ordinary shares at a price of €25.00 per share resulting in an increase in total equity value of €133.3 million.

In February 2021, Basic-Fit successfully secured a €150 million bridge facility to increase liquidity. The committed bridge facility is to be refinanced within twelve months.

The table below provides an overview of all committed facilities at 31 December 2020:

Facility (in € million)	**Facility (committed)**	**Undrawn**	**Covenant applicable**	**Waiver received**
Term loan	250.0	-	Yes	Yes
Revolving credit facility (*)	240.0	19.7	Yes	Yes
GO C-Facility	60.0	-	Yes	Yes
Schuldschein	91.5	-	Yes	Yes (**)
	641.5	19.7		

(*) Including €40 million accordion facility. €9.8 million used for bank guarantees.
(**) Of which €48 million waiver agreed before 31 December 2020 and €43.5 million in January 2021.

The following table analyses the Group's financial liabilities in terms of relevant maturity groupings, based on their contractual maturities for all non-derivative financial liabilities, and net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows. The Schuldschein loans for which a waiver was received in January 2021 are disclosed based on their original maturities, while in the statement of financial position these are recognised as current (€43 million).

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant. For interest rate swaps, the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

Contractual maturities of financial liabilities

	2020						
	Less than 6 months	6 months to 1 year	1-2 years	2-5 years	Over 5 years	Total	Carrying amount
Non-derivatives							
Borrowings (*) / (**)	14,033	20,556	114,724	511,229	-	660,542	612,120
Lease liabilities	93,985	82,727	164,862	459,133	556,570	1,357,277	1,187,663
Trade payables	70,096	-	-	-	-	70,096	70,096
Total non-derivatives	**178,114**	**103,283**	**279,586**	**970,362**	**556,570**	**2,087,915**	**1,869,879**
Derivative financial liability	633	712	1,407	566	-	3,318	3,456
Total derivatives	**633**	**712**	**1,407**	**566**	**-**	**3,318**	**3,456**

	2019						
	Less than 6 months	6 months to 1 year	1-2 years	2-5 years	Over 5 years	Total	Carrying amount
Non-derivatives							
Borrowings (*)	4,299	4,422	8,720	540,562	-	558,003	520,680
Lease liabilities	68,506	69,936	138,927	389,859	472,944	1,140,172	1,005,528
Trade payables	80,123	-	-	-	-	80,123	80,123
Total non-derivatives	**152,928**	**74,358**	**147,647**	**930,421**	**472,944**	**1,778,298**	**1,606,331**
Derivative financial liability	650	649	932	940	-	3,171	3,268
Total derivatives	**650**	**649**	**932**	**940**	**-**	**3,171**	**3,268**

(*) Excluding lease liabilities and capitalised financing costs
(**) The Schuldschein loans for which a waiver was received in January 2021 are disclosed based on their original maturities, while in the statement of financial position these are recognised as current (€43 million).

(c) Market risk

i. Foreign exchange risk

The Group only operates in the Eurozone, so the currency risk is limited, due to the fact that all revenues (and almost all expenses) are incurred in euro. There is therefore no significant exposure to foreign currency fluctuations.

ii. Price risk

The Group has limited exposure to price risk. The Group's main exposure is to fluctuations in energy costs.

iii. Interest rate risk and cash flow risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The Group manages its cash flow interest rate risk by mostly using floating-to-fixed interest rate swaps. Under the swap agreements, the Group agrees with another party to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates of the fixed interest rate borrowings (including lease liabilities) at the end of the reporting period are as follows:

	2020	2019
Variable rate borrowings	604,000	512,500
Fixed interest rate borrowings (including lease liabilities)	1,195,783	1,013,708
Total	**1,799,783**	**1,526,208**

Financial instruments in use by the Group

Swaps currently in place cover approximately 43.6% (2019: 51.3%) of the variable loan principal outstanding.

The contracts require settlement of net interest receivable or payable every 90 days.

At the end of the reporting period, the Group had the following variable rate borrowings and interest rate swap contracts outstanding:

	31 December 2020			31 December 2019		
	Weighted average interest rate	Balance	% of the total loans	Weighted average interest rate	Balance	% of the total loans
Bank overdrafts and bank loans	2.38%	604,000	33.56%	1.70%	512,500	33.58%
Interest rate swaps (notional amount)		(263,100)			(263,100)	
Net exposure to cash flow interest rate risk		**340,900**	**18.94%**		**249,400**	**16.34%**

Amounts recognised in profit or loss and other comprehensive income

Over the past two years, the following gains/(losses) were recognised in profit or loss and other comprehensive income with respect to interest rate swaps:

	2020	2019
(Loss) Gain recognised in profit or loss	(188)	(2,200)
Reclassified from other comprehensive income to profit or loss	-	-

Sensitivity analysis

According to interest rate sensitivity analyses performed for the years ending 31 December 2020 and 2019, the impact on the consolidated statement of profit or loss and components of equity due to upward or downward movements in the interest rates of 1 % are as follows:

	Impact on post-tax profit		Impact on other components of equity pre-tax profit	
Interest rate movement	2020	2019	2020	2019
Increase by 100 basis points	449	3,473	-	-
Decrease by 100 basis points	(2,884)	(5,720)	-	-

The Group's receivables are carried at amortised cost. They are not subject to interest rate risk as defined in IFRS 7, since neither the carrying amount nor the future cash flows will fluctuate due to changes in market interest rates.

Management did not identify any other market risks that could have a significant impact on the Group.

Accounting policy

Reference is made to note 6.5 'Financial instruments' for the accounting policy with respect to financial assets and liabilities, derivative financial instruments and fair value measurement.

6.5 Financial instruments

Financial instruments by category comprise the following:

Assets	2020 Derivatives at FVPL (*)	2020 Loans and receivables	2019 Derivatives at FVPL	2019 Loans and receivables
Loan receivable	-	119	-	142
Trade and other receivables excluding prepayments	-	16,022	-	15,721
Cash and cash equivalents	-	70,406	-	66,487
Total	**-**	**86,547**	**-**	**82,350**

(*) Fair value through profit and loss

Liabilities	2020 Derivatives at FVPL	2020 Other financial liabilities at amortised cost	2019 Derivatives at FVPL	2019 Other financial liabilities at amortised cost
Borrowings (excluding lease liabilities)	-	609,319	-	517,343
Lease liabilities	-	1,187,663	-	1,005,528
Derivative financial instruments	3,456	-	3,268	-
Trade and other payables excluding non-financial liabilities	-	70,096	-	80,123
Total	**3,456**	**1,867,078**	**3,268**	**1,602,994**

The carrying amount of the above financial instruments represents the maximum exposure. See note 6.4 for a description of the credit quality of financial assets that are neither past due nor impaired.

Derivative financial instruments and hedging activities

As at 31 December 2020, the Group had nine (2019: nine) derivative financial instruments measured at fair value. These interest rate swaps swap quarterly interest payments, where the Group pays a fixed interest and receives interest based on the three-month Euribor rate. The Group does not apply hedge accounting to these swaps.

	Notional amount	Inception	Termination	Fixed interest	carrying amount 2020	carrying amount 2019
Interest rate swaps (four)	158,100	July 2017	March 2021	0.083%	245	931
Interest rate swaps (five)	105,000	January 2019	May 2023	0.131%	3,211	2,337
Total	**263,100**				**3,456**	**3,268**

The movements in 2020 and 2019 arising from cash flows and non-cash changes in the Group's derivative financial instruments are summarised in the following table:

	Balance as at 1 January 2020	Cash flows: Repayments	Other changes (non-cash): Fair value changes through P&L	Other changes (non-cash): Fair value changes through OCI	Balance as at 31 December 2020
Derivative financial instruments	**3,268**	**-**	**188**	**-**	**3,456**

	Balance as at 1 January 2019	Cash flows: Repayments	Other changes (non-cash): Fair value changes through P&L	Other changes (non-cash): Fair value changes through OCI	Balance as at 31 December 2019
Derivative financial instruments	**1,068**	**-**	**2,200**	**-**	**3,268**

Accounting policy

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15. Reference is made to the accounting policies in Note 3.2 'Revenue from contracts with customers'.

For a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require the delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified in two categories:
- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:
- The financial asset is held within a business model with the objective of holding financial assets to collect contractual cash flows

and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost include trade receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Impairment of financial assets
Aside from this note, other disclosures relating to impairment of financial assets (trade receivables) are included in note 5.2.

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.
For trade receivables, the Group applies a simplified approach in calculating ECLs. The Group does not therefore track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:
- The rights to receive cash flows from the asset have expired

or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continued involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings, including bank overdrafts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group has not designated any financial liabilities as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. A voluntary forgiveness of a lease liability granted by the lessor without other changes to the lease as a (partial) derecognition of a lease liability is accounted for as a credit to profit or loss.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss. If the terms are not substantially different, the original liability is not derecognised and a modification gain or loss is determined based on the original effective interest rate. However, if the financing agreement has a prepayment option at par without significant penalty, the adjustment is treated as a modification with a prospective adjustment of the effective interest rate to reflect the new market rate and without recognising a gain or loss on modification.

