ANNUAL REPORT 2021

BASIC-FIT

FORWARD LOOKING STATEMENTS & IMPORTANT NOTICE

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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

1,015
clubs
+12% year-on-year

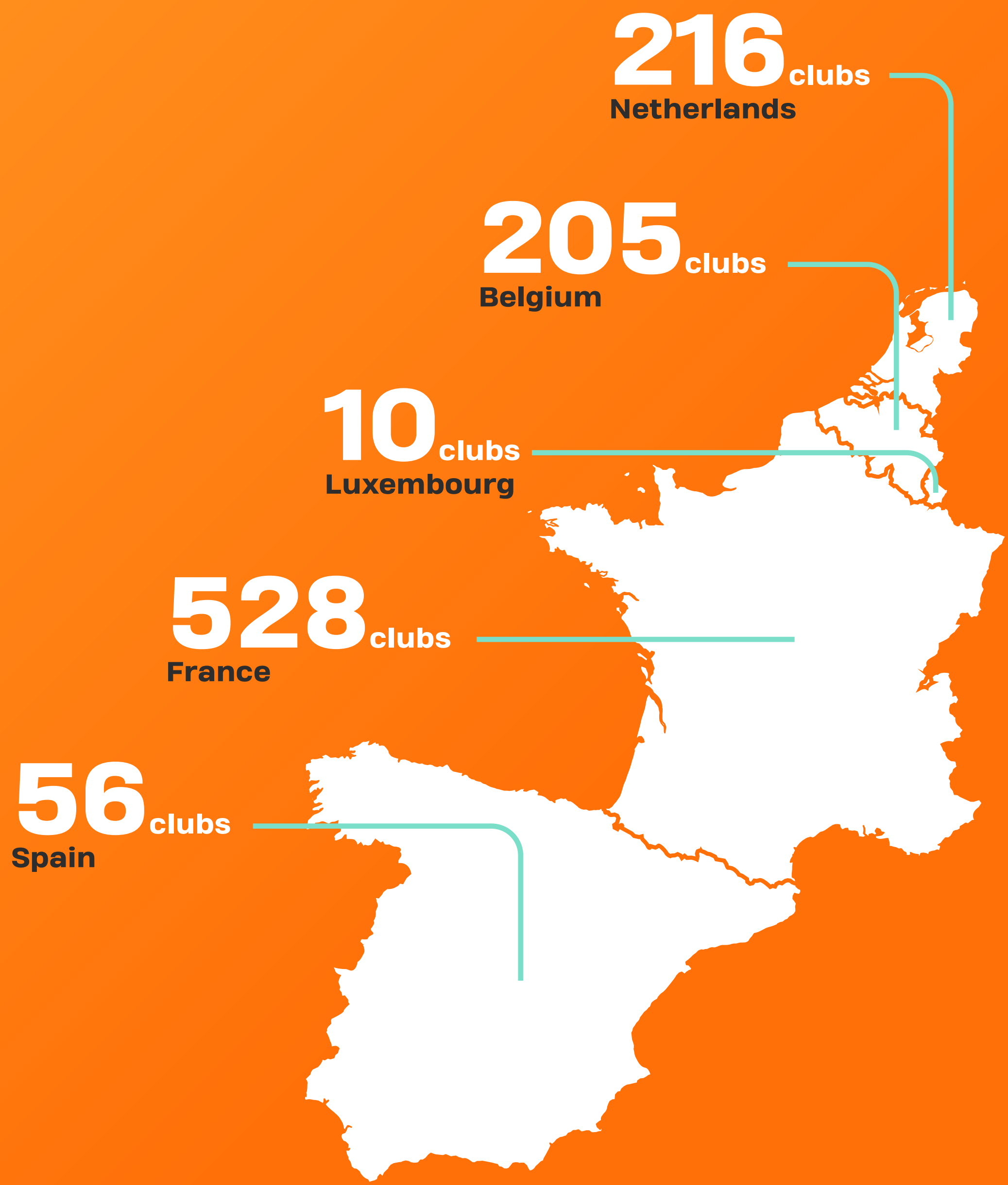
2.22 million
members
+11% year-on-year

€341 million
revenue
-10% year-on-year

€32 million
underlying EBITDA
-66% year-on-year

9.3%
underlying EBITDA margin
-15.6% points year-on-year

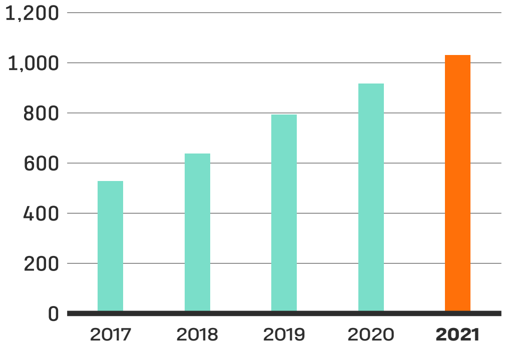
-€95 million
underlying net result
-€62 million year-on-year



See page 214 for alternative performance measures

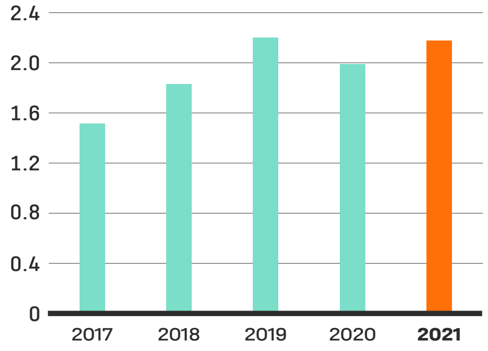
BASIC-FIT KEY FIGURES

clubs



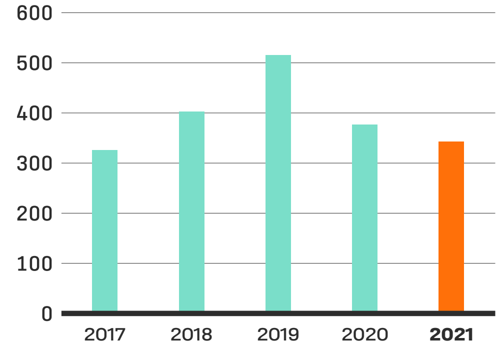
members

millions



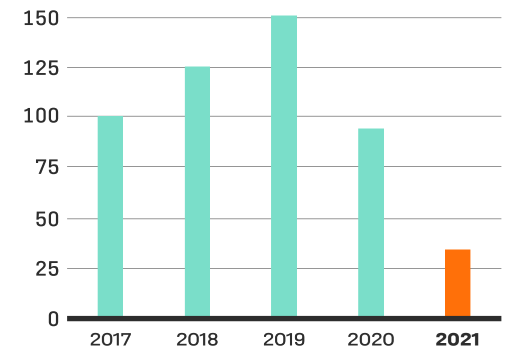
revenue

€ millions



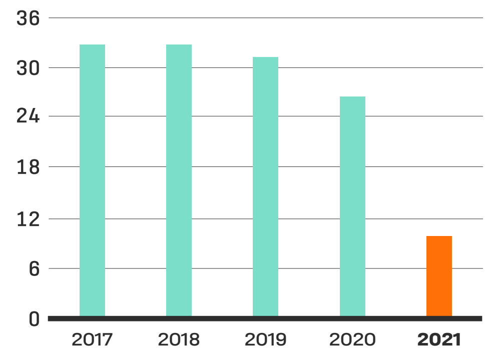
underlying EBITDA*

€ millions



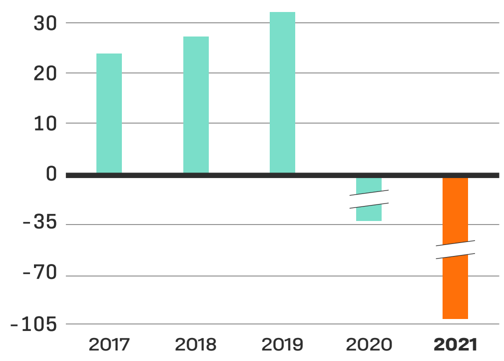
underlying EBITDA margin*

%



underlying net result*

€ millions



* Years 2017 and 2018 refer to adjusted EBITDA (margin) and adjusted net result
In 2020 and 2021, clubs were temporarily closed 41% and 36% of the time, respectively, due to COVID-19-related government measures.
See page 214 for alternative performance measures

BASIC-FIT HISTORY

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.

2004
Creation of HealthCity

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.

2006
Introduction of a value-for-money fitness concept

The company introduced HealthCity Basic, a value-for-money fitness concept in 2006.

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 value-for-money concept. HealthCity Basic clubs were transformed into Basic-Fit clubs.

2011
Entering France and Spain

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

2013
Focus on Basic-Fit

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

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 was listed on Euronext Amsterdam and ready for the next growth phase.

2017
Accelerated organic expansion with focus on France

Following the accelerated execution of the new club opening plans since 2017, Basic-Fit became Europe's largest and fastest-growing fitness chain. Our expansion strategy focused on France.

2021
Basic-Fit: 1,015 clubs and preparations to accelerate pace of club openings

In 2021, Basic-Fit reached a milestone with the opening of club 1,000. In November, the company unveiled plans to accelerate club openings to reach 2,000 clubs by 2025 and 3,000 to 3,500 clubs by 2030.

COMPANY PROFILE

Who we are
Basic-Fit is Europe's largest and fastest-growing fitness chain. With 1,015 clubs and over 2.2 million members, Basic-Fit provides everyone with the opportunity to lead an active life and improve their physical and mental health.

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 get people to love their fitness habits.

Our approach
We offer low-cost, high-value fitness to everyone; wherever, whenever or whoever they are. We use technology and innovation to create scalable, affordable and personalised fitness solutions that provide people with access to fitness. We are committed to making people love their fitness habits to help them to lead a fitter and healthier life.

Our unique proposition
Our Comfort and Premium memberships give access to all our clubs, as well as all the Basic-Fit app benefits. This app 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 extensive club network and our Basic-Fit app, we give our members the opportunity to exercise whenever and wherever they want.

MESSAGE FROM THE CEO

Dear reader,

After a second year dominated by the global COVID-19 pandemic, we ended 2021 in good shape; we increased our network by 110 clubs to a total of 1,015 and ended the year in a strong financial position to support our accelerated growth ambitions. We started the year with almost all our clubs being temporarily closed as a result of governments' COVID-19 measures across Europe. As a result, we recorded significant losses. However, a combination of cost and cash containment and refinancing measures enabled us to emerge stronger from this period.

When we reopened our clubs in the Netherlands in May and in Belgium and France in June, we registered a record number of joiners, further reinforcing our view that fitness meets the important need of staying healthy, especially in these unprecedented times. We see a bright future for value-for-money fitness and the Basic-Fit proposition in particular, and as such, we announced at our Capital Markets Day that we will further accelerate our club openings programme. 2022 promises to be an exciting year of recovery and growth, including the opening of our first clubs in Germany.

Decision-makers increasingly acknowledge the importance of fitness

Ever since the start of the pandemic, we have encouraged people to adopt a routine that includes regular exercising to help them fight COVID-19. Studies published by researchers and physicians in 2021 suggest that routines that include regular exercise not only helps to prevent conditions such as high blood pressure and type 2 diabetes, but that it could also help protect against severe illness from COVID-19.

During the year, the governments in our countries of operation increasingly recognised the importance of fitness. As a result, we were able to keep our clubs open in most countries, even when the contamination and hospitalisation rates increased during the latter part of 2021. This is, in my view, great progress compared to the situation in 2020 and the start of 2021.

Our Orange Family

Our most important asset is our people - or as we like to call them, our Orange Family. Our close to 7,000 employees are a good reflection of the communities in which we operate. Our people have a diverse background that corresponds with our diverse and inclusive work culture. The lockdowns have put enormous pressure on our people. At the start of the year, club employees had to stay home, while our people at the head offices worked hard to ensure the company could weather the storm. When our clubs reopened, the circumstances were difficult to work in. Our Orange Family has shown enormous strength, flexibility and resilience, which has proven especially important in these challenging times. During the year, we launched our Orange Connect intranet platform which further facilitated communication, development and knowledge sharing at Basic-Fit.

Outlining our future growth plans

Despite being closed in our largest countries for the majority of the first half of 2021, we managed to increase our club network by 110 clubs. In July, after witnessing a favourable trend following the reopening of all our clubs, we announced that we would increase our number of clubs to 1,250 by the end of 2022.

During our successful Capital Markets Day in November, we presented our strategy and product innovations. We unveiled our intention of accelerating club openings to 200 to 300 per year, with the aim of growing to 2,000 clubs by 2025 and between 3,000 and 3,500 clubs by 2030.

We also announced that we will start operating in a new, sixth country in 2022. We introduced a new mobile phone app, which we developed in-house and which has significantly improved how we interact with our members.

We also spoke about introducing the new All-in membership, which includes a Basic-Fit-branded connected exercise bike for home, enabling our members, more than ever, to exercise whenever, however and wherever they want.

Growing sustainably

Through our growth, more people in Europe are able to work on their fitness and health. At the same time, we understand that our operations also impact the environment, specifically when it comes to carbon emissions. We want to minimise our footprint as much as possible. It is our goal to be carbon neutral by 2030. This means that we aim to have reduced our direct and indirect emissions of CO_2 to zero by 2030. At the same time, we want to give back to our communities. We believe that fitness has a positive effect on society. Doing sports from an early age is essential for young people and will help them towards a healthier future. We support organisations that share these same goals and help disadvantaged kids through sports and job-readiness training.

Thank you

I would like to thank everyone who helped us navigate through a challenging 2021. We came out of 2021 well positioned, thanks to the ongoing hard work and dedication of our Orange Family and the continued support of our stakeholders.

Our shareholders supported us at the time of the equity raise in April, and we welcomed new bondholders when we issued a convertible bond in June. The banks we work with, which have a deep understanding of our business model, amended our financing facilities when required and temporarily relaxed our financial covenants. The vast majority of our landlords supported us by waiving a large part of their rental income during lockdowns. Also, our business partners, such as builders and equipment suppliers, showed great support and flexibility.

Everyone, from our Supervisory Board and my colleagues in the senior management team, to our people working in the clubs and in our local and international head offices, did an outstanding job.

Last but not least, I would like to thank our more than 2.2 million members who work on their physical and mental well-being in our clubs and help us achieve our ambition to make Europe a fitter and healthier place.

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 get more out of life. Our mission is to make fitness accessible to all and get people to love their fitness habits. We aim to remove the barriers that are keeping people from working out, making fitness more accessible and affordable. This is particularly important during the COVID-19 pandemic, as regular exercise helps to strengthen your immune system.

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 five of these SDGs: good health and well-being, decent work and economic growth, quality education, gender equality, and responsible consumption and production.

Our 'Go for a fitter world programme'

In 2021, we launched our 'Go for a fitter world programme', which articulates our long-term ambitions. We combined the three main pillars of Healthy People, Healthy Planet and Healthy Communities with our material topics, in line with our value drivers. This resulted in seven areas of attention on which our programme is built: health and safety, people development, club environmental footprint, sustainable operations, diversity and inclusion, awareness and accessibility, and responsible behaviour.

* All people that benefit from our products and services across Europe in our clubs or at home

Our long-term ambitions focus on three pillars: Healthy people, Healthy planet and Healthy communities. The main thought behind Healthy people is to make fitness available to as many people as possible in our markets and ultimately in Europe and beyond. Healthy planet is linked to our ambition to minimise the negative impact of our activities on our planet and more specifically to reduce our carbon emissions. Healthy communities focuses on our impact on the communities we operate in. This involves improving the health of these communities by increasing the levels of exercise in young people's lives.

Our long-term ambition for each of these pillars is as follows. For Healthy people, we aim to reach 15 million people by 2030 to help them improve their health and well-being. For Healthy planet, we aim to reduce our environmental footprint and be carbon neutral by 2030. And for Healthy communities, we aim to invest, next to our contributions in kind, €5 million in our communities through impactful partnerships by 2030.

* All people that benefit from our products and services across Europe in our clubs or at home

Healthy people

We want to make a positive impact on as many people as we can. Most people will not join a fitness club unless there is one nearby. That is why we build our clubs close to where people live and work. We also offer our members virtual group classes and instruction videos so they can work out at home. By giving our members the option 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. In addition to helping them to stay fit, we also use our app to suggest healthy food options so our members can select the right nutrients to complement their exercise regime.

We will focus on attracting more Premium members as they offer families the opportunity to work out together. This is particularly valuable because parents who exercise regularly set a good example for young people. If these young people have the opportunity to work out too, as part of the Premium subscription, then this increases the likelihood that they will lead an active life later on as grownups. We also want to give our club members the opportunity to be active outside the club. The exercise bike for home is a good example, but so is the app which allows people to work out whenever and wherever they want. And last but not least, we aim to reach as many young people as possible through our partnership programmes.

To find out more see 'Sustainability performance' section.

Healthy planet

When it comes to our environmental impact, we want our entire operations to be carbon neutral by 2030. This means reducing our CO_2 emissions to zero for scope 1 (direct emissions) and scope 2 (indirect emissions) by 2030. Basic-Fit's scope 1 emissions come from burning gas for heating or showers in our clubs and at our headquarters. Scope 2 emissions are linked to the energy that we purchase. These emissions are created when our supplier generates electricity.

Scope 3 is not part of our current goal. Scope 3 focuses on all other emissions, including those upstream and downstream of an organisation's operations, caused by the activities of suppliers and members. Scope 3 is more complex and not within our full control. We will examine the things that are in our control in the coming years. We will be making an impact assessment and develop a plan to reduce to zero those emissions caused by business travel and employee commuting.

We are currently using green electricity in most of our clubs and headquarters. For a limited number of locations, we do not manage the electricity contract ourselves and green electricity might not be used. In 2022, we will look into using suppliers that can provide a green certificate verifying that the electricity has been generated by a renewable source.

We have been developing a highly advanced system that will enable us to remotely monitor and control the operations of a club, including the use of heating, ventilation and air conditioning. In the past, we occasionally noticed a club being cooled with air conditioning while the heating was on and the ventilation system was drawing in fresh air from the outside. Our new remote facility solution will enable us to prevent waste by monitoring and controlling the use of these systems centrally. In the coming years, we will be rolling out this remote facility in all our clubs.

In the meantime, we will replace the central heating systems that work on gas, as they reach the end of their economic life, with electric boilers. In addition, the clubs will increasingly be equipped with heat recovery systems. These systems will render the use of central heating systems unnecessary and reduce energy consumption in the clubs.

The remote facility will also monitor and manage the use of water. Although not one of our main three ambitions, it is a very important point for us and we will strive to minimise water spillage.

To find out more see 'Environmental Management' section.

Healthy communities

We think beyond our members to support our communities to lead a fitter life and create a more inclusive culture. We believe that fitness has a positive effect on society. Doing sports from an early age encourages young people to develop good habits and to acquire skills that will benefit them socially, professionally and help them work towards a healthier future. Our efforts focus especially on those who lack the opportunity to exercise, whatever their background or ability.

To substantiate this belief, we support organisations that share these same goals. Since 2020, we have been working with three organisations that run dedicated programmes to support children and young adults. In the Netherlands, we have a partnership with the Johan Cruyff Foundation. We support Sport dans la ville in France and Sport2be in Belgium.

To find out more see 'Community investment' section.

In France and Belgium, we also focus on providing young adults with better opportunities through job programmes. We help them with work placement within our clubs, career advice and workshops to get started in the world of fitness. We focus on the young adults who live near our clubs and have a direct link with our communities.
In the coming years, we will expand our cooperation with our partners and give more young people a better chance to lead healthy and active lives. We aim to further increase our contribution, both financial and in kind, and aim to invest at least €5 million by 2030.

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

Over the past decade, fitness has gradually become more popular across Europe. However, in most countries, the percentage of people that are members of a fitness club, also known as the penetration rate, is still relatively low. This is also the case in all our markets outside of our home country, the Netherlands, which is a relatively more mature market than its European counterparts. But there is room for the penetration rate in the Netherlands to grow as well, as it gradually catches up with the rate in the USA, the country where the fitness trend started decades ago.

There are several factors that determine penetration rates across Europe. One of the most important factors is the availability of value-for-money fitness clubs where people live or work. Most of our markets are still characterised by a large mid and premium fitness segment that caters predominantly to consumers who live or work nearby and who can afford the premium priced membership fees. In these markets, the value-for-money segment accounts for just a modest piece of the pie in terms of the number of clubs and total members. This is why we see such enormous potential for value-for-money fitness in our current but also in new markets in Europe. Our model has proven that a greater supply of value-for-money fitness clubs in geographies where there is no or limited availability generates more demand.

Based on proprietary analysis that we regularly conduct, we believe there is an opportunity to expand our network to 2,050-2,600 clubs in our current five geographies. Our updated market analysis in 2021 suggests there is potential to grow our network to 300-350 clubs in the Netherlands, to 300 clubs in Belgium and Luxembourg combined, to 1,000-1,300 clubs in France and to 450-650 clubs in Spain. The untapped potential in Belgium, France and Spain remains enormous thanks to low fitness penetration rates and limited competition from large chains in the fast-growing, value-for-money fitness segment.

When it comes to identifying and assessing new sites and developing new clubs, we have strict site selection and club development procedures. These all help to make sure we meet our financial criteria. Management will only approve a new rental contract if a new site analysis points to a minimum ROIC at maturity of at least 30%.

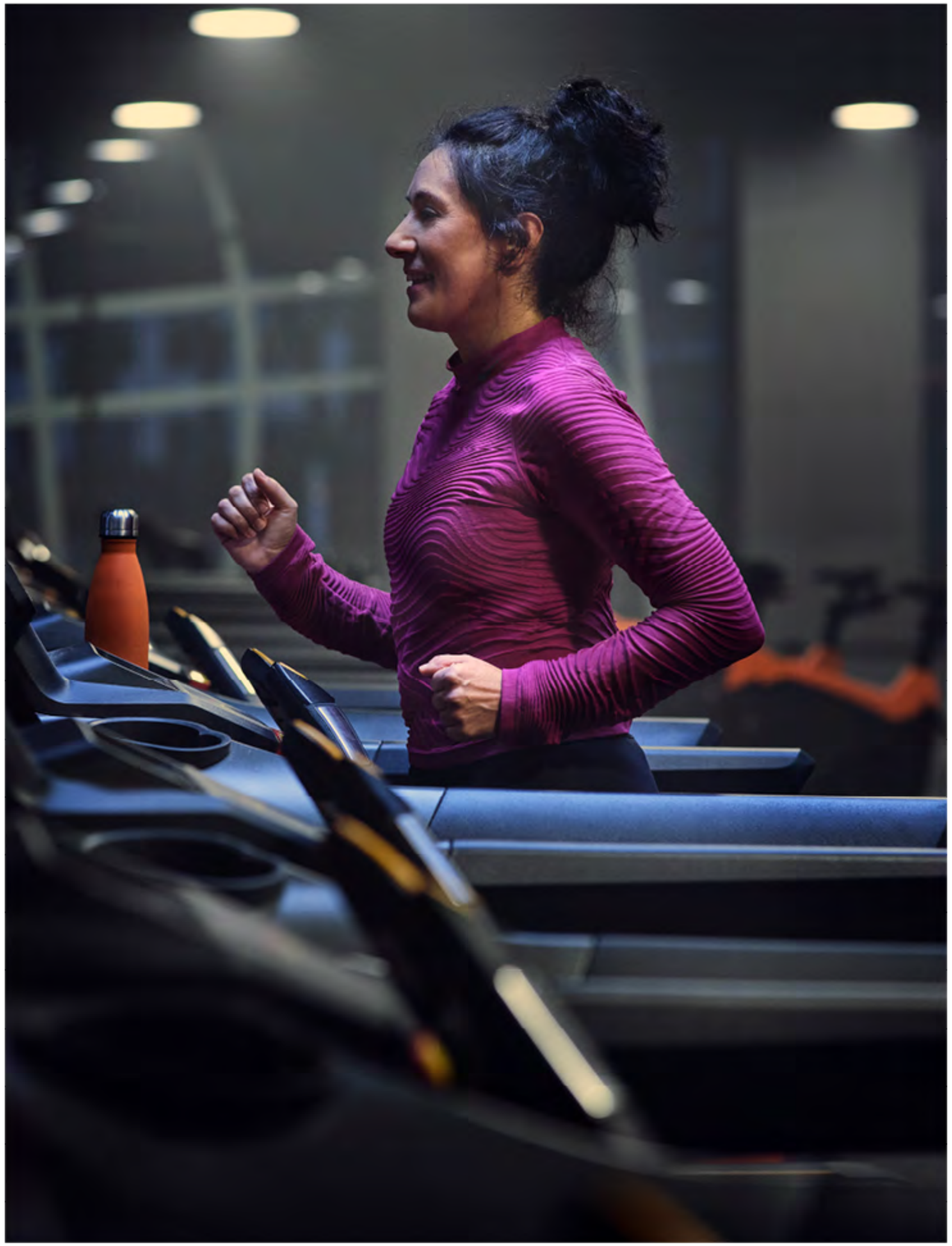
We combine a centralised and a decentralised site selection and development approach that uses local and regional real estate agents and an increasing number of dedicated contractors. This means we can open a lot of clubs quickly and in the right locations. In 2022, we will use this approach to open the first clubs in a new country, Germany.

Growth through maturation of existing network

After we open a new club, it takes an average of 24 months for it to mature[1]. In this period, the club ramps up its membership numbers to approximately 3,300. Subsequently, membership growth levels out as the margin between joiners and leavers diminishes. In the first 24 months of a new club, the number of leavers is well below average rates for the Group, as many members are still under contract. In its first year of maturity, a club is expected to reach the required minimum 30% return on invested capital[2] (ROIC) threshold.

In our internal and external reporting since our initial public offering (IPO) in 2016, we have been defining a club as mature if it is at least 24 months old at the start of the calendar year. Because of the pandemic, we have decided to temporarily adjust the definition of a mature club, as new mature clubs were often closed after the pandemic broke out during the important initial growth stage. Therefore, when we talk about mature club performance in 2022, we will only be looking at those clubs that were already mature before the lockdowns in 2020. Depending on how the pandemic develops, we will decide in the course of 2022 when and how to adjust the definition or whether to revert to the original definition.

1. Clubs that were not 24 months in operation before the start of the pandemic in March 2020, or clubs that have been opened during the pandemic, may require longer to reach maturity.
2. Calculated by dividing the underlying club EBITDA at maturity by the initial capital expenditure incurred to open that club



Since the pandemic began in 2020, membership numbers have declined, thus affecting the profitability levels of our mature clubs. Our newer clubs were also impacted and need more time than before the pandemic to reach our expected membership level of around 3,300. We strongly believe that once the various authorities are able to control or manage the pandemic, we will quickly return to the pre-COVID-19 membership levels in our clubs. With that in mind, we want to point to the embedded club EBITDA potential of our network. Even if we do not open a single new club, our club EBITDA, based on 1,015 clubs, could potentially increase to €436 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 all countries, we offer a Comfort membership for €19.99 and a Premium membership for €29.99 per four weeks. Both memberships allow members to visit all of our clubs in all our countries. The Premium membership has an important extra feature as it allows members to always bring a friend. We have been running a pilot in Spain since 2019 with a Basic membership for €14.99 per four weeks. Due to the pandemic, we need more time to assess the results of this pilot. In the next few years, we intend to increase the percentage of Premium members, which should boost the yield or average spend per member.

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 and thus lead to an overall higher yield per member. 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.

Besides fitness revenue, we also generate other club revenue. This revenue stream includes 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 also generate revenue through narrowcasting. Third parties can advertise their products and services to our relatively young member base via the TV panels in our clubs. This service caters to a growing need, as these target groups are increasingly difficult to reach via traditional media channels.

In December 2021, we launched an online personal coach add-on to be used via our new Basic-Fit app. For a one-time fee, our members have access to a certified personal trainer for 12 weeks. During this period, the coach provides a detailed weekly training schedule. The coach also provides health and nutrition tips. Communication goes via the app's built-in chat function. This new add-on allows us to leverage our extensive personal trainer network in our clubs.

We also generate non-club revenue, which is derived from the online sale of home tools and our in-house developed NXT Level nutrition brand via online and other distribution channels.

In December 2021, we launched a small-scale pilot to sell a new product, a Basic-Fit branded home bike, to members in the Netherlands. In 2022, we will expand the pilot to members in our other markets. At a later stage, we will also introduce the exercise bike for home to new members. Buyers who purchase the home bike will also benefit from a free Premium membership for a fixed period.

Although turnover from secondary revenue is still relatively modest, the growth potential remains significant. In particular, the connected bike programme has strong potential. These kinds of products and services should not only help us to increase secondary revenue but also give us an additional competitive advantage.

Benefitting from increasing scale

With a net growth of 110 clubs to put our total at 1,015, and with more than 2.2 million members at year-end, 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, combined with our fitness equipment replacement cycle, also makes us the largest buyer of fitness equipment in Europe. This position helps us to negotiate favourable terms with our equipment suppliers. We believe we get the best deals in terms of pricing, but also in terms of service agreements such as extended warranties and short repair or replacement windows for out-of-order fitness equipment. Our scale also gives us bargaining power in terms of building, furniture and other club-related initial investment costs. As a result, we believe we can build a club of similar size for less than our competitors.

