

## **BASIC-FIT UPDATES THE MARKET ON Q1 2020 DEVELOPMENTS AND RECENT EVENTS**

*Operational and financial measures implemented to ensure solid position after the COVID-19 crisis*

Hoofddorp, 22 April 2020 – Basic-Fit N.V. (Basic-Fit), Europe’s largest and fastest growing fitness chain, provides a trading update on the developments in the first quarter of 2020 and recent events in light of the circumstances following the COVID-19 outbreak.

### THREE MONTHS HIGHLIGHTS

- 8 Revenue increased by 15% year on year to €137.5 million (Q1 2019: €119.4 million)
- 8 Number of memberships increased by 18% year on year to 2.32 million (Q1 2019: 1.96 million)
- 8 Number of clubs in the network increased by 44 in Q1 to 828 clubs, a record 177 increase year on year (Q1 2019: 651clubs)

### RECENT EVENTS

- 8 Following the decisions by the different governments in our countries, Basic-Fit has temporarily closed all its clubs of mid-March
- 8 Measures taken to minimise cash outflow to maximum of around €15 million per month
  - o Operating costs reduced by around 65%
  - o Expansion and maintenance capex put on hold
  - o Strong support from business partners and members
- 8 75% of our members paid membership fees for March and April and will be compensated based on their preferred compensation option
- 8 All employees continue to be retained; utilizing the facilities provided by the national governments to assist companies through the crisis
- 8 Agreement on €40 million additional financing and in process of obtaining an additional €60 million in government backed financing

### REVENUE DEVELOPMENT

While all clubs have been closed since mid-March, our revenue grew strongly in the first two months of 2020. Over the first three months of 2020, Basic-Fit reported revenue of €137.5 million. This is an increase of 15% compared to the €119.4 million in the same period in 2019. The increase is explained by the increase in fitness revenue (up 15% to €134.0 million) and higher other revenue (up 13% to €3.5 million). The increase in fitness revenue is explained by an 18% increase in memberships. At the same time, the average revenue per member per month

was 3% lower at €19.67, due to the compensation that we are giving to our members for the closure of our clubs after the COVID-19 outbreak. The closure of clubs led to a full stop of partner revenue and revenues from vending machines in our clubs, explaining the limited growth of other revenue.

#### CLUB & MEMBERSHIP DEVELOPMENT

In the first three months, we increased our network by 44 clubs. We now have 828 clubs of which 202 in the Netherlands, 188 in Belgium, 10 in Luxembourg, 390 France and 38 in Spain. Compared to a year ago, the number of clubs increased by a record 177.

At the end of the quarter we had 2.32 million members. An increase of 100 thousand members compared to the 2.22 million at the start of the year and an increase of 359 thousand members year on year.

#### COVID-19

Due to the COVID-19 outbreak, we had to close all Basic-Fit clubs mid-March and communicated to our members that we would compensate them for the period that they could not access our clubs from mid-March to May. Following that, we worked on a compensation scheme for members and held an extensive survey among our members to that end. The options we then presented included an upgrade to a Premium membership, payback of paid fees as a discount over a 6-month period, a goodie bag and no pay-back of membership fees. 75% of our members supported us by opting for one of the compensation options. 25% of members indicated that they did not want to be debited for April and got an immediate freeze<sup>1</sup> of their membership until the clubs are open again. As of 1 May, all memberships will be frozen. As soon as we have reopened our clubs, we will resume the collection of membership fees.

Following the closure of all clubs, we took swift action to manage our cash and halted the construction and opening of new clubs. We also minimized the maintenance activities, like replacements of equipment and refurbishments, to bring the capital expenditures to a minimum. In addition, we lowered the club operating costs and the overhead costs by around 65%. These cost reductions have partially been realised with support of the various government facilities and arrangements largely compensating for staff costs. Our aim is to protect jobs and keep all employees onboard. As a result of the support of our long-term business partners including landlords, contractors and suppliers, we have been able to limit our monthly cash outflow to around €15 million per month. The Basic-Fit leadership team has decided to reduce

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<sup>1</sup> During the period of a membership freeze, the membership is put on hold and the member will not be debited. Once the membership freeze has ended, the freeze period will be added to the membership duration and the member will be debited again.

their own salaries by 50% for the period that the clubs are closed.