Derivative financial instruments and hedging activities

Initial recognition and subsequent measurement

The Group uses interest rate swaps as derivative financial instruments to hedge its interest rate risks. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Group did not apply hedge accounting for the remaining financial instruments at 31 December 2020. Therefore, all changes related to these financial instruments will be recognised in profit or loss.

Fair value measurement

The Group measures financial instruments such as derivatives at fair value at each reporting date.

Fair value is the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset

Or

- liability or, in the absence of a principal market, in the most advantageous market for the asset or liability

The Group must have access to the principal or the most advantageous market.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs

The derivatives are classified as Level 2 valuation, in accordance with the fair value hierarchy as described in IFRS 13. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For all years presented, the Group only held financial instruments that classify as Level 2 fair values. The Group did not hold any Level 1 or Level 3 financial instruments, nor were there any transfers between levels in the year under review. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques that maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to assign a fair value to an instrument are observable, the instrument is included in Level 2. The fair value of the interest rate swaps is calculated as the present value of the estimated future cash flows, based on observable yield curves (discounted cash flow model).

Fair values, including valuation methods and assumptions

- At 31 December 2020 and 31 December 2019, the carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables, and short-term borrowings approximated their fair values due to the short-term maturities of these assets and liabilities.
- At 31 December 2020 and 31 December 2019, the fair values of other long-term financial assets (security deposits) were not materially different from the carrying amounts.
- At 31 December 2020 the fair values of the long-term borrowings (excluding lease liabilities) amounted to €535.6 million (carrying amount €546.3 million). At 31 December 2019, the fair values of long-term borrowings (excluding lease liabilities) were not materially different from the carrying amounts

Significant estimates

Significant judgment is required in determining the expected credit loss allowance. For this purpose, any change in the risk profile of customers following the COVID-19 pandemic should be considered.

6.6 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders.

The Group closed a multicurrency term (€250 million) and revolving credit facilities agreement (€200 million) in 2018 and in 2019 completed a Schuldschein issuance with a German private placement. In April 2020, the Company drew an additional €40 million from an accordion facility totalling €150 million in the form of a revolving credit facility (RCF). Basic-Fit can request the syndicated banks to make the remaining €110 million available under the terms of the SFA, but the amount is not yet committed. In response to the impact of COVID-19, the Group entered into a €60 million GO C-facility agreement in May 2020. Furthermore, in February 2021, Basic-Fit successfully secured a €150 million bridge facility, to be refinanced within twelve months.

The Group monitors capital on the basis of its leverage ratio and its interest cover ratio. The leverage ratio is calculated as net debt divided by the consolidated EBITDA. Net debt is calculated as total borrowings (excluding capitalised finance costs) less cash and cash equivalents. Consolidated EBITDA is calculated as underlying EBITDA plus permitted pro forma adjustments. The interest cover ratio is calculated as consolidated EBITDA divided by net finance costs. The calculation of these covenants is based on frozen GAAP and is therefore not influenced by the adoption of IFRS 16.

The net debt at 31 December 2020 and at 31 December 2019 was as follows (including and excluding lease liabilities related to right-of-use assets):

	2020	2019
Total borrowings (incl. capitalised finance costs)	1,796,982	1,522,871
Less: cash and cash equivalents	(70,406)	(66,487)
Net debt including lease liabilities	1,726,576	1,456,384
Lease liabilities (*)	1,187,468	1,005,069
Net debt excluding lease liabilities	539,108	451,315

(*) Related to leases that would have been classified as operating lease if IFRS 16 had not been adopted

The increase in net debt is directly related to the investments in new club openings and acquisitions in 2020 and the financial impact of COVID-19.

Loan covenants

In response to the dynamic environment and the uncertainties related to the development of the COVID-19 pandemic, Basic-Fit negotiated a covenant waiver for its semi-annual testing of leverage and interest cover ratios at year end 2020 and June 2021. The following table provides an overview of the updated covenant agreements which are applicable for the bank borrowings and the Schuldschein loans.

Under the updated terms, the Group is expected to comply with the following covenants and agreements:

	December 2020	June 2021	December 2021	June 2022	December 2022
Leverage ratio	Waived	Waived	≤4:50 : 1.00	≤3:50 : 1.00	≤3:50 : 1.00
Interest ratio	Waived	Waived	≥2:00 : 1.00	≥2:00 : 1.00	≥2:00 : 1.00
Minimal liquidity	Not applicable	€30 million	€55 million	€55 million	Not applicable
Dividend allowed	Not applicable	No	No	No	Yes

6.7 Finance income and costs

	2020	2019
Finance income:		
Other interest income	(60)	(6)
Total finance income	**(60)**	**(6)**
Finance costs:		
Interest on external debt and borrowings	13,816	9,992
Lease liabilities interest	29,838	25,059
Valuation difference derivative financial instruments	188	2,200
Other finance costs (including waiver fees)	2,160	201
Total finance costs	**46,002**	**37,452**
Total finance costs - net	**45,942**	**37,446**

Accounting policy

Reference is made to note 6.5 'Financial instruments' for the accounting policy related to financial assets and liabilities, derivative financial instruments and fair value measurement.

Section 7: Provisions, contingencies and commitments

This section includes notes related to provisions, contingencies and commitments.

7.1 Provisions

Provisions consist of:

- costs associated with the restructuring of operations;
- specific legal provisions in France related to retirement benefits ('IDR'); and
- other expected outflow of resources (costs) as a result of past events

The movement in provisions over the past two years was as follows:

	2020	2019
As at 1 January	790	805
Charged to profit or loss	546	373
Reclassification from accrued expenses	695	-
Utilised	(195)	(206)
Unused amounts reversed	(11)	(182)
As at 31 December	1,825	790
Of which:		
Non-current portion of provisions (> 1 year)	824	549
Current portion of provisions (< 1 year)	1,001	241

Accounting policy

The Group made a provision for potential legal, and other risks in various jurisdictions. Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

The cases and claims against the Group often raise difficult and complex factual and legal issues which are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular case and claim, the jurisdiction in which each suit is brought, and the differences in applicable law. In the normal course of business, management consults with legal counsel and certain other experts on matters related to such claims and litigation. The Group accrues a liability when it is determined that an adverse outcome is more likely than not, and the amount of the loss can be reasonably estimated.

If the likelihood of an adverse outcome is not probable or an estimate is not determinable, the matter is disclosed, provided it is material. Management is of the opinion that the provision is adequate to resolve these claims.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

7.2 Contingencies and commitments

Capital commitments

Significant capital expenditure contracted, or planned based on rental commitments for new clubs to be opened in 2021, for the end of the reporting period but not recognised as a liability is as follows:

	2020	2019
Property, plant and equipment	36,686	54,319

(Long-term) financial obligations

The Group entered into several lease agreements for which it uses the low-value or short-term exemption option of IFRS 16 and entered into several agreements that do not (or do not yet) meet the definition of a lease.

Future payment obligations under these agreements are as follows:

	2020	2019
Within one year	6,491	2,789
After one year but not more than five years	51,098	17,160
More than five years	82,285	23,620
Total	**139,874**	**43,569**

Furthermore, before 31 December 2020, the Group entered into several lease agreements for new clubs for a total amount of €109 million (31 December 2019: €165 million), of which approximately €61 million (31 December 2019: €96 million) expires after more than five years. These agreements can be dissolved on the basis of resolutive conditions, for example if the required permits are not obtained.

No discount factor is used in determining these commitments.

Sub-lease payments

	2020	2019
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases	6,539	5,875

The Group does not have any contingent rentals or sub-lease expenses.

Other commitments

At 31 December 2020, approximately €9.8 million in total had been issued in bank guarantees (31 December 2019: €8.3 million).

Claims

The Group is involved in a number of legal proceedings that have arisen in the ordinary course of business. Although it is not possible to predict the outcome of these disputes with reasonable certainty, management does not expect these pending or potential legal proceedings to have any materially negative impact on the Group's consolidated financial position or profitability. Accordingly, the Group has not recognised any legal provisions in these consolidated financial statements, as it is not probable that an outflow of economic resources will be required. However, the outcome of legal proceedings can be extremely difficult to predict and the final outcome may be materially different from management's current expectations.

Tax group liability (the Netherlands)

Basic-Fit N.V., Basic Fit International B.V., BF Developments and Basic Fit Nederland B.V. formed a fiscal unity for income tax at year-end 2020. For VAT purposes, the aforementioned companies and B-Securité B.V. formed a fiscal unity at year-end 2020. As a result, the companies within the fiscal unity are jointly and severally liable for each other's income tax and VAT debts.

Tax group liability (Belgium)

HealthCity België N.V. formed a VAT unity with Basic-Fit Belgium BVBA at year-end 2020. As a result, the companies are jointly and severally liable for each other's VAT debts.

Section 8: Other disclosures

This section includes notes related to the remuneration of key management personnel and the Supervisory Board, related party transactions, auditor's remuneration and subsequent events.