We continue to make significant investments in IT to optimise our operations. Recently, we decided to install remote operating tools in all existing and newly built clubs that will enable us to monitor and reduce the use of energy in our clubs. Thanks to the automation of our administrative processes, we can operate a club at a relatively low cost: fewer than three full-time equivalents (FTEs). 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. It also results in a payback period of the initial investment in a club of between three and four years.[3]

To capture the full potential of a local market, we have adopted a cluster strategy, which aims to open clubs in a region or country following a predetermined 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 relatively 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 ensuring that the clusters of clubs deliver on the minimum ROIC threshold of 30% at maturity. We accept that occasionally, for strategic reasons, we may only reach this threshold at a later stage, for example, if we feel this is necessary to achieve a strong and sustainable position in a geographical area in the long term.

While cluster clubs do compete with one another when it comes to memberships, the impact is modest and included in our pre-opening assessments. On the other hand, cluster clubs benefit from local scale efficiencies such as personnel planning, management affairs, marketing and other operating expenses. Having multiple locations also makes us the preferred brand to join as we are likely to have a club near where people live, work or where their friends work out.

Always on the lookout for M&A opportunities

Although our last noteworthy deal - the Fitland acquisition - took place in 2019, we continue to be on the lookout for possible acquisitions of fitness club locations and chains. Asset deals involving a single or several club locations take place regularly. These are a way of obtaining good locations without having to go through a potentially lengthy permit process.

The impact of COVID-19-related government measures on the industry has not resulted in more deals yet. 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. We can achieve our ambition of growing to more than 2,000 clubs in our existing markets by building our own clubs, as there are ample opportunities.

3. Based on pre-pandemic performances. The payback period of clubs that were operational for less than three to four years at the start of the pandemic depends on the impact of local lockdowns and restrictions.

Financing

We finance our growth by reinvesting the cash flows we generate and by drawing on our available credit facility. In addition, we have the possibility to issue shares and bonds to raise capital, which we did in 2021 to cope with the impact of COVID-19 and to be able to restart and accelerate the execution of our growth strategy. We continuously monitor our short-term and long-term liquidity needs. As long as the pandemic continues to impact the fitness industry in our markets, from a risk perspective, we will maintain a minimum available liquidity of €100 million. At the end of 2021, our available liquidity amounted to €361 million.

Entering a new country in 2022

We believe that there are several new geographical markets in Europe where we could potentially establish a long-term presence. Specifically, we are looking to take advantage of opportunities in sizeable markets with relatively low levels of fitness penetration or an underdeveloped value-for-money fitness segment. We are also looking at markets where there is a significant gap between prevailing health and fitness club prices and our price levels. To safeguard our ambitious growth rate of new clubs beyond 2025, the target of which is a twofold increase towards 2,000 clubs, we believe the time has come to enter the first of several new markets we would like to develop over the next decade. We plan to open our first clubs in a new country, Germany, in the second half of 2022.

Global trends spur fitness growth

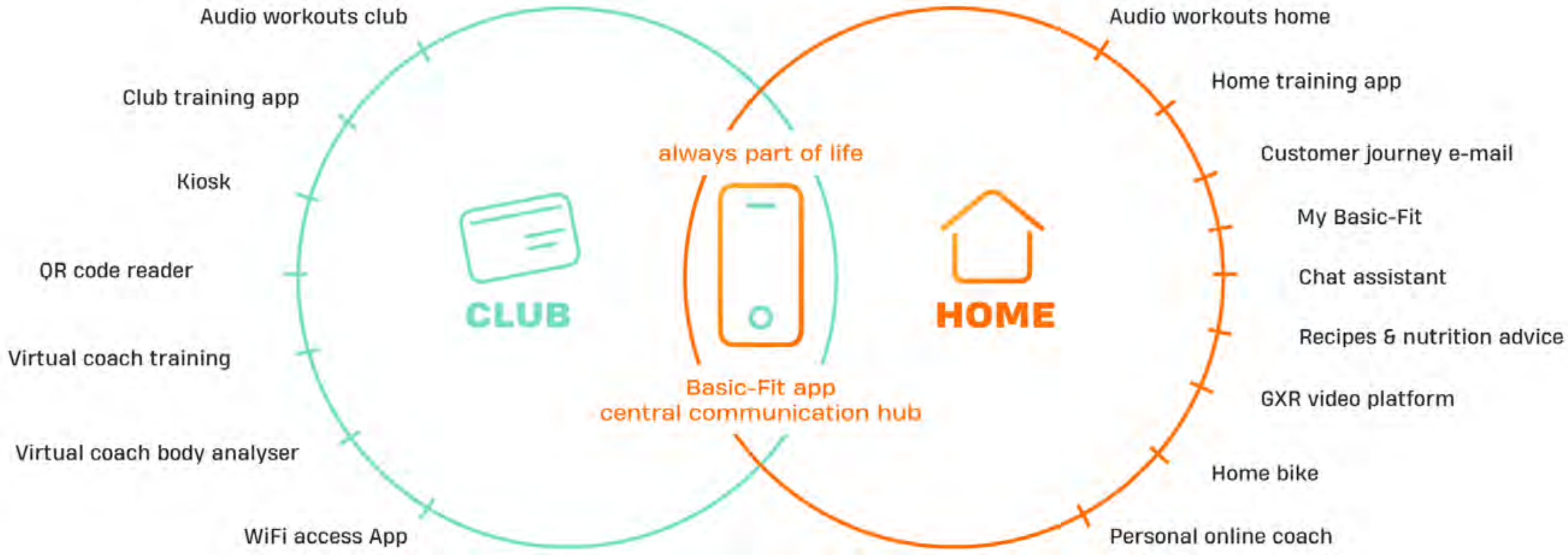
There are several global trends that support the ongoing growth of the fitness industry in which we operate: 1) people are getting older; 2) an increasing number of people are suffering from lifestyle diseases such as obesity and diabetes; 3) people are moving to cities; 4) people are increasingly looking for flexibility and instant gratification; 5) people are less active as a result of digitalisation and the increased use of smartphones; and 6) more and more people have a sedentary lifestyle. These trends support the growing demand for fitness in a number of ways. Global life expectancy has been increasing, and this trend is expected to continue 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 are remaining active and mobile at an older age. A fitness workout is an ideal solution for people who want to stay in control and get fit at their own pace. Low-impact fitness regimes, for example, are perfect for older people looking to limit the risk of injury while living active and mobile lives for as long as they can.

Increasing prosperity in Europe has brought with it higher incidences of lifestyle diseases over the past decades. Globally, a higher calorie intake of often unhealthy food is contributing to a surge in the number of people suffering from lifestyle diseases such as 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, and this trend 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 receiving more attention in government and NGO policies. The fact that more resources are being used to inform the public about the need to adjust their lifestyles should lead them to adopt healthier habits, including regular exercise and a responsible diet. As a result, insurers are also becoming more aware and taking action by providing incentives to people who adjust their lifestyles. In the Netherlands, for example, one of the larger health insurers has teamed up with Basic-Fit and a limited number of other fitness groups and is offering policyholders memberships at attractive rates. The fitness sector in general, and Basic-Fit in particular, offer a highly 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, maximising the potential number of Basic-Fit subscribers.

24/7 connection with our members

We aim to reach 15 million people by 2030 to help them improve their health and well-being



In the fourth quarter of 2021, we launched a rebuilt Basic-Fit app. Our development team at our IT centre in Tilburg, the Netherlands, stripped it down and started from scratch. The new and enhanced app allows us to own and integrate all data touch points to get a complete view of the customer. The app also gives us full control over the future roadmap and more agility. It has several advantages compared to the previous version: personalisation and intelligent app communication, improved overview of our holistic fitness offer, a QR code check-in function for our clubs, an integrated personal coach with chat functionality for an additional fee and a social community section.

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 create workout schedules, including instructions on how to perform certain exercises correctly and improve fitness levels while avoiding injury. The Basic-Fit app also provides members with nutritional advice. The GXR video platform offers a growing range of best-in-class virtual group classes, from boxing to yoga and everything in between. Our members can do these virtual group classes in the comfort of their own homes.

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 on the world around us. It aligns our material aspects and sustainability targets with our mission and strategy.

Our business model is based on our mission to make fitness accessible to all and to get people to love their fitness routine. We aim to achieve this by using technology and innovations to provide a great value-for-money fitness solution that is easy to use by anyone, anytime, anywhere. By doing so, we help our members to pursue a fit and happy life.

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, anytime, anywhere, and which is resulting in cycles of strong returns and sustainable growth.

The model below reflects our integrated thinking at Basic-Fit. The impact we have through 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 performance section of this annual report.

VALUE CREATION MODEL

INPUT

- Members
- Employees
- Intellectual property
- Financial
- Suppliers
- Technology

BUSINESS MODEL

Vision
Everyone deserves to be fit and feel great

Mission
Making fitness accessible to everyone and getting people to love their fitness habits

- Affordable, innovative and high quality fitness
- Available to everyone, everywhere and in every way possible
- Winning customer-centric proposition and brand
- Cycles of strong return and continued expansion

OUTPUT

- Market leader in Europe
- Growing number of clubs
- Members working on their health & fitness
- Healthy & safe environment
- Sustainable environment
- Employee development & diversity
- Sport awareness & accessibility

IMPACT

Healthy people
By offering affordable gyms, we want to remove the barriers to a healthy and fit lifestyle. We want to reach 15 million people with our product and services by 2030.

3 GOOD HEALTH AND WELL-BEING
8 DECENT WORK AND ECONOMIC GROWTH

Healthy planet
By working to become carbon neutral, we ensure the climate impact of our clubs and offices is as small as possible.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Healthy communities
By investing in community projects, we contribute to promoting a healthy lifestyle and supporting everyone in acquire soft skills through sports. Our focus is on women and young people.

4 QUALITY EDUCATION
5 GENDER EQUALITY

BUSINESS AND FINANCIAL REVIEW

Key figures

In € millions	2021	2020	Change
Total revenue	340.7	376.8	-10%
of which club revenue	338.2	374.9	-10%
of which non-club revenue	2.5	2.0	29%
Personnel costs	(59.7)	(53.3)	12%
Other operating expenses	(101.7)	(134.6)	-24%
Club EBITDA	176.8	187.0	-5%
Overhead	(60.6)	(55.8)	9%
EBITDA	116.1	131.2	-11%
Depreciation and impairment tangibles	(125.3)	(115.8)	8%
Amortisation and impairment intangibles	(10.8)	(15.8)	-31%
Depreciation right-of-use assets	(147.7)	(129.0)	15%
COVID-19 rent credits	23.1	11.2	107%
Operating profit	(144.6)	(118.2)	22%
Finance costs	(23.8)	(16.1)	48%
Interest lease liabilities	(32.9)	(29.8)	10%
Corporation tax	51.3	38.9	32%
Net result	(150.0)	(125.2)	20%

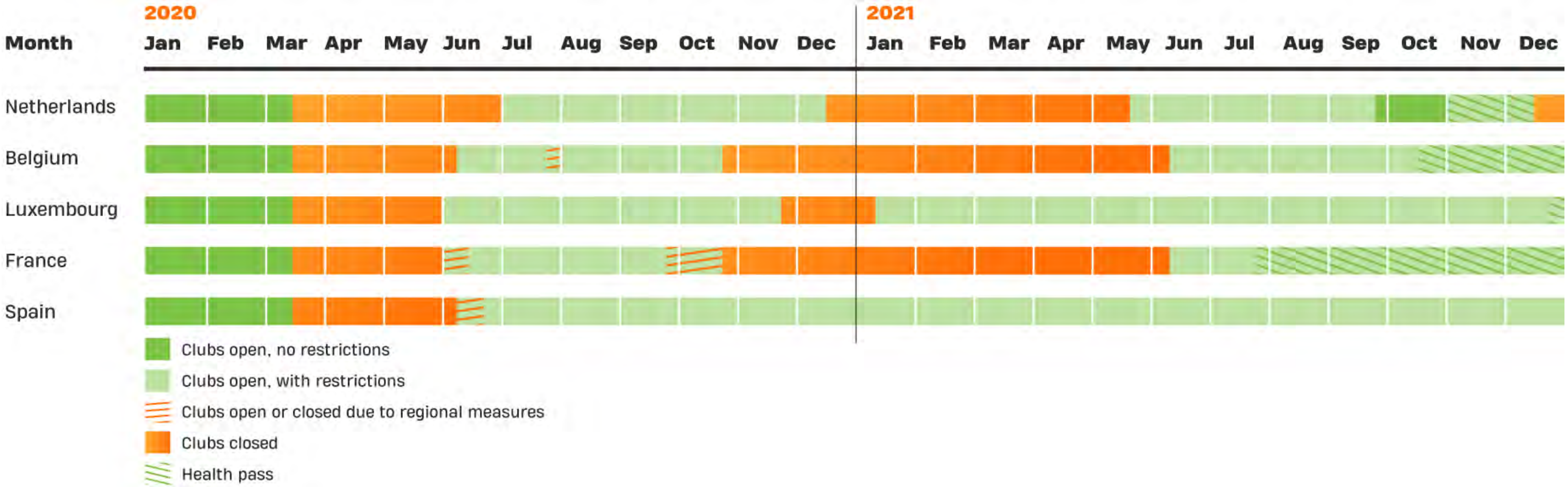
Underlying key figures

In € millions	2021	2020	Change
Club EBITDA	176.8	187.0	-5%
Rent costs (opened clubs)	(141.0)	(124.3)	13%
Exceptional items - clubs	57.8	91.0	-37%
Underlying club EBITDA (opened clubs)	93.6	153.8	-39%
EBITDA	116.1	131.2	-11%
Rent costs clubs and overhead, incl. car leases	(144.2)	(129.1)	12%
Exceptional items - total	59.7	91.6	-35%
Underlying EBITDA	31.6	93.8	-66%
Underlying net result*	(95.2)	(32.9)	189%
Basic underlying result per share (in €)	(1.49)	(0.57)	160%
Diluted underlying result per share (in €)	(1.49)	(0.57)	160%

** 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

COVID-19 impact on our operations



The year 2021 started with all our clubs in the Netherlands, Belgium and France still being temporarily closed. In Spain, our clubs remained open throughout 2021, while our clubs in Luxembourg were only closed the first ten days of the month of January. In these two countries, we were allowed to stay open, albeit with many restrictions.

We reopened our Dutch clubs on 19 May and our Belgian and French clubs on 9 June. When our clubs in the Netherlands, Belgium and France reopened, we initially had to respect restrictions, such as a maximum number of visitors per square metre and social distancing. After reopening, France was the first country to implement a mandatory health pass for entry into fitness clubs in July. Other countries followed suit. Initially, the introduction of the health pass had a negative effect on our business as it led to lower than expected joiner rates and temporary higher cancellation rates. While the overall impact of these health passes has diminished over time, they still limit our addressable market to some degree.

In the fourth quarter of 2021, the positive membership trend of the previous two quarters was halted by the introduction of health passes in Belgium (15 October Brussels / 1 November Flanders and Wallonia) and in the Netherlands (6

November). Also, the surge in Omicron contaminations had an impact on sentiment and resulted in additional measures in the Netherlands. From 28 November until 18 December, Dutch clubs had to be closed between 17.00 and 05.00 hours. From 19 December, Dutch clubs were temporarily closed as the country went into lockdown.

On 15 January 2022, we were able to reopen our Dutch clubs. At the time of publication, all our clubs in all countries are open and only a limited number of government restrictions still apply.

Growing towards 2,000 clubs by 2025 and 3,000 to 3,500 clubs by 2030

In November, at our Capital Markets Day, we provided an update on our mid- and long-term club roll out plans. Starting in 2022, Basic-Fit will further accelerate the pace of club openings to between 200 and 300 clubs a year. This is a clear increase from 100 to 150 openings per year in the period 2017-2021. We expect to increase our network to 1,250 clubs by the end of 2022 and 2,000 clubs by 2025. By 2030, we expect to have increased our network to 3,000 to 3,500 clubs.

To reach 3,000 to 3,500 clubs by 2030, we will enter new countries. In the second quarter of 2022, we will start with the construction of the first clubs in Germany, our sixth country, which we will open in the second half of the year. In total we expect to open up to 20 clubs this year. In 2023, the number of openings will more than double as we quickly want to reach the potential of 600 clubs in Germany.

We will also further accelerate our expansion in Spain in 2022. By year-end we expect to operate at least 100 clubs, which will make us the nation-wide market leader.

Club network and membership development

Geographic club split

	Year-end 2021	Net openings 2021	Year-end 2020
Netherlands	216	5	211
Belgium	205	12	193
Luxembourg	10	-	10
France	528	81	447
Spain	56	12	44
Total	1,015	110	905

We expanded our network by 110 clubs – 116 openings and six closures – to 1,015 clubs in 2021. This is a year-on-year increase of 12%. Most new clubs were opened in our growth markets France (81 clubs; +18% year-on-year) and Spain (12 clubs; +27% year-on-year). In the Netherlands, we now operate 216 clubs, five more than in 2020. In Belgium, we expanded our network by 12 clubs to 205. In October 2021, we reached two important milestones with the official openings of the 500th club in France and the 1,000th club for the group in the Netherlands.

Membership development

In millions	2021	2020	change
Start of the year	2.00	2.22	-10%
First quarter	1.80	2.32	-22%
Second quarter	2.01	2.17	-7%
Third quarter	2.21	2.25	-2%
Fourth quarter	2.22	2.00	11%

At the end of 2021, we had 2.22 million members, which is an 11% increase compared to the end of 2020. Compared to the low point of 1.75 million members in May 2021 before the reopening of our Dutch clubs, our membership base increased by 27%. The membership development was to a large extent determined by the COVID-19 pandemic.

A club is considered mature when it is at least 24 months old at the start of the calendar year. Because of the pandemic, we will temporarily report mature club development based on the current 504 clubs that were mature before the pandemic started in 2020.

Our 504 mature clubs had on average 2,646 memberships at the end of 2021, compared to 2,695 memberships at the start of the year. The decline is the result of clubs in our largest countries - the Netherlands, Belgium and France – being closed for more than five months due to COVID-19. In addition, the introduction of mandatory health passes to enter our clubs in all countries except Spain resulted in a temporary increase of cancellations.

During the periods that our clubs were closed, we experienced membership cancellations. When we reopened our clubs after the lockdown in the Netherlands in May and in Belgium and France in June, we saw a strong recovery in memberships. In the Netherlands, where the lockdown started later than in Belgium and France in 2020, and which opened earlier in 2021, we grew our average membership base in our mature clubs back to almost 3,000 by the end of October from a low of around 2,500 in April. This performance strengthens our view that once the pandemic is under control, our clubs will grow back towards an average number of memberships per mature club of around 3,300 in 2022.

Revenue

Revenue split

In € millions	2021	2020	change
Club revenue	338.2	374.9	-10%
o.w. Fitness revenue	330.6	367.2	-10%
o.w. Other club revenue	7.6	7.6	0%
Non-club revenue	2.5	2.0	29%
Total revenue	340.7	376.8	-10%

Group revenue decreased by 10% to €341 million, compared to €377 million in 2020. The decline in fitness revenue was the result of COVID-19 related government measures in our geographies during 2021 and a lower membership starting point. On average, our clubs were closed 36% of the time in 2021, compared to 41% in 2020. Other club revenue was stable at €7.6 million and includes income from our personal trainer concepts, physiotherapists, day passes, vending and advertising revenue via the screens in our clubs.

Non-club revenue increased 29% to €2.5 million (2020: €2.0 million), mainly due to higher NXT Level wholesale revenues.

During the periods in which our clubs were temporarily closed, all memberships related to these clubs were frozen. Members who had already paid for periods during which the clubs were closed were compensated after we reopened.

Geographic revenue split

In € millions	2021	2020	change
Benelux	169.0	206.0	-18%
France & Spain	171.7	170.8	1%
Total revenue	340.7	376.8	-10%

The Benelux segment recorded a revenue decrease of 18% to €169 million (2020: €206 million). The decrease reflects the lengthy period of temporary club closures from the start of the year and a lower membership starting point. Our growth countries France & Spain achieved a 1% higher revenue of €172 million (2020: €171 million). This increase is entirely due to higher revenue in Spain, where clubs remained open throughout 2021. Revenue in our largest market France, slightly decreased.

There was continued strong demand for the sports water subscription, albeit at a slightly lower level than in 2020. The live group lessons add-on saw a small decrease in the percentage of users as a result of a higher proportion of French members within our network. In France, we only offer this add-on in a small selection of clubs.

Club EBITDA and underlying club EBITDA

Club EBITDA was €177 million (2020: €187 million), a 5% year-on-year decrease. Club operating costs decreased by 14% to €161 million (2020: €188 million). Personnel costs rose by 12% to €59.7 million (2020: €53.3 million), as a result of a larger club network. The government wage support schemes for periods in which clubs were temporarily closed amounted to €31 million (2020: €29 million). Other club operating costs decreased by 24% to €102 million (2020: 135 million). The decrease in other operating costs was mainly the result of government support schemes for fixed costs amounting to approximately €35.5 million.

The underlying club EBITDA – which is the club EBITDA of open clubs, excluding exceptional items and adjusted for rent costs - was €93.6 million in 2021, compared to €154 million in 2020. The lower result can be attributed to the combination of lower club revenue and higher underlying costs due to the larger club network. The exceptional costs of €57.8 million (2020: €91 million) include personnel, housing and other costs, to the extent that we did not receive government compensation during the time that clubs were temporarily closed. The exceptional costs also include the rent costs for the periods our clubs were temporarily closed.

EBITDA and underlying EBITDA

EBITDA decreased by 11% to €116 million (2020: €131 million). Total overhead expenses increased by 9% to €60.6 million (2020: €55.8 million), due to a 12% increase in international overhead to €29.9 million (2020: €26.8 million) and a 6% increase in country overhead to €30.7 million (2020: €29.0 million). Marketing expenses, which are included in country overhead, were slightly higher than in the previous year. As a percentage of revenue, these amounted to 5.0% (2020: 4.3%). The various government wage support schemes related to our head office and local head offices were slightly up compared to 2020.

Underlying EBITDA, which is EBITDA excluding exceptional items and adjusted for rent costs, came in at €31.6 million, compared to €93.8 million in 2020.

Depreciation & amortisation

Depreciation and impairment of tangibles were €125 million in 2021, compared to €116 million in 2020. Depreciation of right-of-use assets increased to €148 million from €129 million in 2020. The increase of both line items was driven by the strong growth of our club network in 2020 and 2021. Amortisation costs amounted to €10.8 million, compared to €15.8 million in 2020. In 2021, €4.0 million (2010: €10.7 million) was related to the purchase price allocation (PPA) from when Basic-Fit was partly acquired by 3i Investments plc.

COVID-19 rent credits

COVID-19 rent credits in the period amounted to €23.1 million (2020: €11.2 million) and relate to property rent discounts received from our landlords that did not result in amendments of lease contracts. In the event of lease contract amendments, we re-measured right-of-use assets and lease liabilities on our balance sheet. The year-on-year increase is mainly the result of more rent discounts that did not result in lease contract amendments.

Operating result

The operating result (EBIT) came in at a loss of €145 million (2020: €118 million). The operating loss reflects the loss of revenue during periods when our clubs were temporarily closed in 2021. While we continued to focus on costs and also received one-off government compensation for fixed costs in 2021, this was not enough to compensate for the loss of revenue.

Financing costs

Total finance costs came in at €56.7 million in 2021, compared to €45.9 million in 2020. Finance costs related to borrowings increased by €7.7 million to €23.8 million in 2021. This increase reflects higher average borrowing costs during the year. The borrowings include the €303.7 million convertible bond loan that was issued in June 2021. Interest rate swap charges and valuation differences resulted in a €1.8 million benefit. The interest on lease liabilities increased to €32.9 million in 2021 from €29.8 million in 2020 as a result of club openings in 2020 and 2021.

Corporate tax

Corporate tax income was €51.3 million (2020: €38.9 million income), representing an effective tax rate of 25.5% (2020: 23.7%). 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

The net loss for the period was €150 million, compared to a net loss of €125 million in 2020. The net loss adjusted for IFRS 16 (deducting rent costs and adding right-of-use-of assets depreciation and interest on lease liabilities), PPA-related amortisation, interest rate swaps valuation differences, exceptional items, COVID-19-related exceptional costs, COVID-19 rent credits and the related tax effects, was €95.2 million (2020: €32.9 million).

Reconciliation net earnings to underlying net result

In € millions	2021	2020
Net result	(150.0)	(125.2)
IFRS 16 adjustments	36.4	29.8
PPA amortisation	4.0	10.7
One-off impairments	-	1.3
Valuation differences IRS	(1.8)	0.2
Exceptional items	3.3	1.0
COVID-19 related exceptional costs	56.4	90.6
COVID-19 rent credits	(23.1)	(11.2)
Tax effects (25%)	(18.8)	(30.6)
One-off tax effects	(1.5)	0.4
Underlying net result	(95.2)	(32.9)

Net debt

Net debt (excluding lease liabilities) was €548 million at year-end 2021, compared to €539 million at year-end 2020.

To cope with the impact from the period our clubs were closed, but also to be able to accelerate club openings growth from 2022 onwards, we strengthened our balance sheet and financing structure. In April 2021 we issued 6 million new shares at €34.00 each, raising €204 million. In June 2021 we raised €303.7[4] million through a convertible bond loan.

In the first half of the year, following the share issue, the drawn part of a €150 million bridge facility was repaid and the facility was cancelled. The company also reached an agreement with its syndicate banks to increase their commitment in the accordion facility by €60 million to €100 million.

In July 2021, the term loan and revolving credit facility agreement were extended by one year to June 2025.

In 2021, we came to an agreement with our lenders for an amended covenant testing at both year-end 2021 and June 2022. The leverage ratio for the year-end 2021 testing is based on the fourth quarter of 2021 adjusted EBITDA[5] to be used as a run rate for full-year 2021. The net debt/EBITDA ratio was 2.1 at year-end 2021, compared to 4.9 at year-end 2020.

The leverage ratio for the June 2022 testing will be based on the adjusted EBITDA of the fourth quarter of 2021 as a run rate for the second half-year of 2021 and the adjusted EBITDA of the first half-year of 2022.

Net debt, including lease liabilities, stood at €1,853 million compared to €1,727 million at the end of 2020. The increase reflects a larger club network in 2021 compared to 2020.

Cash and cash equivalents was €70.1 million at year-end 2021, compared to €70.4 million at the end of 2020. Including undrawn facilities, the company had access to cash and cash equivalents of €361 million at the end of 2021.

4 €49 million (€65 million before deferred taxes) was accounted for as equity at the end of December 2021.
5 Adjusted EBITDA under the bank covenants is defined as the underlying EBITDA adjusted for permitted pro forma adjustments, which are capped at 15% of the total adjusted EBITDA.

Working capital

Working capital was minus €107 million at year-end 2021 (2020: €107 million). As a percentage of revenue, working capital was 32%, compared to 29% in 2020. The increase reflects the decrease in revenue due to the COVID-19 pandemic.

Capital expenditure

The initial capex for the 116 clubs that we opened in 2021 was €1.15 million per club, compared to €1.20 million in 2020. Regardless of the initial capex for a club, we continue to 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 amounted to €47.7 million in 2021 (2020: €35.7 million). The average maintenance costs per club was €50 thousand, compared to €42 thousand in 2020. We decided to use the period that clubs were temporarily closed to roll out the installation of our smart camera system in more clubs and to further optimise the club layout.

Other capex amounted to €7.5 million (2020: €13.0 million). Other capex mainly consisted of investments in innovations and software development. One such development is our new mobile phone app, which we developed in-house and which has significantly improved how we interact with our members. The app was launched mid-November 2021 and already has close to half a million daily users.

Outlook

We are monitoring the news regarding the war in Ukraine. It is concerning and brings uncertainty for people and the economic environment. We cannot rule out that this conflict will affect our business in due course in areas like inflation, supply chain or access to capital markets. At this moment, however, we do not see any direct impact on our operations.

The increased focus on health and well-being after COVID-19 is expected to lead to a further increase of fitness penetration levels in our countries.

Our well-positioned product offering has put us in a good position to seize the opportunities that will come our way.

Following the positive membership development after reopening all our clubs in 2021, we have recommenced and accelerated the execution of our growth strategy. By year-end 2022, we expect to have grown our network to 1,250 clubs and increased our membership base by at least 1 million memberships.

During the Capital Markets Day in November 2021, we announced the introduction of the new All-in membership, which includes a home bike for people to exercise at home as well as in the club. We have been testing and adjusting the proposition the past months. We will soft launch the All-in membership in the second quarter of 2022 and we will have a big launch in the fourth quarter of 2022.

We will continue to keep a close eye on the development of COVID-19 and potential subsequent government measures. If needed, we will have the flexibility to adjust our club openings programme. Nearly all new property lease contracts include a pandemic clause, providing us with the flexibility to adjust the timing or pace of club openings in case new lockdowns would occur. The clause helps us to avoid paying rent for clubs that are being built or prevents time-consuming negotiations with landlords about rent discounts for clubs that were already operational.

Despite the negative impact that the Omicron variant and the closure of our clubs in the Netherlands in December 2021 and January 2022 had on the membership development, we continue to expect to be able to reach a full-year 2022 revenue of €800 to €850 million with an underlying EBITDA of around €240 million.

OUR PEOPLE

We employed 6,964 people in 2021, all of whom are committed to making fitness accessible to everyone. Our employees are a true representation of our members: multiple nationalities and diverse backgrounds, brought together by a love of fitness and well-being. We offer our people, the Orange Family, a safe space to work, where they can be themselves, make an impact on our members and seize opportunities to grow. We are proud of our values that we regularly communicate internally (Be, Accessible, Smart, Inclusive, Committed).

Health and safety are among our top priorities, and consequently 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 2021, we focused on helping our employees learn how to work with different realities linked to the pandemic. We offered training on the latest security measures and protocols.