Basic-Fit has reached an agreement with ABN AMRO and Rabobank for, and has fully drawn, a €40 million accordion facility in the form of a revolving credit facility (RCF). This is part of the Term and RCF facilities agreement as amended and extended in 2018. The remaining €110 million of the total €150 million accordion facility could become available to us when markets have normalised, our clubs are open again and we restart our club rollout plan. To further secure liquidity throughout this period, we have an agreement in principle with our banks, subject to approval of the RVO (Dutch Government), for a €60 million government backed term facility and will provide the market with an update on the process in due course. With around €75 million cash at hand, plus the targeted €60 million term facility, we are confident that we have secured the continuity of our operations and will be well-positioned after the COVID-19 crisis.

*Rene Moos, Basic-Fit CEO: “During these difficult times, we get strong support from our employees and partners, working with and for Basic-Fit, both at the headquarters and in the clubs. In addition, we feel strengthened by our loyal members, who stay with us through this Corona crisis and anxiously await the reopening of our clubs.*

*We do not know how long our clubs need to be closed. I do hope that we will soon find ourselves in a situation that our more than 2 million members can go back to their normal life and visit our clubs again. It continues to be important for people to enjoy their healthy routines and work on their fitness. Especially in a society in which we need to maintain social distancing due to COVID-19. Research shows that regular exercise may reduce the risk of complications in people with COVID-19.*

*We have seen that our investments in the Basic-Fit app and our GXR virtual group classes have been of even greater added value now that our clubs are closed. We had 1 million active users of the App at the end of March, and usage of GXR group classes has increased 7-fold compared to the start of the year. Investments made the past years in our multichannel strategy and our digital capabilities are now proving their worth. To further stimulate people to exercise at home we organised a big Home Gym Day event on 4 April, which was attended by 800,000 people in Europe. While we have frozen our non-essential operating expenses and capital expenditure, we will continue to optimise our products and services, in particular our App and virtual group classes, to come out of this situation with an even stronger offering.*

*In several countries in Europe and in the US, fitness clubs are starting to reopen now. We are also preparing ourselves for the reopening of our clubs in a way that we can assure the health and safety of our members and employees. The preparations include a reservation system that enables members to reserve a time slot for a visit to their club. This will allow us to guarantee*

*members access to the club whilst at the same time being in control of the number of people in our clubs. This will avoid potential queues and assure sufficient distance between people when they do their work out.*

*I am confident that, based on the very good start of the year, the swift actions taken and the support of all our stakeholders, as well as the additional financing we have secured, we are well equipped to weather this storm and be well prepared for the day that we can open our clubs again.”*

#### OUTLOOK 2020

Due to the COVID-19 outbreak, there is limited visibility on the development of club openings, revenue and results. We are therefore withdrawing our guidance for 2020. Once we are allowed to reopen our clubs and have more visibility on the membership development, we will further update the market.

– END –

#### FOR MORE INFORMATION

+31 (0)23 302 23 85

[investor.relations@basic-fit.com](mailto:investor.relations@basic-fit.com)

#### ABOUT BASIC-FIT

With 828 clubs, Basic-Fit is the largest fitness operator in Europe. We operate in five countries and in our clubs, more than 2.32 million members can work on improving their health and fitness. Basic-Fit operates a straightforward membership model and offers a high-quality, value-for-money fitness experience that appeals to the fitness needs of all active people who care about their personal health and fitness. A typical subscription costs €19.99 per four weeks and gives people access to all our clubs in Europe and all the benefits of the Basic-Fit App including virtual group classes.