8.1 Remunerations of key management personnel

Compensation of the Management Board members and other key management personnel was as follows:

	René Moos		Hans van der Aar		Other key management personnel		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Annual Salary	638	711	492	548	419	406	1,549	1,665
Pension allowance	109	107	84	82	37	4	230	193
Total fixed compensation	**747**	**818**	**576**	**630**	**456**	**410**	**1,779**	**1,858**
Short-term incentive	-	370	-	291	-	205	-	866
Long-term share-based payments	54	437	34	302	27	209	115	948
Total variable compensation	**54**	**807**	**34**	**593**	**27**	**414**	**115**	**1,814**
Social charges	13	11	13	11	249	255	275	277
Other	23	38	45	30	35	36	103	104
Total other benefits/expenses	**36**	**49**	**58**	**41**	**284**	**291**	**378**	**381**
Total remuneration	**837**	**1,674**	**668**	**1,264**	**767**	**1,115**	**2,272**	**4,053**

The annual base salaries for René Moos and Hans van der Aar amount to €729,063 (2019: €711,281) and €561,879 (2019: €548,174) respectively. During the closure of all fitness clubs in the first lockdown from mid-March through to June, the Management Board waived 50% of their base salary for a period of three months. This resulted in an annual salary for René Moos of €637,930 and for Hans van der Aar of €491,644.

The members of the Management Board do not participate in the Company's collective pension scheme but receive a comparable payment (pension allowance) set at a maximum of 15% of their base salary.

The remuneration reported as long-term share-based payments is based on costs incurred under IFRS (see note 3.5).

In reaction to the impact of the COVID-19 pandemic, no short-term incentive was granted to the Management Board and other key management personnel for 2020.

Other key management personnel pertains employees with authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. Key management personnel also waived 50% of their salary for a period of three months during the first lockdown.

Details of the performance shares granted to the members of the Management Board as long-term share-based payments are as follows:

Board member	Year of grant	Outstanding at 1 January 2020	Number of shares granted on target 2020	Performance adjustment 2020	Vested in 2020	Outstanding at 31 December 2020	Fair value at grant date	lock-up date
René Moos	2017	21,746	-	5,437	(27,183)	-	€ 15.52	7-6-2022
	2018	14,050	-	-	-	14,050	€ 27.00	15-6-2023
	2019	13,023	-	-	-	13,023	€ 30.25	9-5-2024
	2020	-	28,535	-	-	28,535	€ 15.33	13-5-2025
Total shares		**48,819**	**28,535**	**5,437**	**(27,183)**	**55,608**		
Hans van der Aar	2017	13,954	-	3,489	(17,443)	-	€ 15.52	7-6-2022
	2018	10,828	-	-	-	10,828	€ 27.00	15-6-2023
	2019	8,364	-	-	-	8,364	€ 30.25	9-5-2024
	2020	-	18,326	-	-	18,326	€ 15.33	13-5-2025
Total shares		**33,146**	**18,326**	**3,489**	**(17,443)**	**37,518**		

All awards under the share plans will vest on the condition that the Management Board members are still employed at Basic-Fit. The awards can increase up to 25 percent in the event of outperformance.

The awards for 2020 were granted under the specific reservation that the award and its vesting could be subject to limitations if government requirements related to for example government subsidies require these limitations to be applied by the Company and it is essential and necessary or mandatory for the Company to apply for these government subsidies. As a consequence, the years 2020 and 2021 will be disregarded for the calculation and the maximum number of shares that is expected to vest in 2023 is limited to 33.33% of the achieved performance range for that year.

At 31 December 2020, the members of the Management Board did not have any loans outstanding with Basic-Fit.

8.2 Remunerations of members of the Supervisory Board

The total remuneration for Supervisory Board members was €294 thousand in 2020 (2019: €299 thousand).

	2020	2019
Kees van der Graaf	56	55
Hans Willemse	51	53
Carin Gorter	51	50
Pieter de Jong	43	45
Herman Rutgers	47	48
Rob van der Heijden	46	48
Total	**294**	**299**

In solidarity with the Management Board, all members of the Supervisory Board decided to waive 50% of their remuneration for a period of three months during the first lockdown in 2020.

None of the Supervisory Board members have been granted, nor do they possess, any Basic-Fit options or shares, with the exception of Kees van der Graaf, who personally held 3,275 shares, Herman Rutgers who held 2,000 shares and Hans Willemse who held 40,029 shares in Basic-Fit on 31 December 2020.

8.3 Related party transactions

Identification of related parties

All legal entities that can be controlled, jointly controlled or significantly influenced are considered related parties. Entities that can control the Company or other subsidiaries of the Group are also considered related parties. In addition, statutory and supervisory directors and close relatives are regarded as related parties.

The following transactions were carried out with related parties:
- Management board compensation;
- Purchases from/sales to related parties (mainly rent from related parties);
- Acquisition of fitness clubs (in 2020).

All transactions with related parties are made at terms equivalent to those that prevail in arm's length transactions.

Management board compensation

Management board compensation is disclosed in note 8.1 'Remunerations of key management personnel'.

Purchases from/sales to related parties

The table below provides the total amount of purchases from and sales to related parties for the relevant financial year. In addition, the table provides an overview of all balances held with these related parties.

		Sales to related parties	Purchases from related parties	Amounts owed by related parties (*)	Amounts owed to related parties (**)
Management Board of the Group:					
Other director's interest	2020	311	5,419	-	1,618
	2019	3,750	6,811	303	597

(*) Included in trade receivables (note 4.2)
(**) Included in lease liabilities (note 3.4) and trade and other payables (note 4.4)

In response to COVID-19, the Group received 1.6 million rent discount from related parties during 2020, corresponding to three months' rent.

Outstanding balances at the year-end are unsecured, interest free and settled in cash. No guarantees have been provided or received for any related party receivables or payables.

Acquisition of fitness clubs

During the year 2020, Basic-Fit acquired fitness clubs from a company controlled by a Management Board member for a total amount of €3.388 thousand.

Related party leases

Future related party lease obligations are as follows:

	2020	2019
Within one year	5,896	6,976
After one year but not more than five years	23,612	27,669
More than five years	46,160	59,957
Total	75,668	94,602

The amounts disclosed relate to the amounts to be invoiced by related parties

8.4 Auditor's remuneration

The following table sets out the aggregate fees for professional audit services and other services provided to the Group by Ernst & Young Accountants LLP and their network inside and outside the Netherlands, as referred to in Section 1(1) of the Dutch Audit Firms Supervision Act (Dutch: Wta, Wet toezicht accountantsorganisaties):

	EY Accountants LLP		Other EY member firms and affiliates		Total network	
	2020	2019	2020	2019	2020	2019
Audit of the financial statements	662	514	108	150	770	664
Other audit procedures	40	-	3	-	43	-
Total	**702**	**514**	**111**	**150**	**813**	**664**

8.5 Events after the reporting period

In February 2021, Basic-Fit successfully secured a €150 million bridge facility (note 2.2). The committed bridge facility is to be refinanced within twelve months. Basic-Fit anticipates to refinance this committed bridge facility with debt, equity or equity-linked instruments or a combination thereof. For a description of other subsequent events, reference is made to note 2.1 and 2.2.

Subsequent events were evaluated up to 9 March 2021, which is the date the financial statements included in this annual report were approved.

COMPANY FINANCIAL STATEMENTS

Company balance sheet

As at 31 December (before appropriation of profit)		2020	2019
	Note	€ 000	€ 000
Assets			
Non-current assets			
Right-of-use assets	B	-	24
Financial fixed assets	C	904,581	715,938
Deferred tax assets	D	508	386
Total non-current assets		**905,089**	**716,348**
Current assets			
Trade and other receivables	E	895	4,235
Cash and cash equivalents		19,376	202
Total current assets		**20,271**	**4,437**
Total assets		**925,360**	**720,785**
Shareholders' equity	F		
Share capital		3,600	3,280
Share premium		490,025	358,360
Legal reserves		3,359	3,348
Other capital reserves		1,590	3,240
Retained earnings		(62,684)	(72,790)
Profit (loss) for the year		(125,188)	11,048
Total equity		**310,702**	**306,486**
Non-current liabilities			
Borrowings	G	546,199	409,163
Derivative financial instruments	I	2,111	3,268
Total non-current liabilities		**548,310**	**412,431**
Current liabilities			
Current portion of lease liabilities	H	-	24
Trade and other payables	J	2,003	1,844
Interest-bearing borrowings	G	63,000	-
Derivative financial instruments		1,345	-
Total current liabilities		**66,348**	**1,868**
Total liabilities		**614,658**	**414,299**
Total equity and liabilities		**925,360**	**720,785**

Company statement of profit or loss

For the year ended 31 December	Notes	2020 € 000	2019 € 000
Revenue	K	1,850	2,870
		1,850	**2,870**
Salaries and wages	L	(1,446)	(3,975)
Social security charges		(26)	(22)
Depreciation, amortisation and impairment charges	B	(9)	(43)
Other operating expenses	M	(954)	(1,105)
Operating profit		**(585)**	**(2,275)**
Finance income	N	15,089	12,576
Finance costs	N	(15,704)	(11,763)
Finance costs - net		**(615)**	**813**
Profit (loss) before income tax		**(1,200)**	**(1,462)**
Income tax		333	(248)
Profit (loss) after income tax		**(867)**	**(1,710)**
Net income of subsidiaries	C	(124,321)	12,758
Profit (loss) for the year		**(125,188)**	**11,048**

Notes to the Company financial statements

A. Basis of preparation

The Company financial statements of Basic-Fit N.V. (hereafter 'the Company') have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with article 362 (8), Book 2 of the Dutch Civil Code, the Company's financial statements have been prepared on the basis of the accounting principles for recognition, measurement and determination of profit, as applied in the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

All amounts are presented in euros (€ x 1,000), unless stated otherwise.