The pandemic has influenced the human ressources (HR) landscape in several ways, forcing us to reinvent our communication channels with our people. With the introduction of a global intranet tool, Orange Connect, we are now able to circulate information in a timely matter while creating a community feeling among our employees. Orange Connect also allows us to receive feedback, which helps us to make adjustments when necessary. After the implementation period which started in June 2021, the adoption rate on Orange Connect was more than 90% at the end of the year. This shows the importance for our employees to stay connected with both their colleagues and the company.

Our training teams have continued to provide our employees with remote training. In 2021, we focused on communication training, with an emphasis on security measures. We have also increased our coaching capabilities, especially in France, where we have been mentoring more newly promoted managers. We are continuously working on processes to improve our employees' onboarding and journey within the company, both at corporate and club level. In 2021, we successfully launched our new HR system, Workday, in order to align these and all the majority of other HR processes in all our countries.

Employee overview

In 2021, the number of Basic-Fit employees increased to 6,964 from 5,628 the previous year. The increase, in absolute terms, was largely driven by the growth in the number of clubs. Our Orange Family includes 3,405 men and 3,559 women, which results in a male/female ratio of 96 (96 men for every 100 women). The majority of our employees work part-time, especially in our clubs. Club employees represent more than 90% of our workforce. All our employees are covered by collective bargaining agreements in France, Spain and Belgium (standard sector agreement). Employees in the Netherlands are not covered by a collective bargaining agreement.

	2021	2020
# employees	6,964	5,628
Men/Women	3,405/3,559	2,623/3,005
Average age	31.6	32.7

Diversity and Inclusion

At Basic-Fit, we strongly advocate equality and diversity, and this is one of the main pillars of our HR strategy. We want to make fitness accessible to everyone and we ensure this goal is reflected in our workforce. Our staff is balanced in terms of both gender and age representation. In 2021, we had 51.1% of women and 48.9% of men. Our vision is to have a workforce that largely reflects the members of our clubs, and who can understand everyone's needs and demands. Women already represent a third of our Director and Business Manager positions. In the last quarter of 2021, 47% of our female employees had a manager position. More information on our diversity policy can be find in the chapter Corporate Governance, section Diversity in profiles and composition.

Development

We want our employees to be proud. We invite them to grow with us, make an impact and share our mission to make fitness accessible to all.

In 2021, we faced a more challenging recruitment environment in Europe. Still, we believe we can attract talented people who are curious, entrepreneurial, practical and have a playful personality. In 2021, we reviewed our employer branding strategy with our marketing and communications department with the aim of positioning ourselves better in this competitive landscape. Our focus remains on attracting top talent to Basic-Fit who fit in our culture and share our corporate values.

Our HR strategy focuses on developing our best people for managerial positions. We strongly believe in identifying and growing our most talented club hosts into club managers by training and coaching them effectively. In 2022, we will launch several programmes to that end in each country and so forth for all levels of the organisation.

Talent management

Talent management combined with succession planning are essential for Basic-Fit's long-term growth ambitions. Part of our success is linked to the fact that our employees buy in to the Basic-Fit ethos and manage to grow within the organisation. Club hosts can become club managers, and in some cases team leaders (responsible for a couple of clubs) or regional managers. Talented employees are offered opportunities to develop into more strategic roles.

We review the performance and behaviour of our employees every year based on their completion of personal, club and corporate goals. We also consider behavioural components, based on our employer branding pillars: growth, impact and community. Every employee agrees to set targets at the start of the year or at the start of their employment. This cycle also includes on-going feedback through the year and one evaluation at year-end. These discussions focus on how to provide our members the highest level of service possible and ensure employees are happy 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 upcoming transitions.

Training

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 and the attention we give our members.

Part of this focus is on Basic-Fit's ambitions and strategy, as well as key customer service aspects, 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. To that end, we started the Excellent Service (Host 2.0) project in 2019, and to date, we have trained more than 75% of our workforce to help them establish better and more meaningful relationships with our members. We are further upgrading our training programme, with a focus on adapting to new work conditions and communicating in more complex situations.

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

In 2021, we also focused on training, digitalisation and communication, and continued to support internal promotions and work on the development of our club managers. In the last quarter of 2021, we had almost two internal promotions per week. We encourage our employees to grow with us and make impact by contributing to our mission. Overall we expect our staff to continue to grow as we expand our club network.

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. In this section, we also give an overview of our sustainability performance and how we address our most material topics. 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 principles in the Code of Conduct and the structure of the Code of Conduct still match the company's strategy, vision and phase of development. Furthermore, a yearly integrity and fraud risk assessment is performed including the elements and values reflected in the Code of Conduct, to assess compliance and the application of the principles in the Code of Conduct. Integrity and diversity are embedded in Basic–Fit's business strategy and day-to-day decision-making processes. Critical concerns concerning human rights, anti-bribery, tax reporting and ESG reporting are escalated through various channels in the organisation to Management Board or second line of defense roles, or are noticed by second line roles in reviews and subsequently escalated to the Management Board. Quarterly updates on these topics are given to the Supervisory Board. In highly material incidents, the matter and mitigation will be discussed intermediate in the Management Board and /or in the Supervisory Board. 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 avoid corruption and bribery. The company's core business is to provide access to a healthier lifestyle for all. 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.

Sustainability performance

In this annual report, we are quantitatively reporting on our key KPIs for the first time. These KPIs are linked to our main sustainability ambitions and reflect on the most material topics we identified during the materiality assessment. This is aligned with our GRI reporting.

Pillar	Sub-pillar	KPI (2021)	Material topic
Healthy people	**People development**	1,015 clubs	**Growth in clubs and members**
		2.22 million members	
		6.7% employee turnover*	**Employee recruitment, engagement and retention**
		25 internal promotions*	
	Health & safety	61% of clubs equipped with remote surveillance	**Health and safety**
Healthy planet	**Club environmental footprint**	74 kWh electricity/m^2/club on average**	**Environmental management**
		8m^3 gas/m^2/club using gas on average**	
		10.6 litres of water on average/visit**	
		94% of our clubs using green electricity only***	
		8,337 tons of CO_2 emissions in total - scope 1**	
		3,562 tons of CO_2 emissions in total - scope 2**	
		11,899 tons of CO_2 emissions in total – scope 1 and 2**	
Healthy communities	**Diversity**	51% female employees (overall)	**Employee diversity**
		47% female employees (managers)****	
	Awareness & accessibility	1.8% Basic-Fit penetration rate*****	**Member experience**
		€275 thousand financial contribution to communities	**Community investment**
	Responsible behavior	58% of preferred suppliers signed code of conduct******	**Supply chain management**

* Full-timers only. Based on Q4 2021 only due to the recent launch of our new HR system.
** Data 2020 (data 2021 not available at the time of publication). Based on the clubs with our own connection.
*** Based on our clubs with our own connection which represents 93% of our network.
**** Based on Q4 2021 only due to the recent launch of our new HR system.
***** Ratio between Total number of Basic-Fit members (data 2021) / Total number of inhabitants in the countries of operation (data 2020).
****** Currently only constructors. We will increase the scope going forward.

Health and safety

Our top priority has always been to ensure a healthy and safe environment for both our members and employees. Over the past years, we have implemented and fine-tuned a wide range of measures to manage our most material topic.

Health and safety have gained in importance during the pandemic. In 2021, Basic-Fit has put clear safety protocols and processes in place, and developed IT solutions to comply with local government requirements aimed at ensuring a safe environment for all as well as encouraging responsible behaviour. These include the following measures:

- using a reservation system that allows members to reserve a time slot before visiting their club
- upgrading our hygiene and sanitisation procedures (cleaning frequency, additional clear signage and additional sanitation stations)
- putting some fitness equipment temporarily out of use to guarantee the required distance between members
- maintaining a high level of ventilation in the clubs to make sure that there is no air recirculation, and ensuring that the inflow of fresh air is well above recommended levels
- communicating regularly with our members on good health and safety precautions
- training our employees on the updated safety protocols
- checking COVID-19 health passes to access our clubs

In addition to these safety measures, we equip our clubs with high-quality equipment and increasingly we are connecting our clubs with state-of-the-art remote surveillance systems. In 2021, we continued to equip more clubs with smart camera systems and intercoms. In newly built clubs, these systems are a standard feature. A dedicated Remote Surveillance department operates these systems. At the end of 2021, 61% of our clubs were equipped with remote surveillance. This smart camera system allows us to operate more 24/7 clubs. The control room offers 24/7 security assistance and support. It allows us to detect any unusual situations and respond immediately if necessary.

Our employees receive continuous safety training, covering topics such as risk prevention, first-aid and fire prevention. This also helps to create a safe environment for our members. We also regularly perform safety audits and report and register incidents occurring in our clubs.

Employee recruitment, engagement and retention

If Basic-Fit is to gain the competitive edge to grow and achieve its mission, then it must be perceived as the employer of choice. This can only be done by attracting, engaging and retaining the best people, and building a strong and recognisable company culture.

To find out more, see the 'Our people' section.

Growth in clubs and members

We aim to facilitate fitness access by making our clubs easy to reach and thus close to where people live, work or meet friends. At the end of 2021, Basic-Fit operated 1,015 clubs in five countries with a member base of more than 2.2 million. This represents an increase of 10% of our member base compared to 2020.

Our members are at the centre of everything we do. In 2021, we launched new products and services to offer them a more consistent experience during their journey with us. We make fitness available for them 24/7 whether in the club or at home. With our holistic approach we want to help our members staying fit mentally and physically and make fitness a basic in their daily routine. We deliver personalised fitness content, nutrition advice and a wide range of workouts from meditation to cardio training.

We refreshed our brand positioning and identity, and we reviewed our corporate values (Be, Accessible, Smart, Inclusive, Committed). We also continued to analyse our members' needs and worked on improving the member journey to help them build their fitness routine. New features have also been introduced to support our customer care department.

A recent study from McKinsey & Company revealed that 95% of fitness club members missed the gym and more than 60% who exercise regularly say they would prefer a mixture of working out at a gym and outdoors in the future. At Basic-Fit, we also believe in a hybrid model combining workouts in our clubs and through our Basic-Fit app anytime and anywhere. By using smart solutions and data, we offer tailor-made advice that reflects our holistic fitness approach and helps our members to achieve their fitness goals more effectively. Please refer to section '24/7 connection with our members' for more information about our new app.

When most of our clubs were temporarily closed for parts of 2021, our members had continued access to training sessions and online group classes, as well as all other services available via the Basic-Fit app. They also had the opportunity to follow live workouts on our social media channels.

Our member satisfaction rate regarding the live chat function of the Basic-Fit app reached 3.3 out of 5 at the end of 2021 compared to 3.1 out of 5 in 2020. We will continue to further improve these self-service functionalities. Over time, this will help our members to carry out transactions in a faster, easier and more flexible way. This process should also benefit our customer care department, where our agents can free up time to concentrate on creating more added value. This should help to further improve customer satisfaction.

Member experience and member diversity

Our business model is based on our mission to make fitness accessible to all and to get people to love their fitness habits. We aim to achieve this by providing an affordable, innovative and high-quality fitness solution that is available to everyone, everywhere, and every way possible. Our memberships start at €14.99 per four weeks for single club usage in Spain and €19.99 in all our other markets with no club location restrictions, so 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 such as cycling and tennis.

We are here for everyone, regardless of their fitness level, ethnicity, gender, convictions or beliefs. At Basic-Fit we advocate equality and are therefore proud to welcome everyone, from our boardroom to our gyms. We offer different memberships, as well as the option of training in both our mixed or ladies clubs. We aim to maintain, to the extent we can, a diverse and balanced membership base in terms of gender and age. Indeed, the age groups of our members are well balanced between under and over 30-year-olds. Basic-Fit's penetration rate, 1.8% in 2021, shows the positive impact we are having to get people fitter in the countries where we operate.

Environmental management

Our ambition is to grow our network to 3,000-3,500 clubs in Europe by 2030. Inevitably, we use natural resources in the process and therefore have an impact on the world around us. We constantly monitor our operational processes, however, and explore more sustainable alternatives to minimise this impact.

CO_2 emissions

For our daily operations, we use natural resources and generate CO_2 emissions. In 2021, we decided to become carbon carbon neutral in our clubs and offices by 2030. We aim to reach this goal by first focusing on reducing our energy consumption. In the past few years, we had a pilot running with a smart and climate-friendly energy management system in seven clubs in the Netherlands, Belgium and France. In 2021, we decided to develop our own remote facility management system to further optimise efficiency and costs. This remote facility management system enables us to monitor and control a wide range of operations in a club. This includes heating, cooling, humidity, CO_2 level, ventilation, water temperature in showers and identifying malfunctions. In 2021, we launched a pilot in a number of clubs in Belgium. This system will be implemented in all our new clubs from 2022 onwards. For existing clubs, we expect to have the system operational within a three-year time frame. Where possible, we ensure that all our clubs in the Netherlands, Belgium and France use 100% green electricity. In clubs that depend on contracts arranged by landlords, we encourage our partners to opt for green energy. At present, around 87% of our network uses 100% green energy. Our aim is 100%.

Water

We do not consider ourselves to be major water users as the use of water in our clubs is limited. We do not operate swimming pools, saunas or other services that use a lot of water. Nevertheless, we do want to make our water consumption as responsible as possible. Initiatives to achieve this include water-saving showerheads and a maximum water flow of six litres per minute in our showers. Activation buttons, furthermore, ensure that the water flow will not continue once a member has finished. As of 2021, we will report on the average water consumption per visit in our clubs.

Other sustainable initiatives

In addition to reducing our energy and water consumption, we have been developing several other initiatives over the past years to promote sustainable alternatives at our clubs, headquarters and with our partners.

We are taking a closer look at our logistics and site construction processes. Our aim is to encourage our building and equipment partners in their respective supply chains to reduce their environmental impact. We also closely monitor local requirements linked to sustainability to prepare ourselves to comply with upcoming rules.

Community investment

Our ambition is to actively support our communities to lead fitter lives and create a more inclusive environment. We want to help people, particularly children and young adults, who lack the opportunity to exercise, stay fit and enjoy the social benefits of doing sports, regardless of background or ability. Doing sports from an early age is essential for developing a healthy lifestyle and acquiring skills for a lifetime. We have been working with three highly regarded organisations since 2020 in the countries where we operate. These partners share our views and values, and develop dedicated programmes that give young generations better access to sports. Basic-Fit promotes education, equality and diversity, in line with SDGs 4 and 5. Studies have shown that sports play a key role in education from an early age, and our goal is to accompany youngsters and young adults on their journey to a bright and healthy future.

Our main partners are the Johan Cruyff Foundation in the Netherlands, Sport2Be in Belgium and Sport dans la Ville in France. The Cruyff Foundation focuses on getting people fitter. Sport2be and Sport dans la Ville, with their sports and job initiatives, support younger children in their learning process through sports and help young adults to acquire professional skills.

We support our partners both financially and through donation in kind, employee volunteering, fitness training or professional advice. We involve our employees in building our corporate values and engaging with communities. Some of the ways our employees can get involved in corporate sponsorship is by sharing their skills and experience, giving advice about nutrition or training, and organising free group classes. In 2021, we successfully launched several activations with our partners and give our initiatives more impact and visibility. At an operational level, we set up a range of activities on the ground, in observance of local pandemic measures, to activate the youngsters and set these partnerships in stone.

We supported the Cruyff Foundation with digital and live workouts at their charity run in April, their annual Open Day in September, and during a special event for refugees organised by UEFA in cooperation with the Cruyff Foundation. In the autumn, we raised awareness among young adults on the benefits of getting active as a partner of their online event, the E-cup.

With Sport2be in Belgium, we hosted fitness sessions for the young girls in the organisation. These weekly classes are held exclusively for these girls by a Basic-Fit coach in several clubs in the greater Brussels area. In December 2021, we launched 'Pedal for Sport2Be'. This initiative challenged our members to pedal 10,000 kilometres in 48 hours on the 1,030 bikes made available for the occasion in our clubs. They achieved the goal, and Basic-Fit donated €10,000 in prize money to the Sport2Be association to support its programmes. Our partnership with Job2Be has also enabled us to explore potential work placement opportunities in our clubs and provide career advice.

In the early spring of 2021, we contributed to 'Fit with a star', an initiative launched by former Belgian TV presenter Marlene de Wouters, that aimed to auction off sports sessions with 20 Belgian celebrities for a good cause. The generated funds were doubled by Basic-Fit and donated to the King Baudouin Foundation's 'Unlock Your Energy' project. This organisation focuses on the mental well-being of young people.

We continued to partner with Sport dans la Ville in France, welcoming youngsters to train with their coach in specific clubs around Paris. Our most enthusiastic employees joined the charity run, 'Jog in the city', set up by the organisation to raise funds. We also sponsored a new outdoor fitness equipment area accessible on Sport dans la Ville's athletic field located in Paris' suburban area. Our HR team was also involved in the Job dans la Ville programme by hosting workshops, facilitating training sessions and providing job opportunities.

These initiatives highlight Basic-Fit's ambition to help its communities go for a fitter world.

Responsible conduct

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 the articles of the United Nations Universal Declaration of Human Rights, the core labour standards of the International Labour Organization, the United Nations Guiding Principles and the principles of United Nations Global Compact.

We can improve the quality of life and health of the communities in which we operate. 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 by expanding our business and opening new clubs. We make fitness available to everyone, without any distinction in terms of race, background, gender or age.[6] This goal remains relevant at all times, and had particular resonance in 2021, when the company again faced with the challenge of navigating the COVID-19 pandemic. While our clubs were temporarily closed, we provided an extensive online offering, which was included in all memberships. 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.

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

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 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, but it also improves our position as a preferred employer. Moreover, 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 KPIs on employee diversity, for which we refer to the Sustainability framework and KPIs section in the Sustainability performance section. This section reports on various employee diversity KPIs. Furthermore, the company wishes to implement and measure additional KPIs concerning the intention to have certain defined suppliers adhering to the supplier code of conduct, including human rights issues. Furthermore, the company's contracts with many of its main suppliers include the option to audit the suppliers on compliance with the supplier code of conduct. If the supplier code of conduct applies, then Basic-Fit ensures that their code of conduct is in line with the principles applied by Basic-Fit. Slight progress was made in this respect in 2021 due to the impact of the COVID-19 pandemic, as shifting priorities caused a delay in the contracting process with suppliers. In 2022, we will further develop and articulate the procurement policies and KPIs on this topic.

Anti-corruption and bribery matters

In 2021, 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 whistleblower policy not only applies to employees but to all people who provide labor or services to Basic-Fit.

The company's corporate governance framework and its Code of Conduct include safeguards and controls by the Supervisory Board to avoid conflicts of interest. 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 the physical distance. Any case of corruption or bribery could lead to considerable financial and reputational damage.

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 2021, in line with the company's growth, we again continued to enhance 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, 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 comply with the company's supplier code of conduct. If the suppliers' conditions are applied, Basic-Fit pays extra attention to the suppliers' code of conduct to make sure their principles are in line with those of Basic-Fit.

Basic-Fit has exercised the option to perform audits on the suppliers in its contracts and will start performing due diligence investigations on certain new suppliers before the start of any cooperation. As we had to focus on managing the impact of the COVID-19 pandemic, our priorities shifted and less progress was made in further enhancing our procurement and supply chain policies, including KPIs. Currently, the managers responsible for procurement will control these processes in cooperation with the compliance officer. In 2022, we will continue to develop and articulate our plans, policies and KPIs on this topic.

Tax policy

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 reputational 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 we have a good relationship with the tax authorities in all the jurisdictions in which we operate, 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 the independence of our internal and external auditors.
In this annual report, we will start to report on the key KPIs linked to our main ambitions and reflect on the most material topics we identified during the materiality assessment. This is conducted in reference to our GRI reporting, which we started in 2021.

Meeting ESG regulations

In 2019, the European Commission presented the European Green New Deal, a set of policy initiatives with the overarching aim of making Europe climate neutral by 2050. The Green Deal also aims to transform the EU into a resource-efficient, competitive economy, to ensure a socially just transition to a sustainable economic system, and to protect the EU's natural capital, as well as to protect the well-being of citizens in relation to environment-related risks.

An important element of the Green New Deal impacting Basic-Fit is the Sustainable Finance Action Plan (SFAP) launched by the European Commission. Through the Commission's SFAP, the EU has taken a number of measures to ensure that the financial sector plays a significant part in achieving the objectives of the European Green Deal. Better data from companies about the sustainability risks they are exposed to, and their own impact on people and the environment, is essential for the successful implementation of the European Green Deal and the SFAP.

Three specific regulations and directives related to the SFAP apply to Basic-Fit:

- Taxonomy Regulation (Regulation (EU) 2021/852 Taxonomy Regulation on the establishment of a framework to facilitate sustainable investment, further to referred to as Taxonomy Regulation), as further adopted in the Decree announcement non-financial Information ('Besluit bekendmaking niet-financiële informatie').
- Non-Financial Reporting Directive (NFRD)
- Corporate Sustainable Reporting Directive

The new Taxonomy Regulation includes a unified classification system (taxonomy) on what can be considered environmentally sustainable economic activities. By providing appropriate definitions to companies, investors and policymakers on which economic activities can be considered environmentally sustainable, it will enable companies to scale up sustainable investment and to implement the European Green Deal.

This Regulation entered into force on 12 July 2021. The Taxonomy Regulation establishes six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems

Currently, a first delegated act on sustainable activities for climate change adaptation and mitigation objectives was approved on 21 April 2021, and formally adopted on 4 June 2021. A second delegated act for the remaining objectives will be published in 2022.

The Taxonomy Regulation is in addition of the 2014 NFRD, which Basic-Fit has already been referring to for several years in this section. The NFRD will be revised by the Corporate Sustainability Reporting Directive (CSRD).

On 21 April 2021, the Commission adopted a proposal for this CSRD. The CSRD envisages the adoption of EU sustainability reporting standards. The draft standards will be developed by the European Financial Reporting Advisory Group (EFRAG). The first set of standards should be adopted by October 2022.

On 6 July 2021, the Commission adopted the Delegated Act supplementing Article 8 of the Taxonomy Regulation. This delegated act specifies the content, methodology and presentation of information to be disclosed by financial and non-financial undertakings concerning the proportion of environmentally sustainable economic activities in their business, investments or lending activities.

The Taxonomy Regulation is applicable to Basic-Fit based on Article 8 of the Taxonomy Regulation; however, Basic-Fit's main activity is to operate fitness centres in various countries in Europe and offering fitness facilities to its members. This activity does not fall under one of the activities covered by the EU taxonomy and its selection of NACE macro sectors, as defined in the Taxonomy technical report. Subsequently, the main source of revenue, the opex required to operate the fitness centres and the capex invested to build and maintain the fitness centres are non-eligible under the Taxonomy. Basic-Fit outsources the building and maintenance of its fitness centres merely to external partners, who in its turn must define if the Taxonomy Regulation applies to their activities. Therefore, although the EU Taxonomy is applicable to Basic-Fit, the entire scope of activities of Basic-Fit are not deemed to be eligible under the Taxonomy Regulation and the Delegated Act. Therefore, in the reporting table, 100% of Turnover, opex and capex is considered non-eligible. For more information on Turnover, capex and opex within Basic-Fit, reference is made to the Financial Statements in Note 3.2 Revenue, Note 3.8 Other operating expenses and for capex in Note 4.2 Other intangible assets, 4.3 Property, plant and equipment, 4.4 Right-of-use assets and lease liabilities. For the assessment of the eligibility of opex within Basic-Fit, the company takes into account that opex according to the EU Taxonomy is determined by the direct non-capitalized costs of research and development, building renovation measures, short-term leases, maintenance and repair and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third-party outsources that are necessary to ensure the continued and effective functioning of such assets.

RISK MANAGEMENT AND CONTROL SYSTEMS

Achieving our long-term strategic objectives inherently involves 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 we take and our risk appetite in achieving our objectives. Basic-Fit's risk management approach plays an important role in achieving our strong international growth ambitions and creating long-term value.

Description and governance

COVID-19

The COVID-19 pandemic had a major financial, commercial and operational impact in 2021. Given the experience with COVID-19 in 2020, Basic-Fit had specific plans of approach and project groups in place in 2021. In 2020 additional liquidity was attracted and the liquidity position was further strengthened in 2021. The organisation already switched to a home working situation in 2020 without any major problems and continued to do so in 2021.

The dedicated COVID-19 strategy team convened regularly when developments warranted it. This team analyses the possible implications for the daily operations, as well as the possible economic impact, and reports its findings to management.

We follow the guidelines of the local governments and provide our stakeholders with relevant information. Basic-Fit is adhered to the government's restrictions and closed clubs for certain periods at various times in the course of 2021. 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 been a top priority at Basic-Fit during the COVID-19 pandemic. Basic-Fit did a review of COVID-19 events in 2020 and of lessons learned. Basic-Fit believes to have shown the ability to respond to adversity in a pragmatic way and that the crisis team in place handled in due consideration regarding the closing and reopening 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. This protocol and approach was continued in 2021.

Internal control framework

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 risk and compliance function monitors the corporate governance framework and compliance with laws and regulations and company policies, in line with the company's risk and compliance charter.

The three lines

The risk, compliance, privacy and IT security positions represent the second line and jointly protect and monitor Basic-Fit's risk strategy, risk culture and integrity. The second line works closely with the internal auditor, as the third line, to align working methods and the approach to risk management and makes sure that the internal audit findings are monitored and followed by the day-to-day operations, who together with the staff functions represent the first line.

As defined in the internal audit charter, the 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 Finance, HR, Marketing, Customer Care, IT, Legal, Risk & compliance, 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 2021

In 2021, despite the impact of COVID-19, Basic-Fit was able to add 110 clubs to its network immediately after reopening the clubs during the second quarter of the year until the end of the year. While the clubs were closed, Basic-Fit postponed the construction of additional new clubs for the time being. However, in the interim, we continued to fill the pipeline of new clubs and prepared for the rollout of new clubs in line with our strategy as soon as the clubs reopened and Basic-Fit's financial situation was strengthened with additional financing through an equity raise and convertible bond in 2021.

Although COVID-19 had a major impact on Basic-Fit's strategy and operations in 2021, we were still able to benefit from our existing and well-developed online fitness offering, which was freely available to all our members during this period. Basic-Fit enhanced this digital offering to ensure that our members were able to work out, even though the clubs were closed. In addition, Basic-Fit added new products to the ones available in our webshop to support this digital fitness offering.

To mitigate the financial risks created by COVID-19 for club operations, in 2021 Basic-Fit continued to make use of government support measures to fully or partly cover the employment costs of our employees. Staff is crucial for the future success of our company. This is why it was and is crucial that our employees keep their jobs and maintain their income. In light of the continuing uncertainties in the first half of 2021 regarding the development and impact of COVID-19, Basic-Fit focused in particular on cost control and cash flow management during that period.

In 2020, Basic-Fit already strengthened its liquidity position through a state-guaranteed bank loan of €60 million and by raising €133.3 million through an accelerated bookbuild offering of 5,333,333 new ordinary shares. We further strengthened our liquidity position with a bridge facility of €150 million in February 2021, an equity raise of €204 million through an accelerated bookbuild offering of 6,000,000 new ordinary shares on 23 April 2021, and by raising €303.7 million through the offer of a senior unsecured convertible bonds due in 2028 on 10 June 2021.

This liquidity injection strengthened Basic-Fit's financial position further, enabling it to cover the negative impact of COVID-19 and start opening new clubs after the reopening of all of its existing clubs on 9 June 2021.

To retain members during the lockdowns in the various countries, Basic-Fit immediately froze all memberships and stopped debt collection during this period.

Ongoing improvements

With the aim of improving the club opening process in terms of efficiency, cost control and timing, we identified 72 steps that ensure efficient project management. We have automated 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 activity 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 keep reviewing and developing our risk management process and internal controls. We continue 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 pursuing 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 has a data protection officer (the privacy officer), who is responsible for executing and monitoring the privacy policy and the day-to-day privacy recommendations related to running the business and new projects.

Together, the risk, compliance, privacy and (IT) security functions are 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 2021 the compliance officer devoted specific attention to integrity and remote surveillance within Basic-Fit.

The risk management officer 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 of 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 2021

Internal auditing is outsourced to an independent international audit firm. During the yearly review of the internal control framework, the firm identified opportunities for control and process improvements. The review and its recommendations are taken into account and are implemented in the processes. The outcome of the reviews, including the detailed management actions that were agreed upon, was discussed in the Audit & Risk Committee in the presence of the internal auditor.

Audit Plan for 2022

The internal auditors use 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. The internal audit plan for 2022 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, and 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 our 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	On	Impact (in € million)	Assumption (based on 2021 financials excluding exceptional items)
Revenue (members)	1.0%	(underlying) EBITDA	3	No change to yield
Revenue (yield)	1.0%	(underlying) EBITDA	3	No change to volume
Operating expenses	1.0%	underlying EBITDA	(3)	No change to revenue
		EBITDA	(2)	No change to revenue
Clubs	10 clubs	(underlying) EBITDA	0	No (material) EBITDA impact during the first year from opening clubs
		Net debt*	11.5	
Net debt	50 million	Net profit	0	Net debt during 2021 (55% hedged)
Interest rate	50 bps	Profit before tax	1	Stable interest rates

** Net debt excluding lease liabilties*

Overview trends in risk

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

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

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

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

Trend
Risk increasing
Risk stable
Risk decreasing
2020
2021

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 focus points of Basic-Fit's strategy. Being less attractive to our existing and new members, due to our offering, communication, 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 above-average to high risks, being calculated and carefully weighted, 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 and increasing the coverage of our network. The expansion potential of its portfolio in existing and new markets are 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 and political developments, natural disasters or pandemics could have a possible adverse effect on our growth and profitability.		↑	
5 **Brand**	The risk of negative publicity, ineffective marketing campaign or incidents occurring which will adversely affect the Basic-Fit brand.		↓	

↑ Increasing ↔ Stable ↓ Decreasing Averse Low Medium High

[1] Following the current situation the risk increased. However, this is not a trend in risk.