The accounting policies used in the preparation of the Company Financial Statements are the same as those used in the preparation of the Consolidated Financial Statements (in accordance with article 362 (8), Part 9 of Book 2 of the Dutch Civil Code). See the notes to the Consolidated Financial Statements.

In addition to these accounting policies, the following accounting policy applies to the Company financial statements:

Financial fixed assets

Investments in consolidated subsidiaries

Consolidated subsidiaries are all entities (including intermediate subsidiaries) over which the Company has control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the subsidiary, and has the ability to affect those returns through its power over the subsidiary. Subsidiaries are recognised from the date on which control is transferred to the Company or its intermediate holding entities. They are derecognised from the date that control ceases.

The Company applies the acquisition method to account for the acquisition of subsidiaries, consistent with the approach identified in the consolidated financial statements. The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, and liabilities and contingent liabilities assumed, in an acquisition are initially measured at their fair values at the acquisition date and are subsumed in the net asset value of the investment in consolidated subsidiaries. Acquisition-related costs are expensed as incurred.

Investments in consolidated subsidiaries are measured using the equity method. The measurement of the financial fixed assets under the equity method is based on the measurement principles of assets, provisions and liabilities, and the determination of profit as applied in the consolidated financial statements.

When consolidated subsidiaries have an equity deficit (after taking into account loans that qualify as net investments in the subsidiary) they are measured at zero under the equity method, unless the Company has given a liability undertaking or any other guarantee for the consolidated subsidiary.

Receivables from consolidated subsidiaries

Expected credit losses, if any, with respect to loans granted to and receivables from consolidated subsidiaries are not recognised in these Company financial statements, which is in line with annual reporting guideline RJ 100.107a.

Financial Instruments

For information on the risk exposure, risk management and fair values of financial instruments see notes 6.4 and 6.5 of the notes to the consolidated financial statements.

B. Right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised (leased vehicles) and the movements over the past two the years:

	2020	2019
As at 1 January	24	51
Remeasurements	(15)	(2)
Depreciation expense	(9)	(25)
As at 31 December	**-**	**24**

C. Financial fixed assets

	2020	2019
Investment in consolidated subsidiaries	186,973	311,294
Receivables from consolidated subsidiaries	717,608	404,644
Balance as at 31 December	**904,581**	**715,938**

Investment in consolidated subsidiaries

The Company has direct and indirect interests in the subsidiaries listed in note 1.2 (in the notes to the consolidated financial statements) and is the 100% owner of Basic Fit International B.V., based in Hoofddorp, the Netherlands.

The movements in the participating interests in Group companies were as follows:

	2020	2019
Balance as at 1 January	**311,294**	**298,536**
Share of result of participating interests	(124,321)	12,758
Balance as at 31 December	**186,973**	**311,294**

Receivables from consolidated subsidiaries

The movements in receivables from Group company Basic-Fit International B.V. were as follows:

	2020	2019
Balance as at 1 January	404,644	-
Additions	312,964	404,644
Balance as at 31 December	**717,608**	**404,644**

D. Deferred tax assets

The deferred tax assets are recognised due to temporary differences in the valuation of assets and liabilities. The Company expects to recover €180 thousand within 12 months.

E. Trade and other receivables

	2020	2019
Receivables from Group companies	817	4,188
Other receivables and prepayments	78	47
Total	**895**	**4,235**

The fair value of the current receivables approximates their carrying amount due to their short-term character.

Receivables from Group companies relate to Basic Fit International B.V.

F. Shareholders‘ equity

The movements in shareholders' equity were as follows:

	Share capital	Share premium	Treasury shares	Other capital reserves	Retained earnings	Result for the year	Legal reserves	Total
As at 1 January 2019	**3,280**	**358,360**	**-**	**2,105**	**(80,708)**	**9,370**	**2,553**	**294,960**
Prior year profit appropriation	-	-	-	-	9,370	(9,370)	-	-
Net result for the year	-	-	-	-	-	11,048	-	11,048
Equity-settled share-based payments	-	-	-	1,981	-	-	-	1,981
Purchase of treasury shares	-	-	(771)	-	-	-	-	(771)
Exercised share-based payments	-	-	771	(846)	(657)	-	-	(732)
Development expenditures	-	-	-	-	(780)	-	780	-
Other changes legal reserves	-	-	-	-	(15)	-	15	-
Total movements	**-**	**-**	**-**	**1,135**	**7,918**	**1,678**	**795**	**11,526**
As at 31 December 2019	**3,280**	**358,360**	**-**	**3,240**	**(72,790)**	**11,048**	**3,348**	**306,486**
As at 1 January 2020	**3,280**	**358,360**	**-**	**3,240**	**(72,790)**	**11,048**	**3,348**	**306,486**
Prior year profit appropriation	-	-	-	-	11,048	(11,048)	-	-
Net result for the year	-	-	-	-	-	(125,188)	-	(125,188)
Issue of ordinary shares	320	131,665	-	-	-	-	-	131,985
Equity-settled share-based payments	-	-	-	167	-	-	-	167
Purchase of treasury shares	-	-	(1,435)	-	-	-	-	(1,435)
Exercised share-based payments	-	-	1,435	(1,817)	(931)	-	-	(1,313)
Development expenditures	-	-	-	-	3	-	(3)	-
Other changes legal reserves	-	-	-	-	(14)	-	14	-
Total movements	**320**	**131,665**	**-**	**(1,650)**	**10,106**	**(136,236)**	**11**	**4,216**
As at 31 December 2020	**3,600**	**490,025**	**-**	**1,590**	**(62,684)**	**(125,188)**	**3,359**	**310,702**

Legal reserves at the level of Basic-Fit N.V. consist of reserves that are mandatory in certain circumstances in accordance with the Dutch Civil Code. The legal reserves consist of a reserve for capitalised development expenditures made by Basic Fit International B.V. and a non-distributable reserve that is recognised for an amount equal to the restricted reserves of subsidiaries of Basic Fit International B.V.

G. Borrowings

For the disclosures related to borrowings reference is made to note 6.3 of the consolidated financial statements.

H. Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements over the past two years:

	2020	2019
As at 1 January	**24**	**51**
Remeasurements	(15)	(2)
Accretion of interest	-	1
Payments	(9)	(26)
As at 31 December	**-**	**24**
Of which:		
Non-current lease liabilities	-	-
Current lease liabilities	-	24

I. Derivative financial instruments

For the disclosures related to derivative financial instruments, reference is made to note 6.5 of the consolidated financial statements.

J. Trade and other payables

The composition of Trade and other payables was as follows:

	2020	2019
Trade payables	48	291
Payables to Group companies	323	4
Payroll tax payable	132	132
Interest payable	1,464	572
Other liabilities and accrued expenses	36	845
Total	**2,003**	**1,844**

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates their carrying amount due to their short-term character.

K. Trade and other payables

	2020	2019
Overhead costs charged on to Group companies	1,850	2,870
Total	**1,850**	**2,870**

L. Salaries and wages

Salaries and wages include an amount of €167 thousand (2019: €1,981 thousand) related to share-based payments (see note 3.5 of the consolidated financial statements).
The number of employees employed by Basic-Fit N.V. at year-end 2020 was two, both of whom are based in the Netherlands. For information regarding the remuneration of the members of the Management Board see note 8.1 of the consolidated financial statements.

M. Other operating expenses

Other operating expenses consist primarily of Supervisory Board compensation (see note 8.2 of the consolidated financial statements), audit and consulting fees, plus insurance costs.

Audit fees

Reference is made to note 8.4 in the consolidated financial statements.

N. Finance income and costs

	2020	2019
Finance income:		
Group companies	15,089	12,576
Total finance income	**15,089**	**12,576**
Finance costs:		
Interest on external debt and borrowings	(13,480)	(9,544)
Lease liabilities interest	-	(1)
Valuation difference derivative financial instruments	(188)	(2,200)
Other finance costs (including waiver fees)	(2,036)	(18)
Total finance costs	**(15,704)**	**(11,763)**
Total finance costs - net	**(615)**	**813**

O. Contingencies and commitments

The provisions of Section 403(2), Book 2 of the Dutch Civil Code apply to the group companies Basic Fit International B.V. and Basic Fit Nederland B.V. The Company is consequently jointly and severally liable.

P. Events after the reporting period

Reference is made to note 8.5 in the consolidated financial statements.

Q. Proposed profit appropriation

The Management Board proposes to add the loss for 2020 (€125,118 thousand) to the retained earnings.

R. Authorisation of the financial statements

Hoofddorp, the Netherlands
9 March 2021

Prepared by Management Board:
R.M. Moos
H.J. van der Aar

OTHER INFORMATION

Provision in the Articles of Association relating to profit appropriation

According to the Company's Articles of Association, the Company may make distributions to the shareholders provided that the Company's shareholders' equity exceeds the sum of the called-up and paid-in capital of the Company, plus legal and statutory reserves. If the adopted financial statements show a profit, the Management Board shall determine which part of the profits shall be reserved. The General Meeting may only resolve on any distribution from the Company's reserves pursuant to and in accordance with a proposal to that effect by the Management Board, which proposal has been approved by the Supervisory Board.

Independent auditor's report

To: the shareholders and supervisory board of Basic-Fit N.V.

Report on the audit of the financial statements 2020 included in the annual report

Our opinion

We have audited the financial statements 2020 of Basic-Fit N.V. based in Hoofddorp.

The financial statements comprise the consolidated and company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Basic-Fit N.V. as at 31 December 2020 and of its result and its cash flows for 2020 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- the accompanying company financial statements give a true and fair view of the financial position of Basic-Fit N.V. as at 31 December 2020 and of its result for 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020
- the following statements for 2020: the consolidated statements of comprehensive income, changes in equity and cash flows
- the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2020
- the company statement of profit or loss for 2020
- the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Basic-Fit N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Our understanding of the business

Basic-Fit operates in the value-for-money fitness market and has clubs in a number of Western-European countries. The group is structured in components and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment. We refer to the key audit matters for further details.

We start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud, non-compliance with laws and regulations or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

In 2020 we were forced to perform our procedures to a greater extent remotely due to the COVID-19 measures. This limits our observation and increases the risk of missing certain signals. In order to compensate for the limitations related to physical contact and direct observation, we performed alternative procedures to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	**€3.0 million (2019: €2.5 million)**
Benchmark applied	Approximately 0.8% of consolidated Revenue (2019: Approximately 5 percent of consolidated Operating profit)
Explanation	The COVID-19 pandemic had a major impact on the operations and performance of Basic-Fit. This is also reflected in the consolidated statement of comprehensive income for the year 2020, which resulted in a loss for the year. In this context we have reassessed the benchmark for our materiality. We have changed our materiality benchmark from Operating profit to Revenues. Under the specific circumstances faced by the company during the year 2020, we deem Revenues is a suitable basis, as it is one of the important measures of the company's performance.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of €150,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

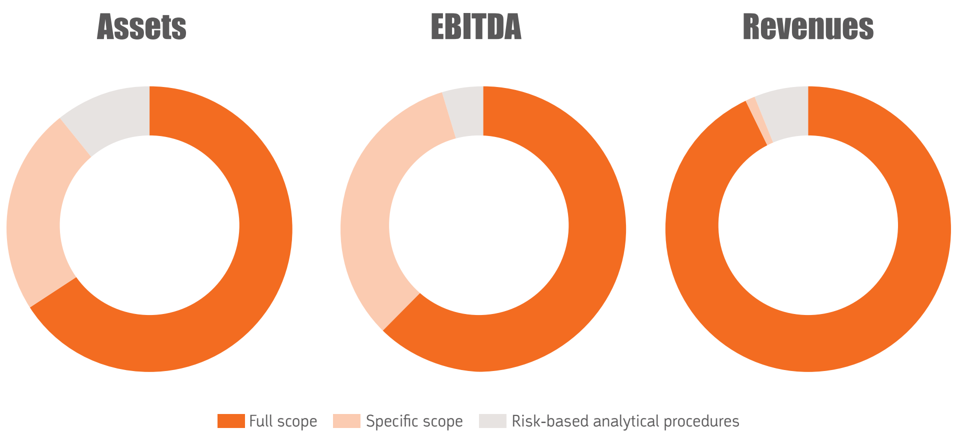
Basic-Fit N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Basic-Fit N.V.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities. We selected Basic-Fit N.V., Basic-Fit Nederland B.V., Basic-Fit Belgium BVBA, Basic-Fit II S.A. and HealthCity België N.V. as significant entities based on their size and/or their risk profile and performed full scope procedures with respect to these entities. This means that an audit has been performed on the complete set of financial information. We selected Basic-Fit International B.V. as a specific scope entity, based on the size and risk profile and performed specific scope procedures with respect to this entity. This means that an audit has been performed on specific accounts of the financial information. We have:

- Performed audit procedures ourselves at group entities Basic-Fit N.V., Basic-Fit Nederland B.V., Basic-Fit Belgium BVBA, Basic-Fit II S.A., HealthCity België N.V. and Basic-Fit International B.V.
- Used the work of other EY network auditors when auditing employee expenses and local taxes for the entities Basic-Fit Belgium BVBA, Basic-Fit II S.A. and HealthCity België N.V.
- Performed risk-based analytical procedures at other group entities.

In total these procedures represent 89% of the group's total assets, 96% of profit/loss and 94% of gross revenues.



By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Teaming, use of specialists and internal audit

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client in the Fitness industry. We included specialists in the areas of IT audit, forensics, corporate finance and income tax and have made use of our own experts in the areas of valuations of the right-of use-assets and lease liabilities, goodwill, real estate and derivatives. Furthermore, our corporate finance experts assisted the audit team to challenge the Management Board's going concern assessment.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Non-compliance with laws and regulations may result in fines, litigation or other consequences for the company that may have a material effect on the financial statements.

Our audit response related to fraud risks

In order to identify and assess the risks of material misstatements of the financial statements due to fraud, we obtained an understanding of the entity and its environment, including the entity's internal control relevant to the audit and in order to design audit procedures that are appropriate in the circumstances. As in all of our audits, we addressed the risk of management override of internal control. We do not audit internal control per se for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We considered available information and made enquiries of relevant executives, directors (including internal audit, legal, compliance and human resources) and the supervisory board. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists.

In our risk assessment we considered the potential impact of amongst others: external expectations, performance based rewards and related party transactions. Furthermore, as Basic-Fit N.V. is a global company, operating in multiple jurisdictions, we considered cyber risks and the risk of bribery and corruption.

In our process of identifying fraud risks, we considered whether the Covid-19 pandemic gives rise to specific fraud risk factors resulting from a dilution in the effectiveness of controls as a result of the general disruption associated with remote working, illness and workforce reductions, supply chain failures and pressure to make emergency procurements, management overrides and workarounds becoming the norm, manual invoicing, manual payments and abuse of government schemes intended to support companies during the pandemic. We also considered risk factors resulting from management under pressure to meet financial targets, to demonstrate that the actions to limit exposure to losses have been successful, or to meet certain KPIs necessary to qualify for debt financing or meeting debt covenants. Conversely, we also consider whether there was an incentive or opportunity for the Board of Management to over-provide in the current period with a view to release excess in the current period with a view to release excess provisions in future periods.

We evaluated the design and the implementation of internal controls that mitigate fraud risks. In addition, we performed procedures to evaluate key accounting estimates for management bias in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 2.2 to the financial statements. We have also used data analytics to identify and address high-risk journal entries.

We incorporated elements of unpredictability in our audit. We considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance. If so, we reevaluate our assessment of fraud risk and its resulting impact on our audit procedures.

Our audit response related to risks of non-compliance with laws and regulations
We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes, inspection of internal audit and compliance reports and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Going concern
We performed the following procedures in order to identify and assess the risks of going concern and to conclude on the appropriateness of management's use of the going concern basis of accounting. Management made a specific assessment of the company's ability to continue as a going concern and to continue its operations for at least the next 12 months. We discussed and evaluated the assessment with management exercising professional judgment and maintaining professional skepticism, and specifically focusing on the process followed by management to make the assessment, management bias that could represent a risk, the impact of current events and conditions on the company's operations and forecasted cash flows, with a focus on whether the company will have sufficient liquidity to continue to meet its obligations as they fall due.

We consider based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern. We refer to our key audit matter below for further details.