Operational

Risk	Risk description	General risk appetite	Trend in risk	Risk appetite
6 Technology	Our business model is data-driven and if we can't keep up with technological changes or when we are not able to implement new systems or digital GXR video and audio content (in a timely fashion) it could impact future growth and profitability.	Basic-Fit weighs 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.	↔	
7 Suitable sites	The identification and securing of suitable sites are crucial for the realisation of our growth ambitions. It is necessary to obtain the required permits and agree on acceptable lease terms. Delays in regulatory procedures or construction activities could impact our club opening process and objectives for the year.		↔	
8 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.		↑	
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.		↑	
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.		↔	
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 flexibility of the strategy in line with each new phase of Basic-Fit. If Basic-Fit is unable to adapt and adjust its support operation in time, this could impact the company's profitability. Identifying and securing suitable sites is crucial for the realisation of our growth ambitions.		↔	

↑ Increasing ↔ Stable ↓ Decreasing Averse Low Medium High

Operational

Risk	Risk description	General risk appetite	Trend in risk	Risk appetite
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.		↔	
13 **Cybersecurity**	Cybersecurity issues are becoming increasingly relevant. Not following the right procedures could impact our reputation and brand. The IT development of our own products is increasing, and new software programs are being implemented. The importance of data and mobile applications in the Basic-Fit strategy is increasing. As a result, the potential impact of cybersecurity has increased.		↑	

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 cash generation impacts the capital expenditure capability.	Basic-Fit has adopted a prudent financial risk strategy, with the intent to limit financial risks and maintain long-term solvency and to stay within bank covenants.	↔	
15 **Liquidity**	Basic-Fit requires access to capital to fund its growth ambitions.		↓	
16 **Credit**	The payment behaviour of our existing and future members could change, which would have an impact on our profitability and cash flows.		↔	
17 **Currency and interest**	Significant changes in financial markets could impact our financial condition or performance.		↑	
18 **Tax and accounting**	Changing tax and accounting regimes could impact our financial performance or tax treatment programming.		↔	

↑ Increasing ↔ Stable ↓ Decreasing Averse Low Medium High

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 in relation to COVID-19 could lead to 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.	↔	
20 Corporate and social responsibilities	The failure to adhere to generally accepted corporate and social responsibilities and of 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.		↑	
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.		↔	

↑ 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. 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.

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 forms of membership with attractive add-on opportunities, all at attractive price levels and with the option to make these memberships flexible. We are analysing new forms of membership and add-on opportunities continuously to keep up with new market developments and to be able to adapt to market circumstances, such as rising inflation. · **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 2021** · We continued our focus on the enhancement of our customer life cycle and the retention of our members. We have launched a new app that is even more customer-friendly and provides self-help service, new and extended online workouts and schedules and improved features for club entrance. We will continue this approach in 2022 and further embed and strengthen our data-driven approach to member communications and motivation. · We have increased the number of clubs that are open 24/7 and have enhanced the remote surveillance systems and the presence of this system in an increasing number of clubs to protect the safety of the members. This process will continue in 2022. · We have started implementing automated facility controls which constantly monitor the air quality and temperature in our clubs to further improve the health and security systems for our members in our clubs, which has become increasingly important since the COVID-19 pandemic. · We are constantly facilitating our members with self-help tools, and we are digitalising our customer service centre to be able to assist our members even quicker, at higher quality standards and with more efficiency. This transition process is in full development and will continuously improve based on consumer feedback · We have launched the availability of an online coach to assist our members in setting their goals and building and maintaining a fitness habit. **Developments 2022** · We will further enhance and improve the new Basic-Fit app launched in 2021 and further extend and renew the online fitness content and offering. · We will add value to our clubs by introducing the use of massage chairs for Premium members · We will introduce the availability of an All-in membership including an exercise bike for home and online dedicated content in addition to a membership of the clubs.

Strategic

Risk area and possible impact	How does Basic-Fit mitigate this risk?	Developments
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 only grew in existing markets in 2021, we have announced that we will enter one or more new countries in the coming years. Company will start in Germany in H2 2022. 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 the right clubs in these countries. This experience will help us in our expansion process going forward. · **Monitors 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 have automated our site selection process from finding locations, signing the contracts, building the locations until a fully operational club. In this process, the roles and responsibilities of all internal and external stakeholders are covered. · We have developed a system to review and register all our clubs in an automated 3D drawing system, which makes it easier to roll out a uniform club format and makes it possible to easily monitor the club with the correct data once operational. **Developments 2022** · 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 2022. · We will further grow the availability and presence of Basic-Fit in our existing markets and in our new country Germany to make the clubs accessible to an even broader range of European countries.
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 a 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 offer, 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 2021** · We launched a new marketing campaign at the end of 2021 which will be rolled out in 2022, with a focus on making fitness a Basic of life. · We continued the roll-out 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 in 2021. We will continue this roll-out in 2022 as well. · We opened more clubs on a 24/7 basis in the Netherlands, Belgium and Luxembourg.. We will continue with this rollout in 2022. · The COVID-19 pandemic negatively impacted many fitness entrepreneurs, unfortunately. Although this is negative for the entire sector, Basic-Fit came out strong and prepared for the future. If opportunities in the market arise, Basic-Fit can benefit from these and can attract additional members. **Developments 2022** · As stated in the developments 2021 above. · In addition, the entry into a new market, Germany, will strengthen our competitive position in 2022. · We will closely monitor the developments in new digital legislation affecting the opportunity to track member behaviour and other extensive digital legislation under the general initiative "Europe fit for the Digital Age" coming up in the course of 2022 and 2023.

Strategic

Risk area and possible impact	How does Basic-Fit mitigate this risk?	Developments
Environment **External economic & political risks, and natural disasters** Possible adverse impact on growth and profitability.	· **Diversified portfolio:** Our diversified portfolio of 1,015 clubs in five countries at year-end 2021, 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 the local and European levels. · **Business model:** we can take advantage of our value-for-money proposition in times of economic downturn. · **Affordable:** Increasing pressure on costs of living and inflation impacts society. Our attractive and affordable proposition allows members to remain a member and our membership fee is not increased. · **Long term relationships:** Increasing pressure on costs of goods, shipment costs, scarcity of goods, inflation and unrest in several parts of the world, have so far not impacted the potential of Basic-Fit to open clubs, because of good and fair long term relationship management with our suppliers.	**Developments 2021** · In 2021, Basic-Fit faced COVID-19 measures in all its countries for a second year. We started in 2020 to convince politicians and the market of the relevance of fitness in general but more specifically in battling COVID-19, was intensified during the year 2021. By offering a safe workout environment we enable people to work on their fitness and strengthen their immune systems. We introduced several measures to make sure our members can work out and our employees can work in a safe environment. After the first two lockdowns, our clubs remained open in all countries except for the Netherlands in the second half of the year. During the third lockdown in the Netherlands in November 2021, this resulted in a political motion that was accepted that sport was essential, and the COVID-19 measures had to be adapted with this in mind. Once the measures were eased. After the reopening of the clubs in June 2021, the clubs could largely remain open even when measures were strengthened again in other sectors. · We will continue this approach and will further strive to have fitness considered essential by politics in all countries in 2022. **Developments 2022** · As stated in the developments 2021 above. · We have provided the market with our outlook and expectation to open around 250 clubs in 2022 and to have a portfolio of 2,000 clubs in 2025. · in general, we could benefit from our business model. On top of that new locations could be attracted on more favourable terms. · The rising inflation rates could impact the relationship with our suppliers and other stakeholders, however Basic-Fit has long-term good standing relationships with its suppliers to mitigate this risk.
Brand and reputation The risk of negative publicity, ineffective marketing campaign or incidents occurring that adversely affect the Basic-Fit brand and its reputation.	· **Corporate communication:** we have an extensive marketing, corporate communication and investor relations department in place to manage our commercial communication, corporate communication 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 2021** · Also in 2021, we focused on 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 2022. · We continuously monitor and track our brand recognition and awareness in the market, and we have measured that our brand recognition remained strong and stable or even further increased in 2021 although COVID-19 impacted the opportunity to visit our clubs. · If an incident occurs, we can measure the impact and take appropriate action as needed. · We have increased and enhanced the monitoring of Basic-Fit communication on social channels. **Developments 2022** · As stated in the developments 2021 above.

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 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 2021** · 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 2022. · Following the governmental measures, we introduced an online reservation system that enables us to manage the flow of people to our clubs and the number of people in our clubs at any given time and we kept using this in 2021 to control member streams in our clubs and protect their safety. · We have launched a new Basic-Fit app, with new content and more efficient self-help tools and access QR codes for our members. · We have launched an online coaching app for our members, which enables them to be in direct contact with their personal trainer also from a distance. · We have further developed our dedicated IT development office and team in Tilburg. **Developments 2022** · As stated in the developments 2021 above.
Suitable sites Crucial to our growth ambition is the identification and securing of suitable sites, obtaining the required permits and permissions and agreeing on acceptable lease terms.	· **Real estate agents:** We work with both our own real estate specialists and selected real estate agents in all 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 partners:** Our management teams work with local agents to obtain the required permits and approvals. · **NCAA:** 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. · **Property management department:** Our dedicated team 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 2021** · We have further 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 and will continue this in 2022. · We have included COVID-19 clauses in the majority of our new leases, to remain flexible if a pandemic prevents the company from executing new lease agreements. **Developments 2022** · We extensively assessed the specific market conditions for the countries we will enter in the coming years, with additional focus on the entry into Germany, where the company will enter in H2 2022.

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 onboarding training for club staff where employees are trained on how to run a club. We have launched an additional training for all employees of Customer service, including basic elements of fitness and member retention. · **Employee surveys:** Our size and brand value are 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. · **Diversity:** As one of our key values and drivers, in the I of BASIC, we foster diversity and inclusiveness in our employee base and aim to reflect the diversity of our member base.	**Developments 2021** · We have launched Orange Connect, our new internal communication platform, to have more appealing, transparent, uniform and accessible communication with our people and foster their communication amongst each other and enhance awareness of company developments in general. This will contribute to increased engagement. · We have implemented a new HR management tool, Workday, which allows us to have a uniform and controlled HR approach in all our countries. · During COVID-19 we have adopted a flexible homeworking approach and we are transforming this to the new way of working within Basic-Fit taking into account the interest and preferences of both Basic-Fit and employees. · Basic-Fit has further increased its visibility and attractiveness to employees, which has resulted in sufficient interest for vacancies even though the employee market is under pressure, and it is overall more difficult to find sufficient and suitable staff. · We have started to centralise our recruitment and planning of employees and will roll this out further in 2021. **Developments 2022** · We will further implement our central recruitment and planning of staff employees to make the process more efficient and to assure that employees responsible for club management can dedicate their time to a high-quality club operation with fewer administrative tasks. · We are continuously working on digitalising and renewing all our training materials in 2022. · We will use development plans for club employees. · We have reinforced the emphasis on our employee values in our Basic-Fit communication and will incorporate these values as of 2022 in the goal setting for employees in their performance and development plans.
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 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 2021** · We strengthened the contractual framework for procurement and entered into new contracts with existing and new partners based on this framework. We will continue with this process in 2022. · We have implemented a centralised facility portal to further optimise our property management. · Although we have seen pressure on prices of goods and deliveries, we have managed to maintain a steady supply of goods and we made new agreements with suppliers on terms and conditions without material price increases. · With our own IT development office and team, we do more IT development for crucial systems such as our member system and our member app in-house, for which we used to rely on external partners. **Developments 2022** · Continue the developments as stated above. The will focus on smart partnerships with our suppliers and new solutions in the supply of goods, to maintain a healthy and strong supply chain.

Operational

Risk area and possible impact	How does Basic-Fit mitigate this risk?	Developments
Quality, Health, Safety and Environment Any failure to respect external laws and regulations on health and safety issues, or to follow our own procedures and policies could impact the reputation of the company and its long-term growth and profitability.	· **Remote surveillance:** We install smart security cameras in our clubs with a view to optimising the security of our members and staff. We generally have our 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. · **Safety specialist:** We have dedicated employees to monitor health & safety protocols for our employees.	**Developments 2021** · We are continuously focused on our QHSE 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 2022. · We apply strict hygiene protocols, even strengthened further due to COVID-19 requirements, as hygiene is a top priority at Basic-Fit. · Furthermore, we are able to manage the flow of people to our clubs and the number of people in our clubs at any given time with an online reservation system. This in combination with clear signage in the clubs assures that social distancing can be maintained. · We will further develop systems to optimise our club management through our remote surveillance system, to further control the energy, air climate, temperature and light usage in our clubs. In a selection of our clubs, we have installed CO_2 measurement tools to support a healthy club climate. **Developments 2022** · We will continue to develop and implement tools and procedures to achieve the goals of this department. We will also strengthen the department further. · We will continue to roll out smart cameras and connect additional clubs to the security room.
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 of Basic-Fit.	· **Advantage 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. · **Operational excellence:** we challenge ourselves to continuously find new and further enhanced manners to operate our business in the best ways possible and adapt and improve our processes and systems in line with our growth and to be prepared for our future growth. We have set up systems and processes to make well defined and considered decisions quickly.	**Developments 2021** · We have automated 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. · We have implemented a centralised facility portal to support club operations. · We have implemented central recruitment and staff planning to support the growing number of clubs. · We have set up our own IT development team and office to support companies growth and digital development and to protect and grow the value of the unique Basic-Fit data and tailormade tools and programs. **Developments 2022** · We are enhancing our global operational excellence plan to align all departments towards our growth ambitions.

Operational

Risk area and possible impact	How does Basic-Fit mitigate this risk?	Developments
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 partner with suppliers and offer our members the opportunity to buy all products relevant to completing their fitness experience, such as locks, drinking bottles, towels, NXT Level sports nutrition. · **Webshop offering:** To complete the holistic fitness approach of Basic-Fit to be able to work out whenever, wherever, we offer home fitness tools and NXT Level sports nutrition in our webshop. · **Personal trainers:** A dedicated team ensures the co-operation with personal trainers within the clubs, in line with a well-defined partnership model in all countries.	**Developments 2021** · We expanded the distribution of our NXT Level sports nutrition products and rolled out the sale of the product in FMCG channels. · We introduced additional home fitness tools in our webshop. · We expanded our digital out-of-home offer for media sales, by increasing the number of digital screens in our clubs. · We are automating the management and reporting of secondary revenue in software tools. · We have strengthened our e-commerce team to support the growth of these product categories. · We have launched an online coaching app for our members, which will optimise our servicing. **Developments 2022** · We plan to extend our offer of home fitness tools · We will introduce the sale of our All-in membership, which includes, in addition to the membership, the use of an exercise bike for home.
Cybersecurity Cybersecurity issues are becoming increasingly relevant. Not being able to control or mitigate cyber risk could have an adverse impact on our daily operations, brand and reputation.	· **Cybersecurity:** 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 2021** · We have partnered with Northwave to monitor our IT security risk and to implement solutions to mitigate cybersecurity risks. · We performed repeated pen testing to secure the cybersecurity resilience at Basic-Fit and will continue this in 2022 with our partner. **Developments 2022** · We will further conduct additional training to maintain and increase awareness of IT security and our Business Continuity Plan. This training will also cover elements of cybersecurity 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 2021** · In the summer of 2021, the construction of additional new clubs has been resumed. By year-end, we had 1,015 clubs in our network. Basic-Fit used the pause of the construction of new clubs during the pandemic to improve the process further and strengthen the team. **Developments 2022** · Further standardisation and focus on quality and price control.
Liquidity risk We require access to capital to fund our growth ambitions.	· **Fund our growth:** Since June 2018, we have had a €450-million financing facility, which matures in 2025. It consists of a €250-million multicurrency term facility and a €200 million revolving facility. It also includes a revolving facility accordion option of up to €150 million of which €100 million has been exercised. · **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:** Long-term liquidity needs are monitored on a quarterly basis. · **Ample liquidity:** The COVID-19 pandemic has demonstrated the importance of always having access to ample liquidity.	**Developments 2021** · Basic-Fit successfully raised €204 million through an accelerated bookbuild offering of new ordinary shares. In addition, Basic-Fit successfully raised €304 million through an offering of senior unsecured convertible bonds due 2028. We used the net proceeds from the offerings for general corporate and refinancing purposes and to provide the company with the flexibility to accelerate the execution of 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 the COVID-19 pandemic. **Developments 2022** · Management believes that it has ample available liquidity to execute its accelerated growth strategy whilst maintaining sufficient liquidity at all times in 2022.

Financial

Risk area and possible impact	How does Basic-Fit mitigate this risk?	Developments
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 the concentration of credit risk with banks by spreading cash and cash equivalents over various banks.	**Developments 2021** · Implemented credit management tool with tailored workflows and personalised reminder process. **Developments 2022** · We will continue to further optimise the credit management process, adding tailored workflows and personalised reminder processes.
Currency and interest rate risk Transaction and translation risks could impact our financial position 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 signing 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 €1 million (based on exposure at year-end).	**Developments 2021** · No specific developments recorded in 2021. **Developments 2022** · We are planning to execute an indepth interest rate risk analysis and review our interest rate risk hedging policy.
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 2021** · No specific developments in 2021. **Developments 2022** · No specific developments planned for 2022.

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, Risk and Compliance department:** Basic-Fit has a well embedded centralised legal, risk and compliance department with legal professionals for all jurisdictions, a risk manager, a compliance officer and a data privacy officer. The department's focus is on compliance with laws and regulations in line with the business strategy, training and creating legal awareness and protecting 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, engagement and foster a safe culture in line with Basic-Fit's values and vision.	**Developments 2021** · 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 2022. **Developments 2022** · Creating and maintaining awareness is a key topic on the legal, risk and compliance agenda for 2022. · We will closely monitor the developments in new digital legislation under the general initiative "Europe fit for the Digital Age" coming up in the course of 2022 and 2023, as well as the implementation of the CSRD (Corporate Sustainability Reporting Directive).

Compliance

Risk area and possible impact	How does Basic-Fit mitigate this risk?	Developments
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 and 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 air-con solutions. An increasing number of suppliers are bound by Basic-Fit's supplier code of conduct. · **Same mission:** We have more than 6,900 employees in five countries with multiple nationalities and from diverse backgrounds. We are all unique and we embrace the same mission: making fitness available to everyone and getting people to love their fitness habits.	**Developments 2021** · We launched our new and enhanced CSR strategy. · We activated further our corporate sponsorships with three main national partners in order to promote a healthy lifestyle amongst young people and young adults · We focused on communication with policymakers to make sports and fitness an essential business. **Developments 2022** · We will continue to structure our CSR approach to reinforce our positive impact on people, the planet and communities. · We will conduct an update of our previous materiality assessment considering the sustainability trends impacting our company and industry.
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 2021** · The processes concerning privacy requests or complaints have been redesigned and the request can be executed more directly by our members themselves. · Website compliance has been improved by new and updated privacy and cookie statements and camera policy. · Implementation of Northwave Security and Privacy office. · We updated and implemented the regulation related to our camera surveillance, which serves as a framework for all related procedures and protocols. **Developments 2022** · We will continue to optimise our data governance and data retention policy to make it future-proof. · We will optimise the reporting and follow up on privacy and security-related incidents, such as data breaches. · Awareness remains an important topic in 2022.

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 board 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 60,000,000 shares were listed on Euronext Amsterdam. On 9 June 2020, Basic-Fit issued 5,333,333 new shares as a result of which 60,000,000 shares were listed. After that on 23 April 2021, Basic-Fit issued 6,000,000 new shares as a result of which 66,000,000 shares are now listed in Euronext Amsterdam. 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.

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 board 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 once again devoted specific and close attention to the approach and execution of Basic-Fit's strategy in light of the government measures implemented to fight COVID-19, additional financing matters and resuming the strategy to reopen our clubs after they were allowed to open again in June 2021.

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 include a CEO, who will act as chairman.

On 31 December 2021, the composition of the Management Board was:

- 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, 3i Group plc and funds managed by 3i's aggregate shareholding, previously named Mito Holdings S.a.r.l (further 3i Group), 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 a key employee, part of Basic-Fit’s leadership team in the role of Chief Operations Officer (COO). As of 1 November 2021, Erica van Vonderen - Hahn is, as a key employee, part of Basic-Fit’s leadership team in the role of Chief Commercial Officer (CCO).

Remuneration

Information on the remuneration of the Management Board, Supervisory 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 our 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 2021, the Supervisory Board consisted of six members. In accordance with the Relationship Agreement, one Supervisory Board member is appointed upon nomination by 3i Group and one Supervisory Board member is appointed upon nomination by AM Holding. Pieter de Jong has been designated for nomination by 3i Group and Hans Willemse by AM Holding. As 3i Group and AM Holding each used to hold more than 10% of the shares in Basic-Fit, these members were deemed not to be independent within the meaning of best practice provision 2.1.8. vii of the Code. However, since 9 November 2021, 3i Group has a remaining stake of 6.6% in Basic-Fit and Pieter de Jong is therefore deemed to be independent within the meaning of this provision as of that date.

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 3i Group and AM Holding to designate one member for nomination and replacement will lapse if 3i Group 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 of 31 December 2021, the composition of the Supervisory Board was as follows:

Name	Position
Kees van der Graaf	Chairman
Carin Gorter	Vice-chairman and Chairman of the Audit & Risk Committee
Herman Rutgers	Chairman of the Selection, Appointment & Remuneration Committee
Pieter de Jong	Member of the Selection, Appointment & Remuneration Committee
Hans Willemse	Member of the Selection, Appointment & Remuneration Committee and the Audit & Risk Committee
Rob van der Heijden	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 its 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 was 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. Basic-Fit applies a 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 as stipulated above 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

Basic-Fit values diversity within the company and believes that diversity, in a broad perspective such as gender, age, nationality, education and otherwise, is essential to the pursuance of its long-term strategy. In this respect, Basic-Fit aims to have an adequate and balanced composition of all the corporate bodies in line with Dutch legislation and our diversity policy. Diversity and inclusiveness are part of the core values of Basic-Fit as reflected in our strategy towards members, employees and other stakeholders. More information on the core values of Basic-Fit can be found in Our People chapter.

On September 28, 2021, the proposed law to balance the ratio of men and women in Management and Supervisory Boards ("Diversiteitswet" 35 628, further Diversity Law) was passed by the Senate. The law provides for a statutory growth quota for supervisory boards of listed companies and an appropriate and ambitious target, to be set by the company itself, for Management Board and the middle management of large NVs and BVs to promote gender diversity. The law replaces the statutory regulation of Section 2:166/267 of the Dutch Civil Code for large NVs and BVs that expired January 1, 2020. The law applies to Basic-Fit and will enter into force on January 1, 2022.

The law, first of all, includes a growth quota of at least one-third male and one-third female. An appointment that does not make the distribution more balanced is void. Exceptions apply to reappointments within eight years from the year of appointment and appointments in the event of exceptional circumstances.

In addition, Basic-Fit should establish an appropriate and ambitious target figure to promote gender diversity on the Management Board and in categories of employees in management positions to be determined by the company itself. In doing so, Basic-Fit should take into account the size of the board or committee and the existing divisions, as well as that the target should be aimed at making the existing situation more balanced. For this purpose, Basic-Fit should draw up a plan to achieve the stated target. This may, for example, include drawing up or amending a profile, setting up a transparent recruitment and selection process, and an explanation of preferential policy.

From January 1, 2023, within ten months after the end of the financial year, the SER must be informed in a fixed format of the progress: the number of men and women in middle and top management positions, the plan to reach the target figure and the extent to which the goals set in the previous financial year have been reached, and if one or more goals have not been reached, the reasons why. This report is also part of the management report. The SER will monitor progress and whether companies are complying with the commitments and make the results public.

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. However, Basic-Fit does not currently meet the gender diversity targets stipulated above for either the Supervisory Board or the Management Board. Basic-Fit is currently working on targets and an associated plan to be able to report in 2023 on the results for the 2022 fiscal year.

With respect to the Supervisory Board, there are currently six members, one of whom is female. From the General Meeting 2022 onwards, there will be five remaining Supervisory Board members. Pieter de Jong has informed the Supervisory Board that he is not available for reappointment as per 9 November 2021, since 3i Group has fallen below the 12,5% treshold, which gave them the right to designate a Supervisory Board member. No new appointment takes place at the General Meeting to maintain stability in the Supervisory Board in a still challenging year. The Supervisory Board expects to have its first upcoming new appointment at the Annual General Meeting 2023 for the year 2022. A profile for the new position will be defined in line with the existing Supervisory Board profile and taking into account the gender qualification, as well as the balance in terms of background, experience and age.

With respect to the Management Board, the formal statutory Management Board currently exists of two men; however the leadership team, consisting of CEO, CFO, COO and CCO, has a ratio of three men and one woman. A further plan to increase the participation of woman in the Management Board and senior management teams will be developed and this will be reported on in the next board report.

Furthermore, in terms of age, nationality and background, more information is provided in the Non-financial information chapter. Basic-Fit is proud that our workforce clearly reflects the diversity of people in our society and our member base.

Although the first priority when considering vacancies is balancing the gender ratio, finding a person with the required skills, expertise, experience and independence and all other aspects of diversity, such as age and nationality, will remain an important consideration in the selection process for the (re)appointment of members of the Supervisory Board, Management Board and other senior directors and managers. The size and composition of the Supervisory Board and Management Board, and their 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 2021, Basic-Fit appointed Erica van Vonderen - Hahn as CCO, which is a non-statutory appointment. In addition to Erica, Redouane Zekkri (COO) is also part of the leadership team.

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 the 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 2021, a total of 66,000,000 shares was issued, after an issuance of 6,000,000 new shares on 23 April 2021, within the boundaries of the powers granted to the 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 Corporate Governance Code 2016 (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.
A renewal of this designation is requested at the upcoming General Meeting.

Furthermore, the General Meeting has designated the Management Board for a period of 18 months from 22 April 2021 (i.e. until 21 October 2022), 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 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 2021, the General Meeting authorised the Management Board to repurchase shares in the share capital of Basic-Fit for a period of 18 months (i.e. until 21 October 2022), 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 2021 and 2022, 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 believe 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 may 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 positions as CEO/co-founder and CFO before listing, 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; however, there is one woman in the extended leadership team. The other principles in the diversity policy are respected and well represented within this Management Board.

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. Although Pieter de Jong is deemed independent since 9 November 2021, up until that moment, both Hans Willemse and Pieter de Jong, were considered to be non-independent members of the Supervisory Board, since they represented AM Holding and 3i Group respectively on the Supervisory Board. Both members are also members of the Selection, Appointment & Remuneration Committee, and therefore this committee had two non-independent members until 9 November 2021. Since this date, Basic-Fit therefore acts in compliance with BPP 2.3.4. 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 the 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 2021, the following parties had notified the AFM with respect to their shareholdings in Basic-Fit:

Shareholders holding more than 3%*

René Moos, our CEO (directly and indirectly via AM Holding B.V.)	14.1%
OLP Capital Management Limited	6.8%
3i Group plc	6.6%
North Peak Capital Management	5.4%
Pelham Capital Ltd.	4.9%
Dynamo Internacional Gestão de Recursos	4.7%
Capital Research and Management Company	3.4%
CAS Investment Partners, LLC	3.0%
Amundi Asset Management Paris	3.0%

** These are the interests reported to the register substantial interests of the AFM. These figures do not necessarily reflect the actual shareholding in the company due to the requirements to notify the AFM. In the table, the interest of "R.M. Moos" refers to the direct and indirect interest of AM Holding in the company. The register Director's interest also show other shareholdings of R.M. Moos, directly or indirectly.*

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 risk management and control systems in a manner that is consistent with Basic-Fit's business. In 2021, the continuing priority of the Management Board was to manage the impact of the COVID-19 pandemic on the company's strategy and operations, assure sufficient funding and, after the reopening of the clubs in June 2021, to continue the execution of its growth strategy. While doing this, Basic-Fit relied on, reviewed and continuously enhanced the company's 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 2021, 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 2021 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 2021, and of Basic-Fit's development and performance in 2021 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 was relaxed and amended.
- Based on its going concern assessment, including scenario analyses which take into account a resurgence of the COVID-19 pandemic, the Management Board concluded that it is justified that the financial reporting is prepared on a going concern basis.
- 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, 8 March 2022

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.