General audit procedures
Our audit further included among others:
- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Our key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

Following the impact of the COVID-19 pandemic, a new key audit matter relating to the impact of the COVID-19 outbreak on going concern has been defined.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Going concern assessment and disclosures	
Refer to note 2.2 Going concern	
Risk	In 2020, Basic-Fit was faced with the exceptional circumstances of the COVID-19 pandemic, that amongst others led to the mandatory closure of all fitness clubs in a first lockdown period. During a second lockdown period nearly all fitness clubs were closed towards the end of 2020. A situation that continued into 2021 up to and including the day of this report. These developments resulted in a net loss, a decrease in operational cash flow and the need to obtain covenant waivers for its facility agreements. These waivers were obtained in December 2020 and January 2021, and therefore a part of the borrowings have been reclassified as short term. The continued uncertainty of COVID-19 and the implications of club closures on profitability and cash flows, gave rise to additional attention to the Company's going concern assessment including liquidity needs and compliance with the bank covenants in our audit. Basic-Fit's going concern assessment is primarily based on current and expected results and cash flows, as well as capital management and financing strategies. Estimation of future cash flows and results inherently involves a high degree of judgment. As part of its going concern assessment, the Management Board has assessed the inherent uncertainties – including the impact of the COVID-19 pandemic, mandatory club closures as well as risks and uncertainties in their capital and financing strategies – in forecasting Basic-Fit's liquidity and compliance with debt covenants. Based on its going concern assessment including the current views on the COVID-19 pandemic, its effect on society and scenario analyses and taking into account the uncertainties described in note 2.2, management is confident that sufficient debt, equity or equity-linked instruments can be timely attracted to refinance the €150 million bridge facility and to create sufficient headroom to avoid covenant breaches. In the case of extended club closures into the second half of 2021 or re-installed closures the Management Board assesses that the Company is able to reduce it borrowings by raising sufficient additional capital or equity-linked debt to meet its leverage ratio covenant and/or renegotiate its borrowings and covenants. As such, the Management Board concluded that the situation does not involve material uncertainties that may cast significant doubt about the Group's ability to continue as a going concern and that it is appropriate to prepare the financial statements on the basis of going concern. We considered this to be a key audit matter.
Our audit approach	Our audit procedures included evaluating the Company's assessment and assumptions underlying the expected future profitability and cash flows for their reasonableness and consistency with historic results both pre-COVID-19 as well as during the re-opening in between the lockdown periods. We determined that the assessment on compliance with the financial covenants and the Company's ability to meet its liabilities as they fall due within twelve months after the publication of these financial statements is critically dependent on the timing of the re-opening of fitness clubs and the strengthening of the capital position and liquidity buffer in order to refinance the bridge facility and avoid covenant breaches. Other factors, including continued state aid, cost reductions, membership developments and postponement of capital expenditures appeared to be of significant impact for the expected future results and cash flows, but in most scenarios not decisive for the outcomes of the going concern assessment. We have evaluated the reasonableness and support for these assumptions used by the Management Board in the scenario forecasting models. We challenged the Management Board's most likely estimate of the re-opening of the fitness clubs throughout the spring of 2021. We stress-tested compliance with applicable covenants and repayment obligations by modelling delayed openings and corroborating management estimations with external sources like plans and progress of the current vaccination campaigns in the countries of operation. We challenged the Management Board's capital and finance management strategies to successfully attract debt, equity or equity-linked instruments or a combination thereof to refinance the €150 million bridge facility, to continue to comply with the applicable covenants, and - in the case of extended club closures into the second half of 2021 or re-installed closures - to reduce its borrowing by raising capital and/or renegotiate its borrowings and covenants. We have obtained insight into the various options under the preferred and alternative capital and financing strategies under investigation and consideration by the Management Board. We did this by performing inquiries with the two main shareholders representing over 30% of the shares to confirm their support for management's capital and finance strategies. We also corroborated the Management Board's assessment with recent analyst reports and other relevant third party opinions as well as the share price developments of the Basic-Fit shares and developments in major shareholdings at the time of the issuance of these financial statements. With the assistance of our corporate finance specialists we challenged the Management Board's assessment to be able to renegotiate the Company's borrowings and related covenants in case of delayed club openings or re-installed club closings would occur. We also challenged the going concern assessment and impact on Basic-Fit's headroom development considering the agreed bank covenants. We assessed the Company's debt agreements, waiver contracts, the agreed bank covenants and communications between Basic-Fit and its banks. We involved corporate finance specialists in these procedures, more specific to determine the reasonableness of the assumptions and appropriateness of the models used by Basic-Fit in determining the expected future profitability and cash flows.
Key observations	We consider the Management Board's models, assumptions and data used in the scenario forecasts to be reasonable and appropriate. With respect to the timing of reopening we assessed that the Management Board's most likely re-opening scenario and relating financial model is plausible, noting that inherently significant estimation uncertainty remains. The Management Board has assessed that sufficient debt, equity or equity-linked instruments or a combination hereof should be attracted, for which a capital and finance management strategy has been put in place. In the case of extended club closures into the second half of 2021 or re-installed closures, Basic-Fit will most likely need to reduce its borrowings by raising sufficient additional capital or equity- linked debt to meet its leverage ratio covenant and/or renegotiate its borrowings and covenants . Overall, we concur with the Management Board's assessment and the disclosures on going concern (note 2.2).

Revenue recognition	
Refer to note 3.2 Revenue	
Risk	Revenue recognition and the accounting for deferred revenues comprise different components and recognition elements. Deferred revenues are calculated based on a complex spreadsheet-based model, which increases the risk of error. Furthermore, the deferral of joining fee for the flex member revenues requires an estimate regarding their churn rate. In addition, following to closures of the clubs, Basic-Fit has frozen memberships, postponed collections and offered compensation options to its members, while revenue recognition for the use of the fitness app continued. These events have had a significant impact on revenue recognition during 2020 and the year-end cut-off. Consequently, we consider this topic a key audit matter.
Our audit approach	Our audit strategy included an assessment of the appropriateness of the company's revenue recognition policies in general, as well as specific for the frozen memberships and compensations, understanding of the internal control environment, data analytics procedures on revenues and receivables and substantive procedures relating to contractual terms and conditions and the appropriate accounting thereof. We have performed substantive analytical procedures on revenues and data analytics with respect to sources of revenue and the correlation between revenue, accounts receivable and cash receipts. We recalculated the deferred revenues and evaluated the estimates applied. We have specifically assessed the accuracy and completeness and proper cut-off of revenues, especially with regard to compensations that have been deferred over year end. Furthermore we focused on the adequacy of the company's disclosures in respect of IFRS 15.
Key observations	We did not identify evidence of material misstatement in the revenue recognized in the year. In addition, we assessed that the revenue disclosures are adequate.

Accuracy and completeness of right-of-use assets and lease liabilities	
Refer to note 4.4 Right-of-use assets and lease liabilities	
Risk	IFRS 16 requires management to perform calculations for all existing leases including consideration of individual lease terms as well as assumptions as to the likelihood of lease extensions and the incremental borrowing rate. Further to the COVID-19 related closure of clubs, management has renegotiated rent conditions with multiple landlords. The resulting outcomes have to be properly treated under IFRS 16 and the specific amendment for such temporary COVID-19 related agreements. Because of the impact of lease accounting under IFRS 16 on the statement of financial position, being €1,104 million of right-of-use assets and €1,187 million of total lease liabilities, we consider this topic a key audit matter.
Our audit approach	Our audit strategy included an assessment of the appropriateness of the company's IFRS 16 policies. We evaluated the completeness and accuracy of the data used to calculate the year-end positions, which included an assessment of the estimates with respect to the lease terms and the incremental borrowing rates. We also determined the accuracy of the calculations by the lease accounting tool applied by the Company. On a sample basis, we tested the IFRS 16 year-end positions by reconciling these to the underlying lease contract, including a reperformance of the required calculations. We also tested the accounting of renegotiated lease contracts as either lease modifications or the application of the practical expedient in IFRS 16 for COVID-19 rent concessions. Furthermore, we tested the completeness of the population of leases by reconciling these to the periodic outgoing lease payments, the member administration by club, and we assessed contracts entered into or extended in 2020 for cut-off errors. We also evaluated the adequacy of the accounting policies applied and described in the financial statements in note 4.4.
Key observations	We did not identify evidence of material misstatement in the right-of-use assets and lease liabilities recognized in the year. We assessed the disclosures (note 4.4) in the financial statements are adequate.

Valuation of goodwill	
Refer to note 4.1 Goodwill	
Risk	At year-end 2020, Basic-Fit N.V. has a goodwill balance of € 203.6 million. In accordance with EU-IFRS, Basic-Fit N.V. is required to perform a goodwill impairment test on an annual basis. The goodwill is allocated to five Cash Generating Units (CGU), being the countries in which Basic-Fit has fitness clubs. These impairment tests are significant to our audit because the assessment process is complex, requires management judgment, and is based on assumptions that are affected by expected future market conditions. The government measures in relation to the COVID-19 pandemic and resulting club closures have been a triggering event for an impairment test during the year. Furthermore, the impact of COVID-19 should be properly reflected in the expected future market conditions assumed in the impairment test. Management prepared a "growth scenario" and a "consolidation scenario" to address the challenges of predicting the full extent and duration of the COVID-19 pandemic's impact on Basic-Fit's operations. On top of this, as of 2020, Basic-Fit estimates the recoverable amount of each CGU based on its fair value less costs of disposal. Consequently, we consider this topic a key audit matter.
Our audit approach	As part of our audit procedures we focused on the assumptions and methodologies used by the company, and also on the robustness of the planning process to evaluate whether the company is able to prepare reliable estimates. Given the complexity around this topic, we have used an EY valuation specialist to assist us in evaluating the assumptions and methodologies. We also performed back testing on prior year assumptions. The company uses assumptions with respect to Weighted Average Cost of Capital, future market and economic conditions such as expected inflation rates, economic growth rates, CAPEX investments and expenses. In order to assess the reasonability of input data, the valuation model and the Weighted Average Cost of Capital, we have, among other procedures, compared the data with external data such as expected inflation rates, external market growth expectations and by analyzing sensitivities in the company's changed impairment testing model based on fair value less cost of disposal. With regard to the sensitivities, we specifically focused on the available headroom present in the CGUs under the "consolidation scenario" and whether a reasonable possible change in assumptions, such as the discount rate and the growth rate, could cause the carrying amount to exceed its recoverable amount. We also focused on the adequacy of the company's disclosures regarding assumptions and sensitivities as well as consistency between the going concern forecasts and the inputs in the company's impairment testing model.
Key observations	We consider management's key assumptions and estimates to be within an acceptable range. We agree with management's conclusion that no impairment of goodwill is required in 2020. We assessed that the disclosures in respect of goodwill in the financial statements (note 4.1) are appropriate.

Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The management board report
- Report of the supervisory board and its committees
- Remuneration report
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 and Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code, other information required by Part 9 of Book 2 of the Dutch Civil Code and the remuneration report in accordance with Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the supervisory board as auditor of Basic-Fit N.V. on 16 November 2015, as of the audit for the year 2015 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Other non-prohibited services provided

In addition to the statutory audit of the financial statements we provided

- Assurance services in relation to government grants in the Netherlands
- Assurance services in relation to compliance reporting as required under Belgium law.

Description of responsibilities for the financial statements

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The *Our audit approach* section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Communication

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

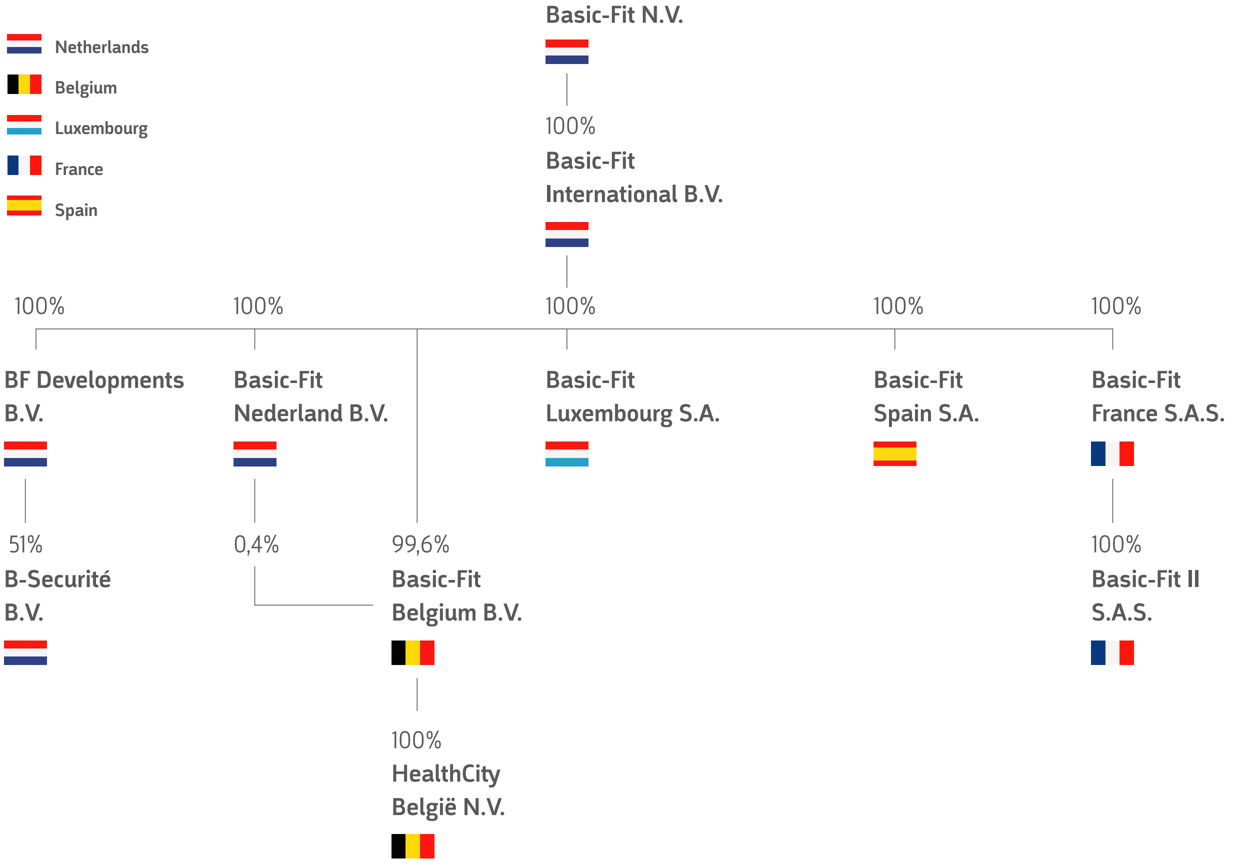
We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Den Haag, 9 March 2021

Ernst & Young Accountants LLP
Signed by A.A. Kuijpers

Organisational chart Basic-Fit



SHAREHOLDER INFORMATION

Financial year and reporting

Basic-Fit's book year runs from 1 January through 31 December. We publish a full set of results at full-year and half-year. After the first and third quarter, we publish trading updates, in which we update the market on revenue, club openings and membership developments.

Investor Relations

Basic-Fit is committed to providing transparency and consistency in its reporting. We have an extensive communications programme and engage and maintain an open dialogue with investors and financial analysts. Our Investor Relations programme includes roadshows, investor conferences, in-house meetings, Capital Market days and the Annual General Meeting of Shareholders. In the Investor Relations section of our Corporate website, we provide an up-to-date financial calendar with relevant events.

The majority of our communications with the investment community take place through press releases, which are widely distributed, made generally available, and filed with the Dutch Financial Markets Authority (AFM). We make all press releases and other relevant and important information available on our corporate website.

Basic-Fit adheres strictly to applicable rules and legislation on fair disclosure. Our quiet periods start on the eleventh day of the first and third quarters, and the ninth day of the second and fourth quarters, and last until the publication of our results or trading updates. During these periods, we do not engage in bilateral meetings or any discussions with investors, financial analysts or financial journalists, or participate in investor conferences.

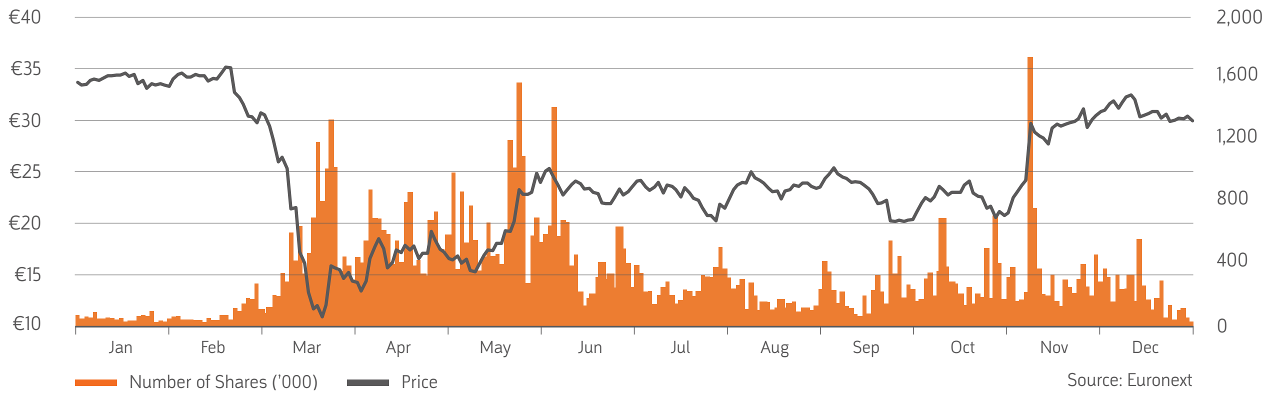
Listing

Basic-Fit has been listed on Euronext Amsterdam since 10 June 2016 and is included in the Midkap Index (AMX). In June 2020, the Company successfully raised €133.3 million through an accelerated bookbuild offering of 5,333,333 new ordinary shares at a price of €25 per ordinary share issued. At year end, the total number of shares outstanding stood at 60,000,000. Euronext Amsterdam Stock Exchange Ticker: BFIT, ISIN code: NL0011872650, Bloomberg code: BFIT.NA, Reuters code: BFIT.AS

Share price development

The closing price for the Basic-Fit share stood at €30.00 at year-end 2020, an 11% decline compared with the €33.85 closing price at the end of 2019. The average daily traded volume was 329 thousand shares, almost four times the average of 69 thousand shares in 2019.

Share price development 2020



Shareholders

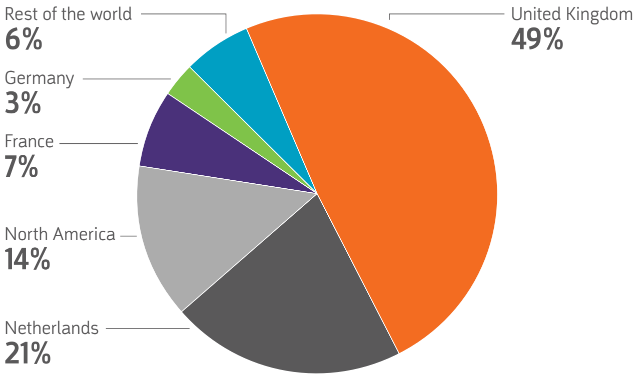
Under Dutch law, shareholdings of 3% or more in Basic-Fit's total outstanding share capital must be disclosed to the Dutch Financial Markets Authority (AFM). According to the AFM's Substantial Holdings register, the following institutions have substantial holdings in Basic-Fit.