SUPERVISORY BOARD REPORT

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. (until 15-01-2022)
Member of the Board of Directors of ENPRO Industries, Inc. in the US
Member of the Board of FSHD Unlimited, a biotech 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, the Netherlands

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
Member of the Supervisory Board of Ebusco Holding N.V. (as per 26 October 2021)

Education
Chartered Accountant.
Master's degree in Business Economics from the University of Groningen, the Netherlands

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, Belgium

Currently
Ambassador of EuropeActive (European trade association for the health & fitness industry)
International Ambassador for Reed Exhibitions/FIBO in Germany
Advisor Wellness Foundation, Italy
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 B.V.
Managing director of Harvill Group Holding B.V.
Member of the Board of Fused Information Technology B.V.
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

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 3i Group
Member of the Supervisory Board of Crown Holdco. B.V. (Koninklijke Sanders B.V.)
Member of the Supervisory Board of Himalaya Topco B.V. (Mepal)
Member of the Supervisory Board of European Bakery Group 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

REPORT OF THE SUPERVISORY BOARD AND ITS COMMITTEES

General introduction

Basic-Fit started the first half of the year with most of our clubs still in lockdown. Basic-Fit was able to open all of its clubs again on 9 June 2021, though still with certain restrictions and ongoing uncertainty around the development of the COVID-19 pandemic. Although the long periods of temporary club closures in all our countries had a negative impact on the company's pre-defined revenue and EBITDA goals for 2021, Basic-Fit was still able to grow its club portfolio with 110 clubs in the second half of the year and continued to build on its long- term strategy with a stronger financial position after raising capital through a bridge loan, the issue of shares and a convertible bond. The company maintained a strict approach to cost control 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 2021 focused on supervising the approach to the COVID-19 pandemic, the financing activities and 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, our business and our 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 2021, Hans Willemse, Rob van der Heijden and Kees van der Graaf were 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 end 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 perform these visits in the first half 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 as defined in the Diversity law. Diversity, including gender, is an important consideration in the selection process for the (re)appointment of members of the Supervisory Board. As explained in the corporate governance section, when considering new vacancies, in addition to finding a person with the required skills, expertise, experience and independence, the appointment of a woman will be first priority in order to achieve a more balanced male-female ratio.

Pieter de Jong has informed the Supervisory Board that he is not available for reappointment since as per 9 November 2021, 3i Groups shareholding has fallen below the 12,5% threshold, which gave 3i Group the right to designate a Supervisory Board member. Given the current circumstances, in which COVID-19 is having an ongoing impact, the Supervisory Board chooses to maintain a stable supervisory body and not appoint an additional Supervisory Board member yet at this General Meeting. For the time being, the Supervisory Board will continue with five members as was previously the case. At the next General Meeting in 2023, the Supervisory Board will consider to make a new proposal for the appointment of a Supervisory Board member. If a vacancy arises, the Supervisory Board will, in line with the new law to balance the gender ratio in listed companies' supervisory and management boards, take into account the Supervisory Board profile and the Code to further align the diversity in the Supervisory Board with the Code's requirements and the company's wishes.

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)	2025	2027	2 (2 chairs)****	N/A
Carin Gorter	(Vice-chairman, since 2016)	2024	2026	5****	Chairman Audit & Risk Committee
Hans Willemse	(Member, since 2016)	2023	2025***	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)	2025	2027	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.*

**** Kees van der Graaf, Rob van der Heijden en Hans Willemse were reappointed in 2021, 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 or third (Hans Willemse) term. Based on best practice provision 2.2.2, appointment for a third or fourth term can be for a maximum of two years, for which reasons have to be given in the Corporate Governance Statement.*

***** Kees van der Graaf will only have 1 appointment being a chair relevant in this respect as from 15 january 2022. Carin Gorter has 5 positions in Supervisory Boards, of which the 5th is added per 26 October 2021.*

The Supervisory Board believes that the independence requirements referred to in best practice provisions 2.1.7 to 2.1.9 have been fulfilled. However, Supervisory Board member Hans Willemse is considered a non-independent member 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 3i Group. As of 9 November 2021, Pieter de Jong is deemed to be independent since the shareholding of 3i Group fell below 10%. AM Holding remains a major shareholder that directly or indirectly holds more than 10% 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 2021. 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 2021

The Supervisory Board met seven times in regular meetings in 2021 and also had nine additional update meetings 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. 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 beginning of the meetings, which are held only with Supervisory Board members.

Most of the Supervisory Board members were present during all of the regular meetings, with the exception of Pieter de Jong who could not join the last two meetings in November and December and Hans Willemse would could not join the November session, both due to the coronavirus and illness.

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, July and October 2021 were attended by the external auditor, where they presented their audit findings for 2020 and the audit plan for 2021. An additional meeting was held in March 2022 with respect to the audit findings for 2021.
The meetings mainly took place digitally, sometimes at the Basic-Fit head office in Hoofddorp, with one two-day strategy meeting held at an offsite location in the Netherlands in June and one strategy meeting held during a field trip to Madrid, Spain in November.

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 2021 results and related reports
- Full-year financial statements and approval of board report
- Press releases for the H1 results and Q1 and Q3 trading updates
- Scenario analyses and budget 2022
- Share issue April 2021
- Convertible bond
- Capital management and financing strategies
- Liquidity position and scenario analyses
- Compliance with debt covenants
- Current and expected profitability and cash flow
- 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 2021 - 2030
- Innovations in fitness and service
- Corporate story, values and culture
- Corporate social responsibility and ESG strategy
- Governance and compliance model
- Internal audit plan
- Management letter
- Risk and control framework
- Integrity and fraud
- Pricing and membership model
- Capital markets day November 2021
- 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 2021, 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. Furthermore, ample attention was given to the financial strategy and liquidity and the rollout of the long-term strategy towards 2030.

Basic-Fit once again expanded its holistic fitness offer by further enhancing our online offering and customer journey, by developing a new app, and by introducing 24/7 access and remote surveillance, which are all part of the strategic plan to make the Basic-Fit concept available anytime and anywhere. 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 these developments focus on protecting and growing our long-term interests and continuing to develop 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's strategy focuses on promoting our fitness concept as something that is available to all, anytime and anywhere and on helping people make fitness a habit. As described in the CEO letter and the Strategy section, the Management Board and the company have been working constantly and with confidence on the rollout of a solid and future-oriented strategy, despite this year's challenges. The Supervisory Board has been closely involved in defining and fine-tuning the strategy.

The expansion and growth strategy remains ambitious but supports the company's mission to make fitness a habit and 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, processes and systems to support operational excellence, 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 company's long-term growth trajectory.

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

- The impact of COVID-19 on the company's strategy, financial situation, measures to be taken and the relationship with stakeholders. In the course of the year, the company further embedded its corporate values and its sustainability strategy that supports Basic-Fit's ambitions and reflects our focus, drive and goals. This was discussed extensively with the Supervisory Board.
- All new innovations and ideas were reviewed by the Supervisory Board and were backed by extensive research and solid business cases. Our 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 new customer-oriented Basic-Fit app, the extension of the online product offering, the research on new country Germany in 2022 and preparations for that, the launch of an online coach, the launch of remote facility monitoring, central planning and recruitment, and the development of an all-in at-home bike membership. 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 financially healthy for the long term. The company reinvests the cash we generate, and we have a solid credit facility to support our budget and strategy. The company entered into a bridge loan, and issued shares and a convertible bond.
- 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 focuses 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 limits environmental impact. The company contributes to society by helping people to improve their health and fitness, by reducing our environmental impact and by promoting strong and cohesive communities.
- The Supervisory Board closely monitors and follows the company's growth strategy in the various countries, which is tailored to the characteristics and demographics of each country.
- The Supervisory Board also focused on ensuring 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 focus on the growth strategy, the number of clubs and members, and the implementation of innovation projects in the field of HR, IT and operational excellence. 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, as well as the training, development, 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, and the extension of the leadership team with CCO Erica van Vonderen - Hahn in November 2021.

The Supervisory Board was also involved in the discussion of how to implement targets and goals, objectives and values in the Basic-Fit culture and the company's codes of conduct. 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. Although the COVID-19 pandemic has an enormous impact on the way of working, from home or not being able to work at all, the Orange family feeling increased and the team and culture display high levels of motivation and a strong urge to get things done, be open and transparent. The company's values are broadly supported and are evident in how people act at every level of the company. The valuation of the employees are again on the same level as before COVID-19 hit.
The Basic-Fit values are Be (who you want to be), Accessible (affordable price, wherever, whenever you want), Smart (innovative, new, focused), Inclusive (for everyone) and Committed (customer-focused and engaged). 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, among which convertible bonds, customer and employee motivation, sustainability, ESG and taxonomy and cybersecurity. This training was given by industry experts, the CFO, auditor, 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 nine times, including three meetings in March, July and November that were combined with the Supervisory Board meetings, two additional meetings in March with the auditor and one dedicated IT strategy meeting in October. 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 January, were attended in full or in part by the external auditor and all meetings except for the one in January and the additional meetings in March were attended by the internal auditor. Furthermore, there was a meeting in March 2022, at which the external auditor presented its audit findings and other information on 2021. 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 2021 results and Q1 and Q3 trading updates
- Press releases
- Accounting policies
- The external auditor's 2021 audit plan, including engagement conditions and audit policy for non-audit services and auditor independence
- Cash and treasury management
- IT strategy, risk 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 April 2021 and Convertible Bond issue of June 2021
- Integrity, fraud and risk assessments
- Pensions
- Tax-related topics
- Scenario analysis and Budget 2021
- Risk and control framework
- Compliance framework and compliance plan
- IFRS 16
- Internal audit plan and internal audit reports
- All communications with the external auditor (e.g. Accountant's 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 the impact of COVID-19, revenue recognition, new rental contracts and the valuation of goodwill. 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 2021, 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. 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
- Long-term incentive target setting for the members of the Management Board and key managers
- Target setting for the incentive plan 2022
- Performance of Management Board, key senior management and succession planning for the Management Board and senior management
- Succession planning
- Organisational structure and development
- HR strategy
- 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 continuously guide the company through the COVID-19 crisis, strengthen the financial position of the company, and focus on the expansion and long-term strategy of the company. During this period with many challenging decisions to make, the exchange of information and cooperation between the Management Board and the Supervisory Board was frequent with increased contact.

In early 2022, 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 the higher frequency of Supervisory Board updates and meetings was highly relevant in a difficult year marked by the wide-ranging impact of COVID-19. The relationship with the Management Board fosters open and in-depth discussions, which is very valuable. The timely and sufficient distribution of information is always an important consideration.

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 aligned with the medium and long-term interests of Basic-Fit, our shareholders and other stakeholders, with the aim of delivering a strong and sustainable performance in line with Basic-Fit's strategy. Additional details can be found 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 2021.

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 2021

The Audit & Risk Committee reviewed and discussed the Management Board report and financial statements for the financial year 2021.

The financial statements for 2021 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 board report), and were discussed extensively by the Audit & Risk Committee in the presence of the Management Board in March 2022.

Following this discussion, the full Supervisory Board discussed the financial statements with the Management Board in the presence of the auditors. The Supervisory Board believes that the 2021 financial statements meet all the requirements for correctness and transparency. The 2021 financial statements are endorsed by all members of the Management Board and Supervisory Board, and are included in this board report.

The Supervisory Board recommends that the General Meeting, to be held on 21 April 2022, adopts the 2021 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 2021.

Gratitude

Last year was an extraordinarily challenging year for the second year running. It required the company to constantly adapt 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 resilience and strength, management protected and secured the company's long-term strategy and managed to add 110 clubs to its portfolio. This resulted in 1,015 clubs at year-end, bringing our membership numbers back to near pre-COVID-19 levels. All in all, this resulted in a promising and ambitious outlook for the strategy until 2030. New innovations and products, further enhancements of our digital offering and the Basic-Fit app, and preparing Basic-Fit for additional country Germany in 2022 set the basis for a successful recovery from COVID-19 and the implementation of the long-term strategy. Basic-Fit is continuously consolidating its leading position throughout Europe in the value-for-money segment of the fitness market. Moreover, we are maturing our corporate values and integrating them 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 effort 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 that it is.

Hoofddorp, 8 March 2022

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 board report.

The remuneration report will be submitted to the General Meeting of 21 April 2022 for an advisory vote.

Remuneration policy

The Remuneration policy in place 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 2021, the shareholders were requested to give an advisory vote on the remuneration report over the year 2020. From the represented share capital, 81.08% (of the issued share capital, 65.48%) provided a positive advisory vote on the remuneration report. The size of the vote gave sufficient comfort that the implementation of the remuneration policy is in line with the remuneration policy, as well as the proposed remuneration package for 2021 for the Management Board and the Supervisory Board. It also suggested that the policy implementation was in line with the remuneration policy in light of the COVID-19 pandemic and enjoyed the consent and support of the General Meeting.

Therefore, the advice was taken into account and the remuneration package for 2021 was implemented as proposed. The Management Board and Supervisory Board believe that the decision to postpone a decision on the LTIP grant 2021-2023 and to postpone a decision on the vesting of the LTIP 2018-2020 with a maximum pro rata potential vesting for 2018 and 2019, 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 in 2021 as long as the uncertainties following the COVID-19 pandemic measures remain, follows this line of thinking.

Ahead of the General Meeting, there has been extensive communication with stakeholders on the remuneration report and the chosen approach.

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 2021. The report concludes with the details of the remuneration policy of the Supervisory Board and how this remuneration policy was implemented in 2021.

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. There were no salary increases in 2021.

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 at the moment of setting the remuneration policy 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.

** Reference group as per moment of benchmark assessment in 2019*

At the time, the average positioning of Basic-Fit within the remuneration peer group was 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 2019, the Total Direct Compensation (TDC) level for the CEO of Basic-Fit would at the time 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 TDC for 2020 that was budgeted and implemented in the comparability study matched the position applied at the time within the remuneration peer group in the current remuneration policy. In 2021, the Management Board and Supervisory Board did not increase salaries and instead kept them at the same level.

In the remuneration policy, 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. No increases have been applied in 2021 and for the CEO this will also not take place in 2022, therefore the remuneration package still falls within the boundaries of the benchmark assessment performed in 2019. The remuneration of the members of the Management Board also remained therefore within the boundaries of the remuneration policy. For the remuneration of the members of the Management Board for 2022, the CEO waived his rights for a salary increase, given the fact that the impact of COVID-19 was still present. For the CFO, a salary increase of 7% has been implemented to bring him more in line with market practice. The benchmark assessment allows a moderate increase in base salary and variable compensation if the performance of the company justifies it. The Supervisory Board will have a new benchmark assessment and scenario analysis performed end 2022 / early 2023 and will report on that in more detail in the next upcoming board report.

The overall remuneration is balanced. Compared with the remuneration of the peer group, Basic-Fit focused more - at the time of the benchmark assessment - on fixed income compared with variable income for both the 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 no increase in base salary in 2021, no increase for the CEO in 2022 and an increase of 7% for the CFO in 2022. The Committee subjected these arguments to a serious examination and adopted the proposal and arguments in the approval of the remuneration package for 2021 and 2022. No salary increase during the

COVID-19 pandemic was applied at the request of the Management Board, and this was maintained throughout the year.
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 into account that the CEO has a 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 considers 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. The fact that there is no remuneration increase for 2022 for the CEO and a limited increase for the CFO of 7%, and no STIP or LTIP vesting over the years 2020 and 2021, will help to balance the pay ratio further. 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 2021: base salary €729,063 (2020: € 729,063) + short-term incentives of €0 (2020: €0) + long-term incentives at fair value at grant of €291,619 (2020: €145,814) + pension allowance of €109.359 (2020: €109,359). 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 2021 is 33.8 (2020: 28.0 and 2019 Pre COVID: 40.3), implying that CEO remuneration is 33.8 (2020: 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 1.4 (compared to 1.3 in 2020). The pay ratio of the CEO compared with the next senior management level was 5.1 in 2021 (compared to 5.1 in 2020).

These internal pay ratios were taken into account in the compensation discussions within the company. In 2021, due to COVID-19, no increases in remuneration were applied to any employee. 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. This process will be revisited in 2022, also taking into account the increasing pressure on the labour market and the higher salaries that come along with that, in order to retain employees and talent.

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 years 2020 and 2021 are impacted by COVID-19 and therefore difficult to compare in a remuneration development. In the table below, in addition to the normal comparison, also 2021 has been compared with the pre-COVID 2019 year. The table below shows that the development of this remuneration shows a downward trend due to the fact that no salary increase was applied and no STIP was granted.

Due to the COVID-19 impact, it is difficult to make a comparison of the remuneration development in comparison to the performance of the company. In the years 2019, 2020, 2021 deviating standards for the remuneration package have been applied, since discounts on salaries were applied and short and long term variable remuneration was cancelled, limited or postponed. Therefore it is difficult to compare year on year. The development of the remuneration versus the development of the performance of the company are in line if the results of 2021 are compared with the Pre-COVID-19 2019 results.

The number of clubs grew considerably, while the revenue and EBITDA decreased heavily as a result of the closing of the clubs for almost half of the year. The salaries on contract have not decreased, however as a result of the closing of the clubs for 6 months, the salaries have been limited to 70% in line with the legislation, for a considerable amount of time for club employees who could temporarily not work at all.

Management Board remuneration

Annual change	2019 – 2021 (2021 compared to pre-COVID-19 situation)*	2020 – 2021	2019 – 2020	2018 – 2019	2017 – 2018	2016 – 2017
Director's remuneration						
René Moos	-28.6%	26.5%	-43.5%	10.5%	15.2%	29.9%
Hans van der Aar	-29.0%	24.5%	-43.0%	7.1%	20.0%	19.0%
Supervisory Board remuneration**	14.0%	15.9%	-1.6%	0.0%	4.6%	10.7%
Company performance						
Total revenue	-33.9%	-38.5%	-26.9%	28.2%	23.3%	26.0%
Underlying (until 2019: adjusted) EBITDA	-79.6%	-66.3%	-39.6%	25.0%	23.5%	25.0%
No. of clubs	29.5%	12.2%	15.4%	24.6%	20.7%	24.3%
Average remuneration of a FT equivalent basis of employees						
Employees of the group	-14.4%	-5.0%	-9.9%	2.4%	7.6%	1.0%

** In 2020 discount was applied and no STIP applied. In 2020 no salary increase was implemented, just as in 2021. To have a more clear and transparant comparison, for this year the development from 2019 - 2021 has been added. In the columns with the comparison FY2020 - FY2021 and FY 2019 - FY2020, the salary for 2020 with discount is taken into account.*

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

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 remuneration policy. Furthermore, we have also taken into account comments and suggestions from external audit firms and investor consultancy 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. Also, the decision to temporarily deviate from the remuneration policy for the LTIP 2018-2020, which LTIP vesting was postponed to 2022 and which potential to vest was limited to a maximum 2/3 pro rata for the years 2018 and 2019 was extensively explained to and discussed with stakeholders.

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 outlined above, when the members of the Supervisory Board consider this necessary or desirable in specific individual cases.

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. Although there would have been room for an increase based on this benchmark due diligence exercise, the fixed compensation for the Management Board was not adjusted as per 1 January 2021 due to the continuing impact of the COVID-19 pandemic and the use by Basic-Fit of government contributions. As a result, as of 1 January 2021, the annual base salary for René Moos (CEO) remained €729,063 and for Hans van der Aar (CFO) €561,879, which is still considered to be in line with the remuneration policy although on the low side.

Short-term incentive (STI)

The STI is an annual cash bonus. The objective is to incentivise strong financial and personal performances, 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 payout 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, taking into account the strategic 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 2021, no STIP was granted due to the impact of COVID-19 and the fact that the company made use of the government's NOW ('Tijdelijke Noodmaatregel Overbrugging Werkgelegenheid") regulations, which allow companies to compensate for potential losses in turnover and continue to pay their employees' salaries. The NOW regulations were implemented in certain tranches with specific conditions attached. The NOW 2.0 regulation specifically stipulated that no bonus could be paid out for the year 2021 to the leadership team, if the company had made use of the NOW 2.0 regulation. Therefore, no STIP was granted for 2021 in any case, nor were any targets set in this respect.

Long-term incentive: performance share plan PSP

As part of the remuneration policy, Basic-Fit has introduced 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 performances; and to retain and incentivise members of the Management Board to make long-term commitments. 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.

Any award of performance shares will in principle 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 long-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 use of NOW 2.0 regulations during the COVID-19 pandemic.

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 the target and threshold percentages to ensure awards appropriately reflect 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 2021 in relation to COVID-19

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 in which Basic-Fit operates forced all of our clubs to close at various periods throughout the years 2020 and 2021. This severely impacted the results of the company.

In the Netherlands, the government provided measures to contribute to employment costs related to losses in revenue compared to the previous year. This was 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 payout of remuneration, limiting the company's ability to grant bonuses in any form or shares in the company for the years 2020 (NOW2 and NOW3) and 2021 (NOW3).

The lengthy closure of our clubs had a serious impact on our revenue and EBITDA margins in 2020 and 2021. With respect to the predefined targets for the three-year and one -year performance period applicable to the short-term incentive plan which was not granted for 2021, respectively the long-term incentive plans, these targets for 2021 were not achieved due to the impact of the COVID-19 pandemic on the company's performance.

The years 2020 and 2021 are included in multiple year PSP plans. These plans also include financial years where the Management Board showed extraordinary results (i.e. for the financial years 2018 and 2019), and furthermore they will contain future financial years where the Management Board will have to perform strongly to recover from the COVID-19 impact (i.e. 2022 and 2023).

In line with clause 2:135a paragraphs 4 and 5 of the Dutch Civil Code and the remuneration policy of Basic-Fit, the Supervisory Board requested approval of the General Meeting in 2021 to temporarily deviate from the remuneration policy due to exceptional circumstances as follows:

- For all currently outstanding and future PSP awards containing the performance years 2020 and/or 2021 (being the plans 2018 - 2020, 2019 - 2021, 2020 - 2022 and 2021 - 2023), both 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 prorated basis for such remaining years only.
- For the PSP plan 2018-2020, which 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 vesting of 83.3% of the granted shares. Upon the recommendation of the Remuneration Committee, the Supervisory Board will, given this deviation from the remuneration policy, decide 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, was approved by the AGM in April 2021.

During the second half of 2021, it became clear that Basic-Fit is well on its way to recovering from the pandemic, has been able to add 110 clubs to its portfolio and strengthened the financial position of Basic-Fit to support the ambitious future growth plans. We are confident that Basic-Fit can look to the future with optimism.

Based on the deviation of the remuneration policy as approved in April 2021, the following decisions have been made last year as discussed in the AGM or will have to be made by the Supervisory Board:

- A conditional PSP award for the years 2021-2023 was granted with deferral to the members of the Management Board in December 2021 given the positive outlook for 2022 and the years thereafter. Normally, 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. The Supervisory Board decided, however, to make a conditional grant for the performance period 2021-2023, where only pro rata grant- and vesting potential exists for the two years, covering 2022 and 2023, excluding any grants or opportunities of vesting of shares for the performance year 2021. This means a pro-rata grant of 2/3 of the regular setting under the remuneration policy, in line with the decision made on this topic at the AGM in 2021. As a result of this, in December 2021, the CEO, René Moos, and the CFO, Hans van der Aar, were granted 7,634 and 4,903 ordinary shares respectively under the PSP with a conditional vesting in December 2024. Furthermore, the grant contains an additional 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 a way that no vesting can take place on any bonus, in cash or in shares for the year 2021.

- For the grant made in June 2018 for the performance period 2018-2020, it has been decided 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. The Supervisory Board will make this final decision after the approval of the Board report 2021.
- In May 2022, a decision will have to be made on the vesting of the shares granted in May 2019 for which vesting will take place in May 2022 for the performance period 2019 through 2021, taking into account the decision of the AGM in 2021 as stipulated above. As the final decision on the vesting of the shares granted in May 2019 will be made after publishing the FY21 remuneration report, the decision and vesting will be discussed in more detail in the FY22 remuneration report.

Management Board remuneration

	Base Salary	Short-term incentive *	Social charges	Pension	Other*****	Total 2021 (cash)	Total 2020 (cash)	LTIP 2018 **	LTIP 2021 award ***	Proportion of fixed and variable remuneration in 2021 ****
René Moos	€ 729,063	€ -	€ 14,452	€ 109,359	€ 35,912	€ 888,786	€ 783,520	€ -	€ 291,619	75% / 25%
Hans van der Aar	€ 561,879	€ -	€ 12,920	€ 84,282	€ 44,770	€ 703,851	€ 634,206	€ -	€ 187,295	79% / 21%
	€ 1,290,942	€ -	€ 27,372	€ 193,641	€ 80,682	€ 1,592,637	€ 1,417,726	€ -	€ 478,913	77% / 23%

** In 2021 no STI was granted due to the COVID-19 impact and restrictions.*

*** In 2018, René Moos and Hans van der Aar were granted 14,050 and 10,828 shares respectively under the Long-term Incentive Plan (LTIP), covering the years 2018, 2019 and 2020. The Management Board and Supervisory Board have exercised their discretionary competence and have decided, in line with the restrictions provided by NOW-regulations and support measures during the COVID-19 period, that for this share plan the year 2020 will not count towards determining whether the bonus targets have been met. As a result, the shares can only vest on a pro rata basis (66.7%). As a result of the same restrictions, no vesting of the share plan 2018-2020 took place in 2021 and the decision was made to postpone the decision on the possibility and fairness of vesting to early 2022, which will take place after approval of the board report.*

**** In December 2021, René Moos and Hans van der Aar were granted 7,634 and 4,903 shares respectively under the long-term incentive plan (LTIP), with a share price on the grant date of €38.20. This reflects a pro rata grant of the normal grant ratio, due to the restrictions on COVID-19 and with a limited performance period of two years focused on 2022 and 2023, with exclusion of 2021. These numbers can increase to 9,543 and 6,129 respectively in the event of outperformance. Under this plan, the aforementioned number of shares will vest in 2024, fully conditional on them still being employed at Basic-Fit and the achievement of targets. In case of vesting, the year 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. For the P&L impact of these plans, we refer you to section 8.1, Remuneration of members of the Management Board.*

***** Variable remuneration 2021 calculated based on LTIP 2021 award.*

****** Other remuneration refers to the company car contribution.*

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

The Supervisory Board remuneration had remained unchanged since the IPO in 2016 up to 2020. 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.

Basic-Fit does not grant variable remuneration, shares or options to members of the Supervisory Board. As of 31 December 2021, 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 base fees per function in the Supervisory Board

Chairman	€65,000
Member	€45,000

Annual additional fees per function in Supervisory Board committees

Chairman Audit & Risk Committee	€15,000
Chairman Selection, Appointment & Remuneration Committee	€10,000
Member Audit & Risk Committee	€7,500
Member Selection, Appointment & Remuneration Committee	€5,500

	Total annual fees 2021	Total annual fees 2020	Total annual fees 2019	Total annual fees 2018	Total annual fees 2017
Kees van der Graaf	€65,000	€55,521	€55,000	€55,000	€50,250
Carin Gorter	€60,000	€51,042	€50,000	€50,000	€50,000
Herman Rutgers	€55,000	€47,375	€48,000	€48,000	€34,375
Hans Willemse	€58,000	€50,604	€53,000	€53,000	€53,000
Pieter de Jong	€50,500	€43,885	€45,500	€45,500	€48,000
Rob van der Heijden	€52,500	€45,677	€47,500	€47,500	€29,688
Total	€341,000	€294,104	€299,000	€299,000	€265,313
Year-on-year % change	15.9%	(1.6)%	0.0%	4.6%	

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Consolidated statement of comprehensive income

Consolidated statement of profit or loss

For the year ended 31 December	Note	2021 € 000	2020 € 000
Revenue	3.2	340,746	376,811
		340,746	376,811
Costs of consumables used	3.3	(13,902)	(14,456)
Employee benefits expense	3.4	(81,506)	(76,407)
Depreciation, amortisation and impairment charges	3.6	(283,881)	(260,593)
COVID-19 rent credits	4.4	23,143	11,198
Other operating income	3.7	37,498	3,744
Other operating expenses	3.8	(166,695)	(158,469)
Operating profit/(loss)		(144,597)	(118,172)
Finance income	6.7	-	60
Finance costs	6.7	(56,755)	(46,002)
Finance costs – net		(56,755)	(45,942)
Profit/(loss) before income tax		(201,352)	(164,114)
Income tax	3.9	51,304	38,926
Profit/(loss) for the year		(150,048)	(125,188)
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share (in €)	6.2	(2.34)	(2.17)
Diluted earnings per share (in €)	6.2	(2.34)	(2.17)

Consolidated statement of other comprehensive income

For the year ended 31 December	Note	2021 € 000	2020 € 000
Profit/(loss) for the year		(150,048)	(125,188)
Other comprehensive income for the year net of tax		-	-
Total comprehensive income for the year		(150,048)	(125,188)

Consolidated statement of financial position

As at 31 December	Note	2021 € 000	2020 € 000
Assets			
Non-current assets			
Goodwill	4.1	203,604	203,604
Other intangible assets	4.2	43,643	48,649
Property, plant and equipment	4.3	837,196	747,115
Right-of-use assets	4.4	1,206,079	1,104,316
Deferred tax assets	3.9	76,469	45,530
Receivables	5.2	6,780	5,933
Total non-current assets		2,373,771	2,155,147
Current assets			
Inventories	5.1	31,712	8,147
Income tax receivable		187	966
Trade and other receivables	5.2	72,079	42,944
Cash and cash equivalents	5.3	70,104	70,406
Total current assets		174,082	122,463
Total assets		2,547,853	2,277,610

As at 31 December	Note	2021 € 000	2020 € 000
Equity			
Share capital		3,960	3,600
Share premium		690,526	490,025
Reserves		50,657	1,590
Retained earnings		(334,561)	(184,513)
Total equity	6.1	410,582	310,702
Liabilities			
Non-current liabilities			
Lease liabilities	4.4	1,109,022	1,013,496
Borrowings	6.3	517,729	546,259
Derivative financial instruments	6.5	349	2,111
Deferred tax liabilities	3.9	-	6,134
Provisions	7.1	846	824
Total non-current liabilities		1,627,946	1,568,824
Current liabilities			
Trade and other payables	5.4	211,203	158,504
Lease liabilities	4.4	196,137	174,167
Borrowings	6.3	100,227	63,060
Current income tax liabilities		22	7
Derivative financial instruments	6.5	1,311	1,345
Provisions	7.1	425	1,001
Total current liabilities		509,325	398,084
Total liabilities		2,137,271	1,966,908
Total equity and liabilities		2,547,853	2,277,610

Consolidated statement of changes in equity

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

	Share capital	Share premium	Treasury shares	Equity settled share-based payments reserve	Equity component of convertible bonds	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 (note 6.1)	-	(1,348)	-	-	-	-	(1,348)
Equity-settled share-based payments (note 3.5)	-	-	-	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

For the year ended 31 December 2021 (in € 000)

	Share capital	Share premium	Treasury shares	Equity settled share-based payments reserve	Equity component of convertible bonds	Retained earnings	Total equity
As at 1 January 2021	3,600	490,025	-	1,590	-	(184,513)	310,702
Comprehensive income:							
Profit for the period	-	-	-	-	-	(150,048)	(150,048)
Total comprehensive income for the period	-	-	-	-	-	(150,048)	(150,048)
Issue of ordinary shares (note 6.1)	360	203,640	-	-	-	-	204,000
Issue of convertible bonds - net of tax (note 6.1)	-	-	-	-	48,720	-	48,720
Transaction costs - net of tax (note 6.1)	-	(3,139)	-	-	-	-	(3,139)
Equity-settled share-based payments (note 3.5)	-	-	-	347	-	-	347
Transactions with owners recognised directly in equity	360	200,501	-	347	48,720	-	249,928
As at 31 December 2021	3,960	690,526	-	1,937	48,720	(334,561)	410,582

Consolidated statement of cash flows

For the year ended 31 December	Note	2021 € 000	2020 € 000
Operating activities			
Profit/(loss) before income tax		(201,352)	(164,114)
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	273,035	244,780
Amortisation and impairment of intangible assets	3.6	10,846	15,813
COVID-19 rent credits	4.4	(23,143)	(11,198)
Share-based payment expense	3.5	347	167
Gain on disposal of property, plant and equipment	3.7	(700)	(976)
Finance income	6.7	-	(60)
Finance costs	6.7	56,755	46,002
Movements in provisions	7.1	(554)	1,034
Working capital adjustments:			
Change in inventories	5.1	(23,565)	(1,650)
Change in trade and other receivables	5.2	(29,135)	(6,237)
Change in trade and other payables	5.4	12,110	15,552
Cash generated from operations		74,644	139,113
Income tax (paid) received		(169)	294
Net cash flows from operating activities		74,475	139,407
Investing activities			
Proceeds from sale of property, plant and equipment		688	593
Purchase of property, plant and equipment	4.3	(172,116)	(207,803)
Purchase of other intangible assets	4.2	(5,839)	(9,771)
Acquisition of a subsidiary, net of cash acquired	4.5	-	(4,023)
Repayment of loans granted	5.2	79	23
Interest received		-	60
Investments in other financial fixed assets	5.2	(926)	(810)
Net cash flows used in investing activities		(178,114)	(221,731)

For the year ended 31 December		2021	2020
	Note	€ 000	€ 000
Financing activities			
Proceeds from borrowings	6.3	61,997	105,000
Repayments of borrowings	6.3	(292,557)	(13,560)
Repayment of lease liability principal	4.4	(115,019)	(94,922)
Lease liabilities interest paid	4.4	(28,473)	(24,517)
Interest paid (excluding lease liabilities interest)		(21,342)	(14,031)
Proceeds from issue of shares	6.1	204,000	133,333
Proceeds from issue of convertible bonds	6.3	303,700	-
Transaction costs of issue of shares	6.1	(4,186)	(1,797)
Transaction costs related to loans and borrowings	6.3	(4,783)	(515)
Purchase less sale treasury shares and exercised share-based payments		-	(2,748)
Net cash flows from/(used in) financing activities		103,337	86,243
Net (decrease)/increase in cash and cash equivalents		(302)	3,919
Cash and cash equivalents at 1 January	5.3	70,406	66,487
Cash and cash equivalents at 31 December	5.3	70,104	70,406

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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 to 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.

The Group is active in five countries: the Netherlands, Belgium, Luxembourg, France and Spain.

With 1,015 clubs and more than 2,200,000 members as at 31 December 2021, Basic-Fit is the largest fitness chain in Europe. Basic-Fit aims to provide affordable, innovative and high-quality fitness that is available to everyone, anytime, anywhere and in their own way.

The Group's consolidated financial statements for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Management Board on 8 March 2022.

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) (99.6% interest of Basic Fit International B.V. and 0.4% of Basic Fit Nederland B.V.)
- HealthCity België N.V., Jette (Belgium) (100% interest of Basic-Fit Belgium B.V.)
- 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 2021, Basic-Fit's main shareholders were, as reported to the Dutch Financial Markets Authority (AFM):

- René Moos (AM Holding B.V.): 14.1%
- OLP Capital Management Limited: 6.8%
- 3i Group plc ("3i") and funds managed by 3i: 6.6%

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 Management Board consider is useful and relevant in understanding these financial statements, including the following:

- 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

In line with the situation as disclosed in the financial statements for the year ended 31 December 2020 (note 2.1 'COVID-19 impact' and note 2.2 'Basis of preparation – Going concern') and the update as described below, 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 on the Group's ability to continue as a going concern.

At the date of the publication of the Annual Report 2020, all 850 clubs in the Netherlands, Belgium and France were closed due to government measures. The clubs in Spain (45) and Luxembourg (10) were open but with restrictions. As membership fees are not charged during temporary club closures, cash and revenues were significantly impacted in 2020 and during the first months of 2021.

After the publication of the 2020 Annual Report on 9 March 2021, Basic-Fit continued its mitigating actions to reduce costs, optimise the Group's cash flows and preserve liquidity. These actions included cost and capital expenditure reductions, renegotiation of rent discounts and application for government support. In the meantime, membership fees were still only charged in countries where members had access to the clubs (Spain, followed in mid-January 2021 by Luxembourg).

On 23 April 2021, Basic-Fit raised €204 million through an accelerated bookbuild offering of 6,000,000 new ordinary shares. Additionally, in June 2021, Basic-Fit successfully raised €303.7 million through an offering of senior unsecured convertible bonds with a maturity of 7 years. The net proceeds of both offerings were and will be used for general corporate and refinancing purposes and to provide the Company with the financial flexibility to accelerate the execution of its growth strategy.

Furthermore, Basic-Fit came to an agreement with its syndicate banks for an amendment of its covenant testing at 31 December 2021 and 30 June 2022. As a result, the leverage ratio and interest cover ratio at 31 December 2021 are calculated based on adjusted EBITDA (as defined under the bank covenants) and interest as reported in the fourth quarter of 2021, multiplied by four. Furthermore, the leverage ratio and interest cover ratio at 30 June 2022 will be calculated based on adjusted EBITDA and interest as reported in the fourth quarter of 2021, multiplied by two plus adjusted EBITDA and interest as reported in the first six months of 2022.

As of 19 May 2021, Basic-Fit was allowed by the Dutch government to welcome its members back to its Dutch clubs. As of 9 June 2021, members of Basic-Fit's Belgian and French clubs were also welcomed back. At the time when the clubs in these countries were reopened, restrictions were still in force, mainly relating to the maximum number of members who could work out at the same time. Governments have been steadily relaxing restrictions since the reopening. One exception, however, was the introduction of mandatory COVID-19 health passes to allow entry to the clubs in France, Belgium and the Netherlands during the second half of 2021. This had an impact on joiners and cancellations in the first weeks after their introduction, but after that period, the numbers of joiners and cancellations more normalised.

At the end of November 2021, the Dutch government limited the permitted opening hours of fitness clubs to between 5 AM and 5 PM. From 19 December 2021 to 14 January 2022, Basic-Fit was forced to close all fitness clubs in the Netherlands. In line with previous closures, memberships were frozen. Immediately after the reopening, Basic-Fit restarted the collection process. During this period of uncertainty in 2021 and the beginning of 2022, the Management Board prepared several forecast scenarios to estimate the impact on liquidity and covenant ratios. As at 31 December 2021, the Group complied with its covenant ratios. The leverage ratio was 2.1 and the interest cover ratio was 9.4. Given the fact that, at the date of publication of these financial statements, there are no forced temporary club closures, and taking into account the current development of the pandemic and the available liquidity, the Management Board expects that there will be sufficient liquidity for the next twelve months and that Basic-Fit will comply with its covenant ratios in 2022.

Basic-Fit believes that the fitness industry can have a positive contribution in battling COVID-19. By offering a safe workout environment, Basic-Fit enables people to work on their fitness. Basic-Fit has introduced several measures to make sure members can work out and employees can work in a safe environment. For example, the already high standard of cleaning protocols established since the first lockdown was enhanced. Basic-Fit offers ample availability of cleaning stations in the club so people can clean their equipment before and after their workout. In addition, Basic-Fit has optimised the ventilation in clubs to avoid the recirculation of air and ensure an ample inflow of fresh air. Basic-Fit was able to manage the flow of people to its clubs and the total number of people in any club at a given time with an online reservation system. In combination with clear signage in the clubs, this ensured that social distancing could be maintained.

Encouraged by the strong growth of membership numbers, Basic-Fit restarted its club rollout plans in June 2021, resulting in 110 net club openings in 2021. This brought the total number of clubs to 1,015. In November 2021, Basic-Fit announced plans to further accelerate the pace of club openings to between 200 and 300 clubs per year as from 2022. Barring unforeseen circumstances, including tougher COVID-19-related measures than those currently in place, Basic-Fit aims to have 1,250 clubs by the end of 2022, and 2,000 clubs by 2025. By 2030, Basic-Fit aims to grow its network to between 3,000 and 3,500 clubs.

Including undrawn facilities, the Company had access to cash and cash equivalents of €361 million at the end of December 2021 (31 December 2021: €90 million).

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 with Part 9 of Book 2 of the Dutch Civil Code. The consolidated financial statements have been prepared on the 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 judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed below under 'Significant accounting judgements, 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 Management Board does not expect forced club closures in relation to the COVID-19 pandemic in 2022. For good measure, the Management Board thought it prudent to look into different scenarios, including scenario's in which half of its clubs would be closed for up to three months in the next twelve months. Based on the available liquidity on the date of publication of these financial statements, the Management Board expects that in all scenarios there will be sufficient liquidity and that Basic-Fit will meet its liabilities as they fall due in the next twelve months after the publication of these financial statements.

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 judgements, estimates and assumptions
The preparation of the Group's consolidated financial statements requires management to make judgements, 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 judgements. Those judgements that 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 have a significant risk of causing 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
Provision for expected credit losses	5.2/6.5

In the process of applying the Group's accounting policies, management made the following judgements 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 the 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 judges 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 10 years. Consequently, 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. Dividends (if applicable) are classified as financing cash flows.

2.4 Changes in accounting policies and disclosures

Statement of cash flows – change in presentation
The Group has changed its policy on the presentation of interest paid in the cash flow statement and has presented them as financing cash flows rather than operating cash flows. Furthermore, interest received is presented as part of investing cash flows rather than operating cash flows. This change results in more relevant information as most listed European peer companies in the fitness industry apply this policy and the IASB expressed a preference for this approach in an exposure draft.

As a result of the revised classification of interest paid, Cash flows from operating activities increased by €49.8 million in 2021 (2020: €38.5 million), while cash flows from financing activities decreased by €49.8 million (2020: €38.5 million). There was no impact on cash flows from investing activities related to the revised classification of interest received in 2021 (2020: €60 thousand increase of cash flows from investing activities, reducing cash flows from operating activities with a similar amount). There is no impact of the revised classification on basic and diluted earnings per share.

New and amended standards and interpretations
The Group applied for the first time certain standards and amendments that are effective for annual periods beginning on or after 1 January 2021. 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 are described below.

COVID-19-Related Rent Concessions beyond 30 June 2021 - Amendments to IFRS 16
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 on 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. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the COVID-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.

The amendment applies to annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted. The Group has applied the amendment retrospectively for all concessions received. The amendment has no impact on retained earnings as at 1 January 2021. The Group did not apply this amendment in its half-year report as this amendment was not endorsed by the EU 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 2021, 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 issued but are not yet effective for the year ended 31 December 2021. 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, COO and (as of 1 November 2021) CCO. 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) generated similar profit margins (underlying EBITDA) to one another pre-COVID-19, as did France and Spain. However, the profit margins in the Benelux were not (yet) comparable to those in France and Spain, which are the countries where the fastest growth has been realised in the past years and is also expected for the coming years. Profit margins in 2020 and 2021 were heavily impacted by temporary club closures as a result of COVID-19 and therefore less comparable.

Given these similar economic characteristics and ignoring the impact of temporary club closures on profit margins in 2020 and 2021, as well as the fact that the nature of the services, the types of members, the methods for distribution and the regulatory environments 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.

Segment disclosure

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

2021

	Benelux	France & Spain	Total
Revenues	169,009	171,737	340,746
Underlying EBITDA segments	49,638	10,752	60,390
Other reconciling items			(28,760)
Total underlying EBITDA			31,630
Reconciliation of underlying EBITDA to profit/(loss) before tax:			
Underlying EBITDA			31,630
Depreciation, amortisation and impairment charges			(283,881)
Finance costs – net			(56,755)
Invoiced rent			167,375
COVID-19 rent credits			23,143
Exceptional items:			
- COVID-19 related costs			(79,554)
- Other exceptional costs and profits			(3,310)
Profit/(loss) before tax			(201,352)

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/(loss) 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 credits	11,198
Exceptional items:	
- COVID-19 related costs	(101,801)
- Other exceptional costs and profits	(1,043)
Profit/(loss) before tax	(164,114)

COVID-19 related exceptional costs include personnel costs, club rent and related housing expenses and other costs, to the extent that Basic-Fit did not receive government compensation related to 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:

	2021	2020
The Netherlands (country of domicile)	560,277	550,389
Belgium	402,022	383,535
Luxembourg	36,299	36,019
France	1,167,343	1,040,436
Spain	124,581	93,305
Total	2,290,522	2,103,684

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 (the Benelux segment €100 million, the France and Spain segment €308 million) are directly related to the investments in new club openings in 2021.

3.2 Revenue

With reference to note 2.1, it is noted that COVID-19 had a significant impact on the revenues for 2020 and 2021. As described, memberships were 'frozen' for several months in 2020 and 2021. 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.

In 2020, 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, a free sportswater add-on, the return of fees paid as a discount over six payment periods, a goodie bag and no payback of membership fees.

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 goodiebag 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.

Until the first lockdown in March 2020, 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 in 2020 and 2021, there were periods in which the app could be used, but the clubs could not be 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 31 December 2020 about the compensation option they preferred, Basic-Fit did not know whether they had to offer one of the compensation options. Recognising revenue in 2020 regarding these members could have resulted in a reversal of cumulative revenue in 2021 at the moment it became clear which option these members preferred. Given the uncertainty, Basic-Fit decided not to recognise revenue in the financial statements for the year ended 31 December 2020 regarding these members with respect to the compensation options. Once these members chose a compensation option in 2021, revenues have been recognised in line with the accounting policy as described in this note. For members who ultimately did not choose any compensation option, revenue not taken into account in 2020 has been recognised in 2021.

Disaggregation of revenue

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

	2021	2020
Type of goods or service		
Fitness revenue	330,642	367,244
Other revenue	10,104	9,567
Total	340,746	376,811
Geographical markets		
The Netherlands	87,447	105,991
Belgium	74,300	91,762
Luxembourg	7,262	8,282
France	150,497	154,481
Spain	21,240	16,295
Total	340,746	376,811
Timing of revenue recognition		
Products and services recognised over time	313,064	356,218
Products recognised at a point in time	27,682	20,593
Total	340,746	376,811

'Other revenue' includes €2.7 million (2020: €2.3 million) related to subleases of property, plant and equipment (mainly rental income from physiotherapists). Furthermore, other revenue relates to revenue from personal trainer services, day passes, 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:

	31 December 2021	31 December 2020	1 January 2020
Receivables, included in 'Trade and other receivables'	9,417	16,022	15,721
Deferred revenues, included in 'Trade and other payables'	18,688	46,570	26,990

The receivables relate to amounts due from members for services performed in past period(s), less any provision for bad debts. The decrease in receivables is the result of a higher provision for expecterd credit losses. 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 decrease 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 were offered to members, these amounts were included in deferred revenues on 31 December 2020 as far as they related to performance obligations in 2021 (which also explains the increase in the 2020 year-end position compared to the 2020 opening position). As at 31 December 2021, there are no deferred revenues recognised related to compensation options. Hence, the deferred revenues at 31 December 2021 only relate to usual prepaid membership fees.

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 members. 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 partially), 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.

Members have the option to upgrade their contract from 'Comfort' to 'Premium', or to downgrade from 'Premium' to 'Comfort'. This is not possible for members who have chosen the 'Flex' option. The difference between a 'Comfort' and a 'Premium' contract is that with a 'Premium' contract, members can share their membership card with a family member and members can always train with a friend. In case a member opts to upgrade or downgrade his (or her) contract, the original contract is ended at the date of modification and the member enters into a new membership with a duration of one year. An upgrade or downgrade should be recognised as a contract modification. In case of an upgrade, the new services are accounted for as a separate contract. Any remaining discount on the original contract continues to be spread over the original contract duration. In case of a downgrade, 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. As a result, the (remaining) discount on the original contract is spread over the contract term of the new modified contract.

Sales of goods

The Group sells nutritional and other fitness-related products in its fitness clubs via vending machines and furthermore via the online store. 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 had not explicitly chosen a compensation option.

3.3 Cost of consumables used

	2021	2020
Cost of food and drink	(4,848)	(4,363)
Other cost of sales	(9,054)	(10,093)
Total	(13,902)	(14,456)

'Cost of food and drink' includes €873 thousand (2020: nil) related to stocks whose expiration date has passed as a direct consequence of the forced temporary club closures.

'Other cost of sales' consists 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 expense can be broken down as follows:

	2021	2020
Salaries and wages (including share-based payments)	(64,804)	(59,471)
Social security contributions	(15,112)	(15,454)
Pension costs – defined contribution plans	(1,590)	(1,482)
Total	(81,506)	(76,407)

Salaries and wages and social security contributions include €30.3 million (2020: €28.2 million) respectively €877 thousand (2020: €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 3,373 (2020: 2,980).

	2021	2020
Benelux	1,697	1,588
France & Spain	1,676	1,392
Total	3,373	2,980
Club	2,849	2,524
Headquarters	524	456
Total	3,373	2,980

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 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 of 2017, performance shares are awarded on an annual basis under the long-term incentive plan (LTIP).

The performance shares awarded in 2018, 2019, 2020 and 2021 under the LTIP will vest three years after the award date, subject to continued employment and based on achievement of a target average revenue growth per annum (over three years) and a target debt / EBITDA ratio over the performance period 2018–2020, 2019–2021, 2020–2022 and 2022–2023 respectively. Linear vesting applies between threshold (50%), target (100%) and maximum (150%) vesting levels.

In direct response to the impact of COVID-19 on Basic-Fit, the Management Board postponed its decision to award new performance shares in 2021 to December 2021, taking into account in the award that it is a limited award only being able to achieve targets and vesting for the years 2022 and 2023 of the award period 2021–2023 due to the limitation to provide bonuses in cash or shares over the years 2020 and 2021 as a consequence of the Dutch NOW regulations and support measures and its restrictions in this respect.

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 grants 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 grants.

Due to the NOW regulations and other government support measures during the COVID-19 period, no bonus can and will be paid over the years 2020 and 2021. As a result, the Supervisory and Management Board have exercised their discretionary competence and decided that for any share plan covering the years 2020 and 2021, no bonus can be earned over those years and that those years will not count towards determining whether the bonus targets have been met. As a result, shares granted for performance periods that include 2020 and 2021 will vest on a pro rata basis (LTIP 2018: 66.7% at 'at target' performance basis, not considering threshold performance or overperformance). Furthermore, the decision was made to postpone the decision on the possibility and fairness of vesting of the LTIP plan 2018 – 2020, planned to vest in 2021, to early 2022. Vesting of the grant plan 2019–2021, can (maximum pro rata) take place in 2022 after the approval of the financial statements for the year ended 31 December 2021. These vesting decisions will likely be combined and jointly be executed.

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:

	2021	2020
At 1 January	228,072	211,827
Awarded during the year	35,857	120,589
Performance adjustment	-	23,427
Exercised during the year	-	(117,125)
Forfeited during the year	(1,353)	(10,646)
At 31 December	262,576	228,072

The fair value of the performance shares 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 2021 is equal to the share price at the date of granting of €38.20 (2020: €15.33).

The share-based payment expenses recognised in 2021, with a corresponding entry directly in equity, amount to €347 thousand (2020: €167 thousand).

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.

The Company settles 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 and only issues the remaining shares on completion of the vesting period. The Group expects to withhold an amount of €2.8 million and pay this to the relevant taxation authorities with respect to the vesting of outstanding share-based payment awards, with €1.2 million of this within one year.

3.6 Depreciation, amortisation and impairment charges

	2021	2020
Depreciation of property, plant and equipment	(125,186)	(114,437)
Depreciation of right-of-use assets	(147,737)	(129,027)
Amortisation of other intangible assets	(10,846)	(15,792)
Impairment of property, plant and equipment	(112)	(1,316)
Impairment of right-of-use assets	-	(21)
Total	(283,881)	(260,593)

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

	2021	2020
Net gain on disposal of property, plant and equipment and right-of-use assets	700	976
Insurance reimbursements	105	763
Termination fees lease contracts	-	1,280
Government grants (note 3.10)	35,502	200
Other operating income	1,191	525
Total	37,498	3,744

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

	2021	2020
Other personnel expenses	(12,409)	(14,044)
Housing expenses	(86,755)	(82,021)
Net marketing expenses	(16,982)	(16,326)
Write-off of bad debts, incl. collection agency costs	(19,742)	(16,536)
Short-term and low-value lease expenses and other lease adjustments	(1,079)	(1,768)
Other car expenses	(992)	(850)
Overhead and administrative expenses	(28,736)	(26,924)
Total	(166,695)	(158,469)

Housing expenses in 2020 include €544 thousand in government grants received as further disclosed in note 3.10. These expenses include no government grants in 2021.

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 2021 and 2020 are as follows:

	2021	2020
Current income tax:		
Current income tax charge	(963)	1,633
	(963)	1,633
Deferred income tax:		
Change in deferred tax asset for carry forward losses available for offsetting against future taxable income	51,022	33,606
Changes in other deferred tax assets and liabilities recognised in profit or loss	1,245	3,687
	52,267	37,293
Total income tax	51,304	38,926

Amounts recognised directly in equity

An amount of €16.2 million in deferred taxes relating to the issue of convertible bonds has been directly debited to equity and an amount of €1.0 million in deferred taxes relating to incremental costs directly attributable to the newly issued shares has been directly credited to equity. All other current and deferred tax arising in the reporting period has been recognised in the consolidated statement of profit or loss.

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.

	2021	%	2020	%
Profit (loss) before income tax	(201,352)		(164,114)	
Income tax based on Basic-Fit's domestic rate	50,338	25.0%	41,028	25.0%
Effects of tax rates in foreign jurisdictions	818	0.4%	75	-
Adjustments in respect of prior years' current taxes	(30)	-	270	0.2%
Remeasurement of deferred tax assets and liabilities	(935)	(0.5)%	(157)	(0.1)%
Impact CVAE tax France	(684)	(0.3)%	(1,493)	(0.9)%
Future tax rate adjustments	1,483	0.7%	(446)	(0.3)%
Impact of tax incentives	137	0.1%	119	0.1%
Impact of non-taxable government grants	409	0.2%	-	-
Non-deductible expenses for tax purposes:				
Share-based payments	(87)	-	(42)	-
Other non-deductible expenses	(145)	(0.1)%	(428)	(0.3)%
At the effective income tax rate	51,304	25.5%	38,926	23.7%

Income tax based on Basic-Fit's domestic rate

The income tax based on Basic-Fit's domestic rate is based on the Dutch statutory income tax rate of 25.0% (2020: 25.0%). It reflects the income tax that would have been applicable assuming that all its result 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 2020 and 2021 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 €931 thousand (2020: €2,074 thousand) related to the 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 €698 thousand (2020: €1,493 thousand)

Future tax rate adjustments
As a result of tax reforms in the Netherlands, 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 2021, the Dutch government increased the tax rate from 25% to 25.8% as of 2022.

Impact of tax incentives
Adjustments in respect of tax incentives mainly relate to (energy) investment allowances in the Netherlands and Luxembourg.

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.

Impact of non-taxable government grants
Adjustments in respect of non-taxable government grants relates to government grants received in the Netherlands and France that are excluded from taxable income.

Non-deductible expenses for tax purposes
Non-deductible expenses for tax purposes reflects 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	
	2021	**2020**	**2021**	**2020**
Losses available for offsetting against future taxable income	93,932	41,864	51,022	33,606
Tax incentives (investment allowance)	717	646	71	40
Purchase price allocation	(6,777)	(7,956)	846	2,252
Goodwill amortisation for tax purposes	(11,999)	(9,778)	(1,888)	(1,952)
Leases	15,185	12,632	2,553	3,389
Convertible bonds	(15,704)	-	536	-
Valuation of property, plant and equipment	817	1,149	(332)	(288)
Timing of expense recognition	(130)	(25)	(105)	91
Derivative financial instruments	428	864	(436)	155
Deferred tax benefit/(expense)			52,267	37,293
Net deferred tax assets/(liabilities)	76,469	39,396		

This is reflected in the statement of comprehensive income as follows:

	2021	2020
Statement of profit or loss	52,267	37,293
Statement of other comprehensive income	-	-
Total	52,267	37,293

After netting deferred tax assets and deferred tax liabilities within the same tax entity for an amount of €35.3 million (2020: €12.0 million), these positions are as follows:

	2021	2020
Deferred tax assets	76,469	45,530
Deferred tax liabilities	-	(6,134)
Net deferred tax assets (liabilities)	76,469	39,396

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

	2021	2020
To be recovered within 12 months	1,681	587
To be recovered after more than 12 months	74,788	38,809
Total	76,469	39,396

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

	2021	2020
Opening balance as at 1 January	39,396	1,653
Income tax benefit during the period recognised in profit or loss	52,267	37,293
Deferred taxes recognised directly in equity	(15,194)	450
Closing balance as at 31 December	76,469	39,396

Tax losses

As at 31 December 2021, Basic-Fit recognised €93.9 million (2020: €41.9 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 judgement 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.

As part of the latest Dutch tax reform plan, an indefinite carry-forward loss set-off will apply as of 1 January 2022. The carry-back period is and will remain one year. Although an indefinite carry-forward period will apply, losses will only be fully available for carry-forward and carry-back set-off up to an amount of €1 million of taxable profit. In the case of a higher profit, the losses will be able to be offset up to €1 million plus 50% of the taxable profit that exceeds €1 million.

Deferred tax assets have been recognised for all loss carry-forwards of the tax jurisdictions HealthCity België N.V., Basic-Fit Belgium B.V., Basic-Fit Luxembourg S.A., 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 2022 onwards and with reference to the assumptions and significant judgements as described above, it is considered more likely than not that these entities are able to offset the loss carry-forwards in the coming five to six years, taking into account temporary differences. 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 taxable income in the past years (before COVID-19). 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 2022 onwards and with reference to the paragraphs above, 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 taxable income in the past years (before COVID-19). 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 (2020: €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 or receivable on the current period's taxable result, 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 judgement 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. Judgement 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 judgement 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 2020. These programmes were continued in 2021 for the period that Basic-Fit was forced to keep its fitness clubs closed.

In the Netherlands, eligible companies could apply for a subsidy that compensated part of the salary costs based on the percentual drop in revenues ('NOW regulation'). 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 (2020 and 2021) and Spain (2020), 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 €30.3 million in 2021 (2020: €28.2 million).

Furthermore, Basic-Fit received €877 thousand (2020: €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

The French government offers financial rescue packages in response to the outbreak of the COVID-19 pandemic. This support is recognised as other operating income (note 3.7 'Other operating income') and amounts to €34.4 million in 2021 (2020: €200 thousand).

Furthermore, other operating income includes €1.1 million (2020: nil) related to cost compensation programmes offered by the Dutch, Belgian and Spanish governments.

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 2020, 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. These discounts were not granted in 2021.

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 and a corresponding negative impact on cash flows in 2021.

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:

	2021	2020
As at 1 January	203,604	202,634
Acquired through business combinations	-	970
As at 31 December	203,604	203,604
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:

	2021	2020
The Netherlands	102,782	102,782
Belgium	83,425	83,425
Luxembourg	12,595	12,595
France	1,607	1,607
Spain	3,195	3,195
Total	203,604	203,604

Fair value less costs of disposal (FVLCD) for the year ended 31 December 2021 was estimated 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 on the assumption that the Group doubles in the number of clubs in the forecast period 2022-2026. Given the track record of the Group (from 338 to 1,015 clubs in the period 2015-2021) and Basic-Fit's growth ambitions, management considers this as the most realistic scenario.
- The 'consolidation scenario' is based on the assumption that the Group stops opening new clubs as of 2022.

In both scenarios, the EBITDA-margins are expected to 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 an increase of other revenues and as a result of synergies on overhead and marketing costs.