At the end of 2020, our main shareholders were René Moos, our CEO (directly and indirectly held via AM Holding B.V.) and Mito Holdings S.à.r.l. (3i Investments plc), which held 15.2% and 13.5% of the company's shares respectively. Pelham Capital Ltd. and Dynamo Internacional Gestão de Recursos Ltda. have reported respective holdings of just below 5.0% and 4.7% to the AFM. Capital Research and Management Company and OceanLink Management Ltd are new in the list with respective holdings of 3.7% and 3.0%. Granular Capital Limited owned 3.0%.

Shareholders holding more than 3%	
R.M. Moos (AM Holding BV)	16.3%
3i Investments plc (Mito Holdings S.à r.l.)	14.9%
Pelham Capital Ltd.	5.0%
Dynamo Internacional Gestão de Recursos	4.7%
Capital Research and Management Company	3.7%
Smallcap World Fund Inc.	3.2%
OceanLink Management Ltd.	3.0%
Granular Capital Limited	3.0%

An indicative 49% of Basic-Fit shares are held by United Kingdom-based investors. Dutch and North American investors account for 21% and 14% respectively.

Indicative geographic spread of ordinary shares



Contact Information

Investors and financial analysts are invited to contact our Investor Relations team with any queries they might have:

Richard Piekaar
Head of Treasury, Investor Relations and Corporate Development

John David Roeg
Investor Relations Manager

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5 years of Basic-Fit

amounts in milions of €, unless stated otherwise	2020	2019	2018	2017	2016
Revenue	376.8	515.2	401.8	325.8	258.6
Growth %	(27)%	28%	23%	26%	28%
Underlying club EBITDA*	153.8	222.9	176.9	143.9	112.9
Underlying EBITDA*	93.8	151.3	124.1	100.5	80.4
Underlying EBITDA margin %*	25%	29%	31%	31%	31%
Underlying net result*	(32.9)	33.5	29.4	23.6	15.0
Underlying EPS (€)*	(0.57)	0.61	0.54	0.43	0.34
Maintenance Capex	35.7	39.1	31.8	25.5	14.5
Cash flow pre expansion capex (underlying EBITDA minus maintenance Capex)	58.0	112.2	92.3	74.9	65.9
Expansion Capex	162.9	229.0	140.1	130.5	104.8
Shareholders' equity	310.7	306.5	327.1	317.3	305.1
Net debt (excluding lease liabilities)	539.1	450.9	333.0	281.5	205.7
Net debt / Underlying EBITDA**	4.9x	2.5x	2.3x	2.4x	2.6x
Non-financials (number)					
Total number of clubs	905	784	629	521	419
o.w. The Netherlands	211	199	161	152	148
o.w. Belgium	193	183	173	167	159
o.w. Luxembourg	10	9	10	9	8
o.w. France	447	357	252	160	73
o.w. Spain	44	36	33	33	31
Total number of mature clubs	510	405	327	246	181
Total number of members (million)	2,001	2,221	1,843	1,525	1,210
Average revenue per member per month (€)	14.50	20.56	19.39	19.41	19.46
Number of employees (e.o.p.)	5,628	5,110	4,135	3,562	3,199
Number of employees FTE (average)	2,980	2,303	1,883	1,770	1,473
Market capitilisation, year-end	1,800	1,850	1,419	1,099	876
Share price, year-end (€)	30.00	33.85	25.95	20.11	16.03
Share price, high (€)	35.75	34.25	33.15	21.80	17.50
Share price, low (€)	10.52	24.05	19.74	14.50	11.81
Average daily volume ('000)	329	69	58	60	122
Average number of shares outstanding	57.6	54.7	54.7	54.7	54.7
Number of shares outstanding	60.0	54.7	54.7	54.7	54.7

See page 191 for alternative performance measures
Years 2016, 2017, 2018 are pre-IFRS 16
** Years 2016, 2017, 2018 refer to adjusted (club) EBITDA (margin) and adjusted net result*
*** From 2017 onwards based on bank covenant definition*

ALTERNATIVE PERFORMANCE MEASURES

Basic-Fit's consolidated financial statements are prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In presenting and discussing Basic-Fit's financial performance and financial position, the management uses certain alternative performance measures and ratios not defined by IFRS, such as club EBITDA, underlying EBITDA, underlying net result and net debt. For an overview see next page.

The alternative performance measures presented are measures used by management to monitor the underlying performance of the business and have therefore not been audited or reviewed.

Furthermore, they may not be indicative of the historical operating results, nor are they meant to be predictive of future results. These alternative performance measures are presented because they are considered important supplementary measures of Basic-Fit's performance, and we believe that these and similar measures are widely used in the industry in which Basic-Fit operates as a way to evaluate a company's operating performance and financial position.

In comparing Basic-Fit's alternative performance measures with financial years before 2019, it is worth noting that several definitions were changed in 2020, as was announced during the November 2019 Capital Markets Day. As from 2020, we use non-IFRS KPIs that adjust IFRS 16 for rent costs. As a result, the new KPIs are similar to the KPIs that we used until 2019 and continue to be aligned to actual cash returns, how we internally look at our business and how management reviews the company's financial performance.

As of the 2020 reporting, adjusted club EBITDA has become underlying club EBITDA. With the new definition, we report on the performance of our open clubs on a post-IFRS 16 basis, from which we subtract the rent costs of these open clubs. Non-club-related revenue and cost of sales are not included in this financial measure.

Adjusted EBITDA, our main KPI, has become underlying EBITDA, and is defined as EBITDA, less rent costs of our open clubs and adjusted for exceptional items. The exceptional items include reorganisation costs, other one-off costs and costs of temporarily closed clubs.

Underlying net result is the same as the previous adjusted net result definition, but now adjusted for the impact of IFRS 16.

Not all companies calculate alternative performance measures in the same manner or on a consistent basis. As a result, these measures and ratios may not be comparable to measures used by other companies under the same name or similar definitions. The table on the next page presents an overview of the alternative performance measures used with their definitions.

Alternative performance measures used for the years 2019 and 2020

Term	Definition
Club EBITDA	EBITDA before overhead costs and net result from non-club revenue (webshop and NXT Level)
Club EBITDA margin	Club EBITDA as a percentage of club revenue
Underlying club EBITDA	Club EBITDA adjusted for exceptional items and minus invoiced rent costs of open clubs
Underlying club EBITDA margin	Underlying club EBITDA as a percentage of club revenue
EBITDA	Profit (loss) before interest, taxes, depreciation, amortisation and COVID-19 rent credit
EBITDA margin	EBITDA as a percentage of total revenue
Underlying EBITDA	EBITDA adjusted for exceptional items and minus invoiced rent costs
Underlying EBITDA margin	Underlying EBITDA as a percentage of total revenue
EBIT	Profit (loss) before interest and taxes
Underlying net result	Net result adjusted for IFRS16, PPA amortisation, IRS valuation differences, exceptional items, one-offs and the releated tax effects
Underlying EPS	Underlying net result divided by the weighted average number of diluted shares
Net debt	Total of long- and short-term borrowings and IFRS16 lease liabilities, less cash and cash equivalents
Net debt (excl. lease liabilties)	Total of long- and short-term borrowings, less cash and cash equivalents
ROIC	Underlying mature club EBITDA as a percentage of the initial investment to build a club
Mature club	Club that has been open for 24 months or more at the start of the year
Mature club revenue	Revenue of mature clubs
Mature club underlying EBITDA	Underlying EBITDA of mature clubs
Mature club underlying EBITDA margin	Underlying EBITDA of mature clubs as a percentage of mature club revenue
Expansion capex	Total costs of newly built clubs, acquisitions, existing club enlargements and cost for clubs that are not yet open
Initial capex newly built club	Total costs newly built clubs divided by the number of newly built clubs
Maintenance capex	Total club maintencance costs
Average maintenance costs per club	Total maintencance capex divided by the average number of clubs

Alternative performance measures* – years prior to 2019, where they differ from alternative performance measures used for the years 2019 and 2020

Term	Definition
Adjusted club EBITDA	Club EBITDA adjusted for exceptional items
Adjusted club EBITDA margin	Club EBITDA as a percentage of club revenue
Adjusted EBITDA	EBITDA adjusted for exceptional items
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of total revenue
Adjusted net result	Net result adjusted for PPA amortisation, SWAP valuation differences, exceptional items, one-offs and the releated tax effects
Adjusted EPS	Adjusted net result divided by the weighted average number of diluted shares
Net debt	Total of long- and short-term borrowings less cash and cash equivalents
ROIC	Adjusted mature club EBITDA as a percentage of the initial investment to build a club
Mature club adjusted EBITDA	Adjusted EBITDA of mature clubs
Mature club EBITDA margin	Adjusted EBITDA of mature clubs as a percentage of mature club revenue

** Pre-IFRS 16*

Colophon

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