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 2021 impairment test of the 'growth scenario', there is significant headroom for all CGUs (more than 400% 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 2022, meaning that the total number of clubs remains stable at 1,015. Also in this more conservative scenario, there is ample headroom, varying from more than 100% for CGU Spain up to more than 400% 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 judgement 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 and 2021 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. These cash flow projections include 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
2021	9.1%	9.5%	9.3%	9.2%	10.0%
2020	9.1%	9.7%	9.2%	9.5%	10.5%

Key assumptions used
The input to the group's key assumptions includes 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 growth rates are based on management's historical experience of membership developments taking into consideration the maturity of existing clubs. Revenue growth as of 2022 is heavily impacted by the fact that the revenues have declined in 2020 and 2021 due to membership freezes resulting from the temporary club closures. In addition, differences in revenue growth per CGU depend on the number of clubs we expect to open per country.

The 'growth scenario' assumes a compound annual growth rate of revenues over the forecast budget period 2022-2026 of 13% for the Netherlands, 15% for Belgium, 9% for Luxembourg, 27% for France and 58% for Spain. In the 'consolidation scenario', the compound annual growth rate of revenues for all CGUs combined is 8.5%. After the forecast period, revenues are expected to increase by 0.5% annually in both scenarios.

EBITDA margin improvement – The cash flow projections assume long term EBITDA margins in line with those 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'.

The revenue growth and EBITDA margin improvement is based on the assumption that all restrictions on access to our clubs as part of the fight against COVID-19 will be lifted before the end of 2022.

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 2020				
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

	Trademark	Customer relationships	Other intangible assets	Total
Year ended 31 December 2021				
Opening net book value	29,196	4,589	14,864	48,649
Additions	–	–	5,839	5,839
Cost of disposals	–	–	(2,451)	(2,451)
Amortisation for the year	(2,245)	(2,330)	(6,271)	(10,846)
Accumulated depreciation of disposals	–	–	2,452	2,452
Closing net book value	26,951	2,259	14,433	43,643
As at 31 December 2021				
Cost	44,918	63,516	32,688	141,122
Accumulated impairments and amortisation	(17,967)	(61,257)	(18,255)	(97,479)
Net book value	26,951	2,259	14,433	43,643

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 a 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.

Judgement is required in evaluating whether subsequent development expenditure is to be capitalised as an internally generated intangible asset or expensed as incurred. The key elements of judgement are whether the development project will generate incremental probable future economic benefit and which projects result in substantial improvements that increase the functionality of the asset. Economic benefit is determined as either an increase in revenues or a reduction in costs. Only those projects that are a substantial improvement and that result in direct and incremental economic benefit will be capitalised.

Software-as-a-Service (SaaS) arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received, unless the criteria to recognise the expenditures as an intangible asset are satisfied.

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 the 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 judgement, 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 judgement 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 judgement 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 2021 and 2020.

Determination whether configuration and customisation services are distinct from the SaaS access

Costs incurred to configure or customise the cloud provider's application software are recognised as operating expenses when the services are received. In a contract where the cloud provider provides both the SaaS configuration and customisation, and the SaaS access over the contract term, the directors applied judgement to determine whether these services are distinct from each other or not, and therefore, whether the configuration and customisation costs incurred are expensed as the software is configured or customised (i.e. upfront), or over the SaaS contract term.

Specifically, where the configuration and customisation activities significantly modify or customise the cloud software, these activities are not distinct from the access to the cloud software over the contract term. Judgement has been applied in determining whether the degree of customisation and modification of the cloud-based software is significant. During the year, the Group recognised €249 thousand (2020: nil) as prepayments in respect of customisation and configuration activities undertaken in implementing SaaS arrangements which are considered not to be distinct from the access to the SaaS access over the contract term.

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 2020				
Cost	-	613,202	355,647	968,849
Accumulated impairments and depreciation	-	(146,974)	(159,762)	(306,736)
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

	Land and building	Building improvement	Other fixed assets	Total
Year ended 31 December 2021				
Opening net book value	1,500	532,821	212,794	747,115
Additions	-	138,316	77,071	215,387
Cost of disposals	-	(2,797)	(2,834)	(5,631)
Transfer (cost)	-	(15,272)	15,272	-
Transfer (accumulated depreciation)	-	13,769	(13,769)	-
Depreciation for the year	(50)	(68,105)	(57,031)	(125,186)
Impairment	-	(112)	-	(112)
Accumulated depreciation of disposals	-	2,797	2,826	5,623
Closing net book value	1,450	601,417	234,329	837,196
As at 31 December 2021				
Cost	2,000	855,360	511,082	1,368,442
Accumulated impairments and depreciation	(550)	(253,943)	(276,753)	(531,246)
Closing net book value	1,450	601,417	234,329	837,196

As at 31 December 2021, the carrying amount includes assets under construction of €7,403 thousand (2020: €1,540 thousand). Transfers between building improvement and other fixed assets of €15.3 million (less €13.8 million accumulated depreciation) relate to equipment items, previously recognised as part of building improvement.

In 2021, the impairment loss of €112 thousand represented the write-down of certain property, plant and equipment in Luxembourg.

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

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:

- Land: not depreciated
- Building: 30 years;
- Building improvements: 5–20 years;
- Exercise equipment: 6–8 years; and
- 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 twenty 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 twelve 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 2020	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
Additions	188,567	-	-	188,567
Remeasurements	59,237	1,696	-	60,933
Depreciation	(145,591)	(1,914)	(232)	(147,737)
As at 31 December 2021	1,202,625	3,244	210	1,206,079

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

	2021	2020
As at 1 January	1,187,663	1,005,528
Additions	190,319	222,502
Remeasurements	60,890	60,432
Accretion of interest	32,922	29,838
COVID-19 rent credits received	(23,143)	(11,198)
Payment of lease installments	(143,492)	(119,439)
As at 31 December	1,305,159	1,187,663
Of which:		
Non-current lease liabilities	1,109,022	1,013,496
Current lease liabilities	196,137	174,167

As a result of the deferral of lease payments and rent credits received, the lease payments in 2021 as reported in the overview above (€143.5 million), are recognised in the statement of cash flows as lease liabilities interest paid (€28.5 million) and repayment of lease liability principal (€115.0 million) respectively. Lease payments in 2020 (€119.4 million), are recognised in the statement of cash flows as lease liabilities interest paid (€24.5 million) and repayment of lease liability principal (€94.9 million) 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 €23.1 million (2020: €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:

	2021	2020
Depreciation expense of right-of-use assets	(147,737)	(129,027)
Interest expense on lease liabilities	(32,922)	(29,838)
COVID-19 rent credits	23,143	11,198
Expense relating to short-term leases (*)	(391)	(651)
Expense relating to leases of low-value assets (*)	(670)	(707)
Expense relating to lease recalculations and other lease related cost (*)	(18)	(410)
Total amounts recognised in profit or loss	(158,595)	(149,435)

(*) included in Other operating expenses

The Group had total lease-related cash outflows of €144.6 million in 2021 (2020: €120.8 million). The Group also had non-cash additions to right-of-use assets and lease liabilities of €251.2 million in 2021 (2020: €282.9 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 the 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 of 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 twelve 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 judgement 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 potentially 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 are 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 judgement 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 judgement 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 ageing buckets (up to 10 years, 10-20 years and more than 20 years). For the years 2020 and 2021, the IBRs range from 0.4% to 4.6%.

4.5 Business combinations

Acquisitions in 2021

There were no acquisitions in the year 2021.

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.

The following tables summarise the considerations paid for the acquisitions in 2021 and 2020, the provisional fair value of assets acquired and the liabilities assumed at the acquisition date.

Fair value recognised on acquisition	**2021**	**2020**
Assets		
Property, plant and equipment	-	2,728
Right-of-use assets	-	1,099
Customer relationships	-	491
Liabilities		
Lease liabilities	-	(1,099)
Accrued expenses and deferred income	-	(166)
Total identifiable net assets acquired at fair value	-	3,053
Goodwill arising on acquisition	-	970
Purchase consideration transferred	-	4,023
Less: cash acquired	-	-
Net outflow of cash – investing activities	-	4,023

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 temporary 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.

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:

	2021	2020
Food and drinks	3,288	2,443
Fitness equipment	20,144	-
Other goods	8,280	5,704
Total	31,712	8,147

'Food and drinks' consist primarily of sports water that members with a (paid) 'sports water add-on' can drink in the clubs. 'Fitness equipment' relates to equipment that is held for sale to members and third parties. 'Other sports apparel and other goods' includes goods that are sold via the webshop and vending machines and to third parties.

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 Trade and other receivables

	2021	2020
Member and trade receivables	28,011	31,440
Less: allowance for expected credit losses	(18,594)	(15,418)
Receivables – net	9,417	16,022
Security deposits	6,740	5,814
Loan receivable	40	119
Taxes and social charges	18,477	11,416
Prepayments	9,543	2,719
Other receivables and accrued income	34,642	12,787
Total receivables	78,859	48,877
Less: non-current portion of security deposits	6,740	5,814
Less: non-current loans receivable	40	119
Total non-current portion	6,780	5,933
Total current portion	72,079	42,944

The increase in 'Other receivables and accrued income' mainly relates to government grants receivable.

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 the risk profile of its members 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:

	2021	2020
As at 1 January	(15,418)	(7,516)
Provision for impairment recognised during the year	(19,468)	(19,047)
Receivables written off during the year as uncollectable	16,292	11,145
As at 31 December	(18,594)	(15,418)

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 members 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 rate 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:

	2021	2020
Cash in bank and on hand	69,712	70,296
Cash in transit	392	110
Total	70,104	70,406

All cash and cash equivalents are available for immediate use by the Group, except for an amount of €205 thousand (2020: €320 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:

	2021	2020
Trade payables	121,433	70,096
Deferred revenues	18,688	46,570
Holiday allowance and vacation days accrual	9,416	9,461
VAT payable	685	783
Payroll tax payable	6,248	5,480
Interest payable	516	1,469
Investment obligations	31,586	6,032
Housing costs	13,676	13,984
Other liabilities and accrued expenses	8,955	4,629
Total	211,203	158,504

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 nature. The increase in trade payables and investments obligations mainly relates to purchases and club openings and in December 2021 and January 2022. This increase is partly offset by a decrease in deferred revenues, which is disclosed in more detail in note 3.2 'Revenue'.

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 twelve months after the reporting period. They are initially recognised at their fair value and subsequently measured at amortised cost using the effective interest rate 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 the earnings per share calculation and financial income and costs, are included in this section.

6.1 Equity

Share capital

The subscribed share capital as at 31 December 2021 amounted to €3.96 million (2020: €3.6 million) and was divided into 66,000,000 shares (2020: 60,000,000 shares) fully paid-up with a nominal value per share of €0.06.

In April 2021, the Company issued 6,000,000 ordinary shares at a price of €34.00 per share resulting in an increase in total equity value of €204 million. Of this amount, €203.6 million is recorded in the share premium reserve and €360 thousand in the share capital.

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. Of this amount, €133 million is recorded in the share premium reserve and €320 thousand in the share capital.

The movement in share capital over the past two years was as follows:

	2021	2020
As at 1 January	3,600	3,280
Issued ordinary shares	360	320
As at 31 December	3,960	3,600

Share premium

The share premium from the proceeds of the issuance of new shares in April 2021 of €203.6 million is recorded less incremental costs qualified to be directly attributable to the newly issued shares of €4.2 million, net of the related tax impact of €1.1 million.

The share premium from the proceeds of the issuance of new shares in June 2020 of €133.0 million is recorded less incremental costs qualified to be directly attributable to the newly issued shares of €1.8 million, net of the related tax impact of €450 thousand.

The movement in share premium over the past two years was as follows:

	2021	2020
As at 1 January	490,025	358,360
Issued ordinary shares (net of transaction costs)	200,501	131,665
As at 31 December	690,526	490,025

Treasury shares

In 2020, the Company purchased 64,698 shares to satisfy obligations related to the equity-settled share-based compensation plans. In 2021, there were no treasury share transactions.

Equity settled share-based payments reserve

The movement in the equity settled share-based reserve over the past two years was as follows:

	2021	2020
As at 1 January	1,590	3,240
Share-based payments expense during the year	347	167
Exercised share-based payments during the year	-	(1,817)
As at 31 December	1,937	1,590

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.

Equity component of convertible bonds

The movement in over the past two years was as follows:

	2021	2020
As at 1 January	-	-
Issuance of convertible bonds (net of tax)	48,720	-
As at 31 December	48,720	-

The reserve for convertible bonds of €48.7 million comprises the amount allocated to the equity component as disclosed in note 6.3 'Borrowings' (€64.9 million), net of tax (€16.2 million) and relates to the convertible bonds issued by the Group in June 2021.

Retained earnings

The losses for the respective periods 2021 and 2020 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.

Reference is made to the accounting policy in note 6.5 related to compound financial instruments for the accounting policy related to 'equity components of convertible bonds'.

6.2 Earnings per share

The calculation of basic and diluted earnings per share is based on the following data:

	2021	2020
Earnings		
Profit (loss) for the period attributable to the ordinary equity holders of the Company	(150,048)	(125,188)
Number of shares		
Weighted average number of ordinary shares for basic earnings per share	64,076,712	57,610,820
Effect of dilutive potential ordinary shares	-	-
Weighted average number of ordinary shares for diluted earnings per share	64,076,712	57,610,820
Earnings per share (in €)		
Basic earnings per share	(2.34)	(2.17)
Diluted earnings per share	(2.34)	(2.17)

The number of potential dilutive weighted-average shares not taken into consideration above, due to their antidilutive effect, amount to 3,237,823 ordinary shares (2020: nil). These shares are related to convertible bonds

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 adjusted for the interest on convertible bonds 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 2021 and 31 December 2020, including the movements during 2021 and 2020, are summarised in the following tables:

2021		Cash settled			Other changes (non-cash)				
	Balance as at 1 January 2021	New loans	Repayments	Transaction costs	Amortisation	Additions (lease liabilities)	COVID-19 rent credits	Accretion of interest	Balance as at 31 December 2021
Floating rate borrowings (non-current and current)									
Bank borrowings	250,000	-	-	-	-	-	-	-	250,000
Drawn revolving credit facility	210,500	1,997	(212,497)	-	-	-	-	-	-
GO C-facility	60,000	-	(20,000)	-	-	-	-	-	40,000
Bridge loan	-	60,000	(60,000)	-	-	-	-	-	-
Schuldschein	83,500	-	-	-	-	-	-	-	83,500
Borrowing costs	(2,801)	-	-	-	616	-	-	-	(2,185)
	601,199	61,997	(292,497)	-	616	-	-	-	371,315
Fixed rate borrowings and lease liabilities (non-current and current)									
Convertible bonds – liability component	-	237,700	-	(3,743)	-	-	-	4,624	238,581
Schuldschein	8,000	-	-	-	-	-	-	-	8,000
Lease liabilities	1,187,663	-	(143,492)	-	-	251,209	(23,143)	32,922	1,305,159
Other bank borrowings	120	-	(60)	-	-	-	-	-	60
	1,195,783	237,700	(143,552)	(3,743)	-	251,209	(23,143)	37,546	1,551,800
	1,796,982	299,697	(436,049)	(3,743)	616	251,209	(23,143)	37,546	1,923,115
Of which:									
Non-current Lease liabilities	1,013,496								1,109,022
Non-current Borrowings	546,259								517,729
Current Lease liabilities	174,167								196,137
Current Borrowings	63,060								100,227

2020		Cash settled		Other changes (non-cash)				
	Balance as at 1 January 2020	New loans / modification	Repayments	Amortisation	Additions (lease liabilities)	COVID-19 rent credits	Accretion of interest	Balance as at 31 December 2020
Floating rate borrowings (non-current)								
Bank borrowings	250,000	-	-	-	-	-	-	250,000
Drawn revolving credit facility	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

Convertible bonds – liability component

On 17 June 2021, the Company issued convertible bonds due 17 June 2028 at 100% of their nominal value in an aggregate principal amount of €303.7 million. The convertible bonds have an interest rate of 1.50% payable semi-annually in arrears in equal instalments on 17 June and 17 December each year, commencing on 17 December 2021. The convertible bonds have a maturity of seven years and a denomination of €100,000 each. The bonds are convertible into ordinary shares of the Company at the option of the bondholders during the conversion period ending on the earlier of 7 business days prior to the maturity date or any relevant redemption date. The initial conversion price was set at €50.625, (a 35% premium over the reference share price) and will be subject to adjustment in certain circumstances in line with market practice.

The Company will have the option to redeem all, but not some only, of the Bonds for the time being outstanding at their principal amount together with accrued interest, at any time on or after 8 July 2025 provided that the volume-weighted average price of a Share on Euronext Amsterdam shall have exceeded 130% of the conversion price on each of not less than 20 trading days in any period of 30 consecutive trading days. Any outstanding bonds are also redeemable at any time after the settlement date if at least 85% of the issued bonds have been converted, settled or redeemed.

Bondholders will be entitled to require an early redemption of their Convertible Bonds at their principal amount, together with accrued but unpaid interest, on 17 June 2026 or in case of a change of control as defined in the terms and conditions.

Proceeds from issue of convertible bonds	303,700
Transaction costs	(4,783)
Net proceeds	298,917
Amount classified as equity (net of transaction costs of €1.0 million) (*)	(64,960)
Amount classified as liability (net of transaction costs of €3.8 million)	233,957
Accrued interest	4,624
Carrying amount of liability at 31 December 2021	238,581

(*) Pre-tax

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.

The agreement includes an additional €150 million accordion facility of which at the date of publication of these financial statements €100 million (2020: €40 million) is available to be drawn. Basic-Fit can request the syndicated banks to make the remaining €50 million (2020: €110 million) available under the terms of the senior facility agreement, but that amount is not yet committed.

The interest is variable and based on Euribor plus a margin that depends on certain leverage covenants (2.45% as at 31 December 2021 and 31 December 2020). The term loan and RCF are unsecured. In July 2021, the term loan and revolving credit facility agreement were extended by one year to June 2025.

As at 31 December 2021, an amount of €9.1 million (2020: €9.8 million) of the revolving facility of €300 million (including €100 million from the accordion) had been used for bank guarantees and the remaining part was not drawn (2020: €210.5 million 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 (2.71% as at 31 December 2021 and 2.78% as at 31 December 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 2021, an amount of €26.7 million (2020: €20.0 million) related to repayments within twelve months after the reporting period is classified as current borrowings.

Bridge facility
In February 2021, Basic-Fit successfully secured a €150 million bridge facility. In March and April 2021, Basic-Fit drew in total €60 million of this facility. In May 2021, the facility was repaid with (part of) the proceeds of the equity raise and cancelled.

Schuldschein
In October 2019, Basic-Fit completed a Schuldschein issuance in euro-denominated tranches with maturities of three and five years. As at 31 December 2021, the outstanding amount was €91.5 million (2020: €91.5 million). For an amount of €8.0 million, the interest is fixed at 2.05% (2020: 1.80%) and for the remaining part, the interest is variable and based on Euribor plus an average weighted margin of 1.96% (2020: 1.72%). This loan is unsecured. As at 31 December 2021, an amount of €73.5 million related to repayments within twelve months after the reporting period is classified as current borrowings. As at 31 December 2020: €43 million was temporarily presented as part of current liabilities as at that date, no formal agreement had been reached with the lenders with respect to a potential breach of the loan covenants.

Borrowing costs
The carrying amount of the borrowings is presented net of finance costs (2021: €2.2 million; 2020: €2.8 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 rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve 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 members 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 members 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:

	2021	2020
Overdue <30 days	3,420	4,269
Overdue 31-60 days	3,829	4,046
Overdue 61-90 days	1,149	5,004
Overdue >90 days	1,019	2,703
Balance incl. provision	9,417	16,022

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 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 the risk profile of its members 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. As at 31 December 2021, the provision stood at €15.5 million (2020: €15.4 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 temporary club closures and re-openings.

The revolving credit facility of €300 million (2020: €240 million) has a maturity date of June 2025. Basic-Fit can request the syndicated banks to make the remaining €50 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).

Basic-Fit came to an agreement with its syndicate banks for an amendment of its covenant testing on 31 December 2021 and 30 June 2022. As a result, the leverage ratio and interest cover ratio as at 31 December 2021 will be calculated based on adjusted EBITDA (as defined under the bank covenants) and interest as reported in the fourth quarter of 2021, multiplied by four. Furthermore, the leverage ratio and interest cover ratio as at 30 June 2022 will be calculated based on adjusted EBITDA and interest as reported in the fourth quarter of 2021, multiplied by two plus adjusted EBITDA and interest as reported in the first six months of 2022.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 2021:

- In February 2021, Basic-Fit successfully secured a €150 million bridge facility to increase liquidity. In March and April 2021, Basic-Fit drew €60 million in total of this facility. In May 2021, the facility was repaid and cancelled;
- In April 2021, the Company issued 6,000,000 ordinary shares at a price of €34.00 per share resulting in an increase in total equity value of €204.0 million;
- In June 2021, the Company issued convertible bonds in an aggregate principal amount of €303.7 million; and
- In June 2021, the committed part of the accordion facility of €150 million was increased from €40 million to €100 million.

The proceeds from the equity raise and bond issue were used to repay the revolving credit facility (€212.5 million) and the bridge loan (€60 million).

The table below provides an overview of all committed and undrawn facilities as at 31 December 2021:

(In € millions)	Facility (committed)	Undrawn	Covenant applicable
Term loan	250.0	-	Yes
Revolving credit facility (*)	300.0	290.9	Yes
GO C-Facility	40.0	-	Yes
Schuldschein	91.5	-	Yes
	681.5	290.9	

(*) Including €100 million accordion facility. €9.1 million used for bank guarantees.

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 amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve 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

	2021						
	Less than 6 months	6 months to 1 year	1-2 years	2-5 years	Over 5 years	Total	Carrying amount
Non-derivatives							
Convertible bonds	2,278	2,278	4,555	13,667	310,533	333,311	238,581
Borrowings (*)	18,905	92,390	22,298	281,061	-	414,654	381,560
Lease liabilities	104,871	92,790	184,720	508,735	570,758	1,461,874	1,305,159
Trade payables	121,433	-	-	-	-	121,433	121,433
Total non-derivatives	247,487	187,458	211,573	803,463	881,291	2,331,272	2,046,733
Derivative financial liability	706	605	333	-	-	1,644	1,660
Total derivatives	706	605	333	-	-	1,644	1,660

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

(*) Excluding capitalised financing costs

(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:

	2021	2020
Variable rate borrowings	373,500	604,000
Fixed interest rate borrowings (including lease liabilities)	1,551,800	1,195,783
Total	1,925,300	1,799,783

Financial instruments in use by the Group
Swaps currently in place cover approximately 54.9% (2020: 43.6%) 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 2021			31 December 2020		
	Weighted average interest rate	Balance	% of the total loans	Weighted average interest rate	Balance	% of the total loans
Bank overdrafts and bank loans	2.37%	373,500	19.40%	2.38%	604,000	33.56%
Interest rate swaps (notional amount)		(205,000)			(263,100)	
Net exposure to cash flow interest rate risk		168,500	8.75%		340,900	18.94%

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:

	2021	2020
Gain (loss) recognised in profit or loss	1,796	(188)
Reclassified from other comprehensive income to profit or loss	-	-

Sensitivity analysis
According to interest rate sensitivity analyses performed for the years ending 31 December 2021 and 2020, the impact on the consolidated statement of profit or loss due to upward or downward movements in the interest rates of 1% are as follows:

	Impact on post-tax profit	
Interest rate movement	**2021**	**2020**
Increase by 100 basis points	383	449
Decrease by 100 basis points	(1,481)	(2,884)

There is no impact on components of equity due to upward or downward movements in the interest rates.

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:

2021

Assets	Derivatives at FVPL (*)	Loans and receivables
Loan receivable	-	40
Trade and other receivables excluding prepayments	-	9,417
Cash and cash equivalents	-	70,104
Total	-	79,561

2020

Assets	Derivatives at FVPL	Loans and receivables
Loan receivable	-	119
Trade and other receivables excluding prepayments	-	16,022
Cash and cash equivalents	-	70,406
Total	-	86,547

(*) Fair value through profit and loss

2021

Liabilities	Derivatives at FVPL	Other financial liabilities at amortised cost
Borrowings (excluding lease liabilities)	-	617,956
Lease liabilities	-	1,305,159
Derivative financial instruments	1,660	-
Trade and other payables excluding non-financial liabilities	-	121,433
Total	1,660	2,044,548

2020

Liabilities	Derivatives at FVPL	Other financial liabilities at amortised cost
Borrowings (excluding lease liabilities)	-	609,319
Lease liabilities	-	1,187,663
Derivative financial instruments	3,456	-
Trade and other payables excluding non-financial liabilities	-	70,096
Total	3,456	1,867,078

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 2021, the Group had five (2020: 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.

					carrying amount	
	Notional amount	Inception	Termination	Fixed interest	2021	2020
Interest rate swaps (four)	-	July 2017	March 2021	0.083%	-	245
Interest rate swaps (five)	205,000	January 2019	May 2023	0.131%	1,660	3,211
Total	205,000				1,660	3,456

The movements in 2021 and 2020 arising from cash flows and non-cash changes in the Group's derivative financial instruments are summarised in the following table:

		Cash flows	Other changes (non-cash)		
	Balance as at 1 January	Repayments	Fair value changes through P&L	Fair value changes through OCI (*)	Balance as at 31 December
2021	3,456	-	(1,796)	-	1,660
2020	3,268	-	188	-	3,456

(*) Other comprehensive income

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 marketplace (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 into 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 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 effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the effective interest rate 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 effective interest rate. The effective interest rate 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.

Compound financial instruments
Compound financial instruments issued by the Group comprise convertible bonds denominated in euro that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value. The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest rate method. The equity component of a compound financial instrument is not remeasured. Interest related to the financial liability is recognised in profit or loss. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

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 as 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 principal or the most advantageous market must be accessible by the Group. 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

- As at 31 December 2021 and 31 December 2020, 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.
- As at 31 December 2021 and 31 December 2020, the fair values of

other long-term financial assets (security deposits) were not materially different from the carrying amounts.
- As at 31 December 2021 the fair value of the convertible bonds was not materially different from the carrying amount.
- As at 31 December 2021 the fair values of the long-term borrowings (excluding lease liabilities) amounted to €274.5 million (carrying amount €279.1 million). As 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).

Significant estimates
Significant judgement is required in determining the expected credit loss allowance. For this purpose, any change in the risk profile of members 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 loan (€250 million) and revolving credit facilities agreement (€200 million) in 2018 and in 2019 completed a Schuldschein issuance with a German private placement. The agreement includes an additional €150 million accordion facility of which at the date of publication of these financial statements €100 million is available to be drawn. Basic-Fit can request the syndicated banks to make the remaining €50 million available under the terms of the senior facility agreement, but that 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. In June 2021 Basic-Fit successfully raised €303.7 million through an offering of senior unsecured convertible bonds with a maturity of 7 years.

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 adjusted EBITDA (as defined under the bank covenants). Net debt is calculated as total borrowings (excluding capitalised finance costs) less cash and cash equivalents. Consolidated adjusted EBITDA is calculated as underlying EBITDA plus permitted pro forma adjustments. The interest cover ratio is calculated as consolidated adjusted 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 2021 and at 31 December 2020 was as follows (including and excluding lease liabilities related to right-of-use assets):

	2021	2020
Total borrowings (incl. capitalised finance costs)	1,923,115	1,796,982
Less: cash and cash equivalents	(70,104)	(70,406)
Net debt including lease liabilities	1,853,011	1,726,576
Lease liabilities (*)	1,305,064	1,187,468
Net debt excluding lease liabilities	547,947	539,108

(*) 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 the financial impact of COVID-19 in 2021, as far as not compensated by the proceeds from the equity raise in April 2021.

Loan covenants
In December 2020, Basic-Fit negotiated a covenant waiver for its semi-annual

testing at year-end 2020 and June 2021 and a relaxation for the testing at year-end 2021. In 2021, Basic-Fit came to an agreement with its syndicate banks for an amendment of its covenant testing at 31 December 2021 and 30 June 2022. As a result, the leverage ratio and interest cover ratio as at 31 December 2021 was calculated based on adjusted EBITDA (as defined under the bank covenants) and interest as reported in the fourth quarter of 2021, multiplied by four. Furthermore, the leverage ratio and interest cover ratio as at 30 June 2022 will be calculated based on adjusted EBITDA and interest as reported in the fourth quarter of 2021, multiplied by two plus adjusted EBITDA and interest as reported in the first six months of 2022.

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 2021	June 2022	December 2022
Leverage ratio	≤4:50 : 1.00	≤3:50 : 1.00	≤3:50 : 1.00
Interest ratio	≥2:00 : 1.00	≥2:00 : 1.00	≥2:00 : 1.00
Minimal available liquidity	€100 million	€100 million	Not applicable
Dividend allowed	No	No	Yes (*)
Adjusted EBITDA and Interest calculation as used in leverage ratio and interest cover ratio	(Q4-2021) x 4	(Q4-2021) x 2 plus last six months	Last 12 months

(*) The Company is not allowed to pay any dividends until the GO-C facility has been fully repaid

As at 31 December 2021, the Group complied with these covenants. The leverage ratio was 2.1 and the interest cover ratio was 9.4.

6.7 Finance income and costs

	2021	2020
Finance income:		
Other interest income	-	60
Total finance income	-	60
Finance costs:		
Interest on convertible bonds	(6,902)	-
Interest on external debt and borrowings	(16,916)	(13,816)
Lease liabilities interest	(32,922)	(29,838)
Valuation difference derivative financial instruments	1,796	(188)
Other finance costs (including waiver fees)	(1,811)	(2,160)
Total finance costs	(56,755)	(46,002)
Total finance costs – net	(56,755)	(45,942)

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:

- expected costs associated with the restructuring of operations;
- specific legal provisions in France related to retirement benefits ('IDR'); and
- other expected outflows of resources (costs) as a result of past events

The movement in provisions over the past two years was as follows:

	2021	2020
As at 1 January	1,825	790
Charged to profit or loss	417	546
Reclassification from accrued expenses	-	695
Utilised	(199)	(195)
Unused amounts reversed	(772)	(11)
As at 31 December	1,271	1,825
Of which:		
Non-current portion of provisions (> 1 year)	846	824
Current portion of provisions (< 1 year)	425	1,001

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:

	2021	2020
Property, plant and equipment	56,322	36,686

(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:

	2021	2020
Within one year	4,806	6,491
After one year but not more than five years	43,375	51,098
More than five years	65,647	82,285
Total	113,828	139,874

Furthermore, before 31 December 2021, the Group entered into several lease agreements for new clubs for a total amount of €28 million (31 December 2020: €109 million), of which approximately €16 million (31 December 2020: €61 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

	2021	2020
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases	5,915	6,539

The Group does not have any contingent rentals or sub-lease expenses.

Other commitments

As at 31 December 2021, approximately €9.1 million in total had been issued in bank guarantees (31 December 2020: €9.8 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 2021. For VAT purposes, the aforementioned companies and B-Securité B.V. formed a fiscal unity at year-end 2021. 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 2021. 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	
	2021	2020	2021	2020	2021	2020	2021	2020
Base Salary	729	638	562	492	500	419	1,791	1,549
Pension allowance	109	109	84	84	37	37	230	230
Total fixed compensation	838	747	646	576	537	456	2,021	1,779
Short-term incentive	-	-	-	-	-	-	-	-
Long-term share-based payments	47	54	27	34	64	27	138	115
Total variable compensation	47	54	27	34	64	27	138	115
Social charges	15	13	13	13	187	249	215	275
Other	36	23	45	45	37	35	118	103
Total other benefits/expenses	51	36	58	58	224	284	333	378
Total remuneration	936	837	731	668	825	767	2,492	2,272

For the years 2021 and 2020, the annual base salaries for René Moos and Hans van der Aar amounted to €729,063 and €561,879 respectively. During the closure of all fitness clubs in the first lockdown from mid-March through to June 2020, the Management Board waived 50% of their base salary for a period of three months. This resulted in an annual salary in 2020 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 and 2021.

'Other key management personnel' pertains to employees with authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

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 2021	Number of shares granted on target 2021	Vested in 2021	Outstanding at 31 December 2021	Fair value at grant date	lock-up date
René Moos	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
	2021	-	7,634	-	7,634	€ 38.20	15-12-2026
Total shares		55,608	7,634	-	63,242		
Hans van der Aar	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
	2021	-	4,903	-	4,903	€ 38.20	15-12-2026
Total shares		37,518	4,903	-	42,421		

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% 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 grants 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 grants. 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.
As at 31 December 2021, 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 €341 thousand in 2021 (2020: €294 thousand).

	2021	2020
Kees van der Graaf	65	56
Hans Willemse	58	51
Carin Gorter	60	51
Pieter de Jong	50	43
Herman Rutgers	55	47
Rob van der Heijden	53	46
Total	341	294

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 2021.

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 leases from related parties); and
- 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.

	2021	2020
Management Board of the Group:		
Other director's interest		
Sales to related parties	21	311
Purchases from related parties	5,537	5,419
Amounts owed by related parties (*)	-	-
Amounts owed to related parties (**)	399	1,618

(*) Included in trade receivables (note 5.2)

(**) Included in lease liabilities (note 4.4) and trade and other payables (note 5.4)

In response to COVID-19, the Group received a €0.9 million rent discount from related parties during 2021 (2020: €1.6 million).

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:

	2021	2020
Within one year	6,046	5,896
After one year but not more than five years	24,185	23,612
More than five years	40,973	46,160
Total	71,204	75,668

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	
	2021	2020	2021	2020	2021	2020
Audit of the financial statements	848	662	113	108	961	770
Other audit procedures	63	40	15	3	78	43
Total	911	702	128	111	1,039	813

8.5 Events after the reporting period
No subsequent events occurred that are significant to the Group which would require adjustment or disclosure in the annual accounts now presented. Subsequent events were evaluated up to 8 March 2022, which is the date the financial statements included in this annual report were approved.

COMPANY FINANCIAL STATEMENTS

Contents

Company balance sheet
As at 31 December

(before appropriation of profit)

	Note	2021 € 000	2020 € 000
Assets			
Non-current assets			
Financial fixed assets	B	1,024,685	904,581
Deferred tax assets		-	508
Total non-current assets		1,024,685	905,089
Current assets			
Trade and other receivables	C	3,933	895
Cash and cash equivalents	D	18,151	19,376
Total current assets		22,084	20,271
Total assets		1,046,769	925,360

	Note	2021 € 000	2020 € 000
Shareholders' equity	E		
Share capital		3,960	3,600
Share premium		690,526	490,025
Legal reserves		2,516	3,359
Equity component of convertible bonds		48,720	-
Equity settled share-based payments reserve		1,937	1,590
Retained earnings		(187,029)	(62,684)
Profit (loss) for the year		(150,048)	(125,188)
Total equity		410,582	310,702
Non-current liabilities			
Borrowings	F	517,729	546,199
Derivative financial instruments	G	349	2,111
Deferred tax liabilities	H	15,623	-
Total non-current liabilities		533,701	548,310
Current liabilities			
Trade and other payables	I	1,008	2,003
Borrowings	F	100,167	63,000
Derivative financial instruments	G	1,311	1,345
Total current liabilities		102,486	66,348
Total liabilities		636,187	614,658
Total equity and liabilities		1,046,769	925,360

Company statement of profit or loss

For the year ended 31 December

	Notes	2021 € 000	2020 € 000
Revenue	J	1,825	1,850
		1,825	1,850
Salaries and wages	K	(1,529)	(1,446)
Social security charges		(21)	(26)
Depreciation, amortisation and impairment charges		-	(9)
Other operating expenses	L	(1,249)	(954)
Operating profit		(974)	(585)
Finance income	M	21,987	15,089
Finance costs	M	(23,077)	(15,704)
Finance costs – net		(1,090)	(615)
Profit (loss) before income tax		(2,064)	(1,200)
Income tax	N	(55)	333
Profit (loss) after income tax		(2,119)	(867)
Net income of subsidiaries	C	(147,929)	(124,321)
Profit (loss) for the year		(150,048)	(125,188)

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. Financial fixed assets

	2021	2020
Investment in consolidated subsidiaries	39,044	186,973
Receivables from consolidated subsidiaries	985,641	717,608
Balance as at 31 December	1,024,685	904,581

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 investment in Basic Fit International B.V. were as follows:

	2021	2020
Balance as at 1 January	186,973	311,294
Net income of subsidiaries	(147,929)	(124,321)
Balance as at 31 December	39,044	186,973

Receivables from consolidated subsidiaries
The movements in receivables from Group company Basic-Fit International B.V. were as follows:

	2021	2020
Balance as at 1 January	717,608	404,644
Additions	268,033	312,964
Balance as at 31 December	985,641	717,608

The interest is EURIBOR plus a margin of 2.5%.

C. Trade and other receivables

	2021	2020
Receivables from Group companies	3,698	817
Other receivables and prepayments	235	78
Total	3,933	895

The fair value of the current receivables approximates their carrying amount due to their short-term nature.

Receivables from Group companies relate to Basic Fit International B.V. The interest is EURIBOR plus a margin of 2.4%.

D. Cash and cash equivalents
All cash and cash equivalents are available for immediate use by the Company.

E. Shareholders' equity

The movements in shareholders' equity were as follows:

	Share capital	Share premium	Treasury shares	Legal reserves	Equity component of convertible bonds	Equity settled share-based payments reserve	Retained earnings	Result for the year	Total
As at 1 January 2020	3,280	358,360	-	3,348	-	3,240	(72,790)	11,048	306,486
Prior year result 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	-	11	-	(1,650)	10,106	(136,236)	4,216
As at 31 December 2020	3,600	490,025	-	3,359	-	1,590	(62,684)	(125,188)	310,702
As at 1 January 2021	3,600	490,025	-	3,359	-	1,590	(62,684)	(125,188)	310,702
Prior year result appropriation	-	-	-	-	-	-	(125,188)	125,188	-
Net result for the year	-	-	-	-	-	-	-	(150,048)	(150,048)
Issue of ordinary shares	360	200,501	-	-	-	-	-	-	200,861
Issue of convertible bonds	-	-	-	-	48,720	-	-	-	48,720
Equity-settled share-based payments	-	-	-	-	-	347	-	-	347
Development expenditures	-	-	-	(829)	-	-	829	-	-
Other changes legal reserves	-	-	-	(14)	-	-	14	-	-
Total movements	360	200,501	-	(843)	48,720	347	(124,345)	(24,860)	99,880
As at 31 December 2021	3,960	690,526	-	2,516	48,720	1,937	(187,029)	(150,048)	410,582

Legal reserves consist of reserves that are mandatory in certain circumstances in accordance with the Dutch Civil Code. The legal reserves consist of a reserve for the net book value of capitalised development expenditures incurred by Basic Fit International B.V. (€1.9 million) and a non-distributable reserve that is recognised for an amount equal to the restricted and non-distributable reserves of subsidiaries of Basic Fit International B.V. (€0.6 million).

F. Borrowings

For the disclosures related to borrowings, reference is made to note 6.3 of the consolidated financial statements.

G. Derivative financial instruments

For the disclosures related to derivative financial instruments, reference is made to note 6.5 of the consolidated financial statements.

H. Deferred tax liabilities

The deferred tax liabilities are recognised due to temporary differences in the valuation of assets and liabilities. The Company expects to offset €1.9 million within twelve months.

I. Trade and other payables

The composition of Trade and other payables was as follows:

	2021	2020
Trade payables	347	48
Payables to Group companies	-	323
Payroll tax payable	81	132
Interest payable	513	1,464
Other liabilities and accrued expenses	67	36
Total	1,008	2,003

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 nature.

J. Revenue

	2021	2020
Overhead costs charged on to Group companies	1,825	1,850
Total	1,825	1,850

K. Salaries and wages

Salaries and wages include an amount of €347 thousand (2020: €167 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 2021 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.

L. 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.

M. Finance income and costs

	2021	2020
Finance income:		
Group companies	21,987	15,089
Total finance income	21,987	15,089
Finance costs:		
Interest on convertible bonds	(6,902)	-
Interest on external debt and borrowings	(16,405)	(13,480)
Valuation difference derivative financial instruments	1,796	(188)
Other finance costs (including waiver fees)	(1,566)	(2,036)
Total finance costs	(23,077)	(15,704)
Total finance costs – net	(1,090)	(615)

N. Income tax and deferred income tax

Effective income tax reconciliation

The effective income tax amount on the Company'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.

	2021	%	2020	%
Profit (loss) before income tax	(2,064)		(1,200)	
Income tax based on Basic-Fit N.V.'s domestic rate	516	25.0%	300	25.0%
Future tax rate adjustments	(484)	(23.4)%	75	6.3%
Non-deductible share-based payment expenses	(87)	(4.2)%	(42)	(3.5)%
At the effective income tax rate	(55)	(2.7)%	333	27.8%

Income tax based on Basic-Fit's domestic rate

The income tax based on Basic-Fit N.V.'s domestic rate is based on the Dutch statutory income tax rate of 25.0% (2020: 25.0%) and reflects the income tax that would have been applicable assuming that all taxable result 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.

Future tax rate adjustments

Tax reform plans are taken into account as soon as the plans are substantively enacted. In December 2021, the Dutch government increased the tax rate from 25% to 25.8% as of 2022. Future tax rate adjustments reflect the remeasurement of deferred tax assets and deferred tax liabilities as a result of enacted tax reform plans.

Non-deductible share-based payment expenses

These adjustments reflect the impact of permanent non-tax-deductible share-based payment expenses.

Fiscal unity

Basic-Fit N.V., Basic Fit International B.V., BF Developments and Basic Fit Nederland B.V. formed a fiscal unity during 2021. Income tax is allocated to individual members of the fiscal unity as if they were independently liable for tax.

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.

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 2021. For VAT purposes, the aforementioned companies and B-Securité B.V. formed a fiscal unity at year-end 2021. As a result, the companies within the fiscal unity are jointly and severally liable for each other's income tax and VAT debts.

P. Related party transactions

For the disclosures of related party transactions, reference is made to note 8.3 of the consolidated financial statements.

Q. Events after the reporting period

Reference is made to note 8.5 in the consolidated financial statements.

R. Proposed result appropriation

The Management Board proposes to add the loss for 2021 (€150,048 thousand) to the retained earnings.

S. Authorisation of the financial statements

Hoofddorp, the Netherlands

8 March 2022

Prepared by the 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

Independent auditor's report

To: the shareholders and supervisory board of Basic-Fit N.V.

Report on the audit of the financial statements 2021 included in the annual report

Our opinion

We have audited the financial statements 2021 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 2021 and of its result and its cash flows for 2021 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 2021 and of its result 2021 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 2021
- The following statements for 2021: the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of 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 2021
- The company statement of profit or loss for 2021
- 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.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

Basic-Fit N.V. 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 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 2021 we were forced to perform our procedures to a greater extent remotely due to the COVID-19 measures. This limits our observations 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 (2020: €3.0 million)
Benchmark applied	Approximately 0.9% of consolidated Revenue (2020: approximately 0.8% of consolidated Revenue)
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 2021, which resulted in a loss for the year. Under the specific circumstances faced by the company during the year 2021 and the prior year, we deem Revenues to be 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

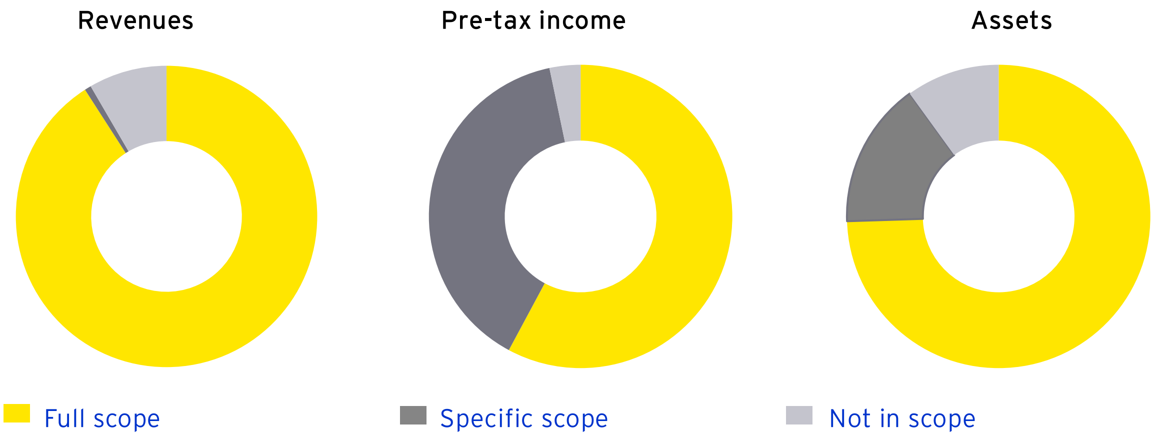
Basic-Fit N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Basic-Fit N.V.

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 for the audit of employee expenses, government grants and local taxes for the entities Basic-Fit Belgium BVBA, Basic-Fit II S.A. and HealthCity België N.V.
- Performed review procedures or specific audit procedures at other group entities

In total these procedures represent 91% of the group's gross revenues, 97% of Pre-tax income and 91% of total assets.



By performing the procedures mentioned above at components of the group, 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 and use of specialists

We ensured that the audit teams both at group and at component level 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 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 and derivatives.

Our focus on climate risks and the energy transition

Climate objectives will be high on the public agenda in the next decades. Issues such as CO_2 reduction impact financial reporting, as these issues entail risks for the business operation, the valuation of assets and provisions or the sustainability of the business model and access to financial markets of companies with a larger CO_2 footprint.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the possible effects of the energy transition are taken into account in estimates and significant assumptions as well as in the design of relevant internal control measures by Basic-Fit N.V. Furthermore, we read the management board report and considered whether there is any material inconsistency between the non-financial information in the paragraph Non-financial information of the management board report and the financial statements.

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 we 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.

Our audit response related to fraud risks

We identify and assess the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the entity and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes.
We refer to section Risk management and control systems of the management board report for management's fraud risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

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. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls and when identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition. For the risk related to management override of controls we have performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, 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 analysis to identify and address high-risk journal entries

We identified the following fraud risks and performed the following specific procedures:

- Accounting for deferred revenues, which is calculated based on a complex spreadsheet-based model, which increases the risk of management override. For the description of the risk identified the specific procedures performed, we refer to the key audit matter Revenue recognition.

We considered available information and made enquiries of relevant executives, directors and departments heads (including legal and compliance) and the supervisory board.

The fraud risk we identified, enquires and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

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, the incident register 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.

Our audit response related to going concern

Management made a specific assessment of Basic-Fit N.V.'s ability to continue as a going concern and to continue its operations for at least the next 12 months in note 2.2. to the financial statements. We discussed and evaluated the specific assessment with management exercising professional judgment and maintaining professional skepticism.
We considered whether management's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all 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.

Based on our procedures performed, we did not identify serious doubts on the entity's ability to continue as a going concern for the next 12 months.
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. We discussed and evaluated the specific assessment with management exercising professional judgment and maintaining professional skepticism, and specifically focusing on, among others, the process followed by management to make the assessment, management bias that could represent a risk and the impact of current events and conditions on the company's operations.

We evaluated forecasted cash flows, with a focus on whether the company will have sufficient liquidity to continue to meet its financial obligations as they fall due. We also performed procedures on the financing transactions, such as the issue of the convertible bond, the issue of shares and extension of the term loan and credit facility, occurred during 2021 and we verified the compliance with the bank covenants as applicable on 31 December 2021.

Based on our procedures performed, we concluded that the degree of consideration of all available information in management's going concern assessment and related disclosures in the financial statements are appropriate in the circumstances and in accordance with the financial reporting framework mentioned.

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.

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.

The key audit matters Going concern assessment and disclosures and Valuation of goodwill which were included in our last year's auditor's report, are no longer considered key audit matters for this year's audit.

With regards to the Going concern assessment and disclosures, we note that the company's financial position improved significantly compared to prior year, due to the issue of shares and a convertible bond. Furthermore, the company came to an agreement with its syndicate banks for an amendment of its covenant testing at 31 December 2021 and 30 June 2022. Also, as of 15 January 2022 until the date of this report, there have been no forced temporary club closures, whereas the majority of clubs were closed at the date of issue of the prior year financial statements. Based on the cash flow forecast prepared by management, including several forecast scenarios, we noted that the company has sufficient funding available to meet its obligations and no covenant breaches are foreseen. We have accordingly removed this key audit matter.

With regards to the valuation of goodwill we have noted considerable headroom in each of the identified CGUs in prior years and the impairment analysis for 2021 again revealed significant amounts of headroom for all CGU's. We currently have no indications that this would become less based on the company's forecasts under the different cash flow forecast scenarios. Hence we accordingly removed this key audit matter.

Revenue recognition Refer to note 3.2 Revenue	
Fraud 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 errors and risk of management override.
Our audit approach	Our audit strategy included an assessment of the appropriateness of the company's revenue recognition policies in general, 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. In order to verify the accuracy of the spreadsheet-based model, we recalculated the deferred revenues and evaluated the estimates applied. We have specifically assessed the accuracy, completeness and proper cut-off of revenues that have been deferred at 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, either due to fraud or error. In addition, we assessed that the revenue disclosures (note 3.2) are adequate.

Impact of the Covid-19 outbreak on accounting for the member revenues, rent discounts and state aid Refer to note 3.2 Revenue and note 3.7 Other income and note 4.4 Right-of-use assets and lease liabilities	
Risk	Due to the COVID-19 virus outbreak, Basic-Fit N.V. had to close all clubs in the Netherlands, Belgium and France for 4 to 6 months in 2021. During these close periods, members received discounts and/or memberships were frozen. The detailed and complex calculation of the allocation of discounts may result in misstatements. Further to the COVID-19 related closure of clubs, management renegotiated rent conditions with several landlords. The resulting outcomes should be properly accounted for under IFRS 16 and the specific amendment for such temporary COVID-19 related agreements. Due to the inherent complexity of these calculations and the incidental nature thereof, this may result in misstatements in the COVID-19 rent credit income., As compensation for the mandatory club closures, the company is entitled to state aid in some of the countries of operation. These amounts should only be recognized if the company is entitled to the compensation and adequately accounted for, including disclosure.
Our audit approach	Our audit strategy included an assessment of the appropriateness of the company's revenue recognition policies in general, understanding of the internal control environment, as well as specific for the frozen memberships and compensations and substantive procedures relating to contractual terms and conditions and the appropriate accounting thereof.

Impact of the Covid-19 outbreak on accounting for the member revenues, rent discounts and state aid Refer to note 3.2 Revenue and note 3.7 Other income and note 4.4 Right-of-use assets and lease liabilities	
	We performed substantive procedures including data analytics on the correct accounting of revenues for COVID-19 membership arrangements. We also performed procedures on the collectability and valuation of member accounts receivables. We recalculated the deferred revenues and evaluated the estimates applied. Our audit strategy included an assessment of the appropriateness of the company's IFRS 16 policies, understanding of the internal control environment, including the renegotiation of lease contracts and substantive procedures relating to contractual terms and conditions and the appropriate accounting thereof. We performed substantive testing of renegotiated lease contracts as either lease modifications or the application of the practical expedient in IFRS 16 for COVID-19 rent concessions, which are recorded as COVID-19 rent credit in the income statement of Basic-Fit N.V. For the state aid obtained in the Netherlands and France, we determined that the company is entitled to the benefits, that the amounts are accurately determined on the basis of the applicable rules and that the amounts are accurately accounted for and disclosed in the financial statements, thereby considering the nature of the compensation received.
Key observations	We did not identify evidence of material misstatement in the revenue recognized, IFRS16 rent credit income, right-of-use assets, lease liabilities and state aid recognized in the year. We assessed the disclosures (note 3.2, note 3.7 and note 4.4) in the financial statements 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. Because of the impact of lease accounting under IFRS 16 on the statement of financial position, being €1,206 million (2020: €1,104 million) of right-of-use assets and € 1,305 million (2020: €1,187 million) of 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, understanding of the internal control environment and substantive procedures relating to contractual terms and conditions and the appropriate accounting thereof. 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. 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.

Accuracy and completeness of right-of-use assets and lease liabilities Refer to note 4.4 Right-of-use assets and lease liabilities	
	Furthermore, we tested the completeness of the population of leases by reconciling these to the periodic outgoing lease payments, the member administration by club, reconciliation to effective dates in the contract register, on a sample basis we tested lease contracts for clubs not open yet and we assessed contracts entered into or extended in 2021 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.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon. The other information consists of:

- Management board Report
- Supervisory board report
- Other information

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 for the management board report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code for the remuneration report

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 and other information required by Part 9 of Book 2 of the Dutch Civil Code. Management and the supervisory board are responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

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 the following services:

- Assurance services in relation to government grants in the Netherlands
- Other services, such as agreed upon procedures in relation to government grants in the Netherlands and France
- Assurance services in relation to compliance reporting as required under Belgium law

European Single Electronic Reporting Format (ESEF)

Basic-Fit N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report, prepared in the XHTML format, including the partially marked-up consolidated financial statements, as included in the reporting package by Basic-Fit N.V., complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report including the financial statements, in accordance with the RTS on ESEF, whereby management combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

Our procedures, taking into account Alert 43 of the NBA (the Netherlands Institute of Chartered Accountants), included amongst others:

- Obtaining an understanding of the Basic-Fit N.V.'s financial reporting process, including the preparation of the reporting package
- Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF
- Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF

Description of responsibilities regarding 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 framework 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 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

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
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Basic-Fit N.V.'s internal control
- 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

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.

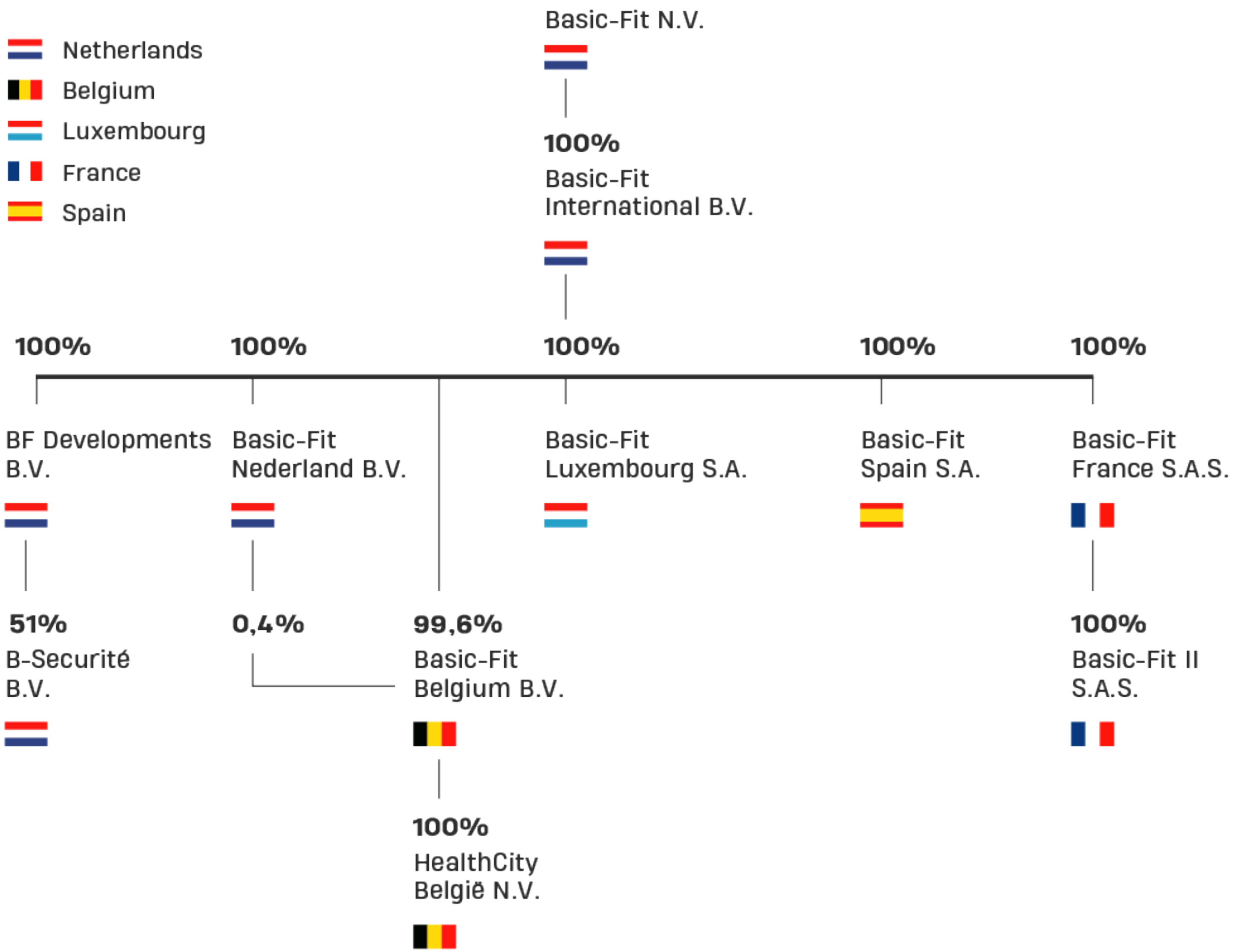
From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

The Hague, 8 March 2022

Ernst & Young Accountants LLP

signed by A.A. Kuijpers

ORGANISATIONAL CHART BASIC-FIT



SHAREHOLDER INFORMATION

Financial year and reporting

Basic-Fit's financial year runs from 1 January through 31 December. We publish a comprehensive set of results at full-year and half-year. After the first and third quarters, we publish trading updates, in which we update the market on revenue, club openings and membership developments.

Investor Relations

Basic-Fit is committed to transparent and consistent 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 Markets 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 the 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.

Share price development 2021

Listing

Basic-Fit has been listed on Euronext Amsterdam since 10 June 2016 and is included in the Midkap Index (AMX). In April 2021, the company successfully raised €204 million through an accelerated bookbuild offering of 6,000,000 new ordinary shares at a price of €34 per ordinary share issued. At year- end, the total number of shares outstanding stood at 66,000,000. Euronext Amsterdam Stock Exchange Ticker: BFIT, ISIN code: NL0011872650, Bloomberg code: BFIT.NA, Reuters code: BFIT.AS.

In June 2021, the company successfully raised €303.7 million through an offering of senior unsecured convertible bonds due 2028. The bonds will have a maturity of seven years and, unless previously redeemed, converted or purchased and cancelled, will be redeemed in cash at their principal amount on 17 June 2028.

Share price development

The closing price for the Basic-Fit share stood at €42.00 at year-end 2021, a 40% increase compared with the €30.00 closing price at the end of 2020. The average daily traded volume was 178,000 shares, which is almost half the daily average witnessed during 2020, but still three times larger than the average during the non-COVID-19 years 2017 through 2019.

Shareholders

Under Dutch law, shareholdings of 3% or more in Basic-Fit's total outstanding share capital must be disclosed to the AFM. According to the AFM's Substantial Holdings register, the following institutions have substantial holdings in Basic-Fit.

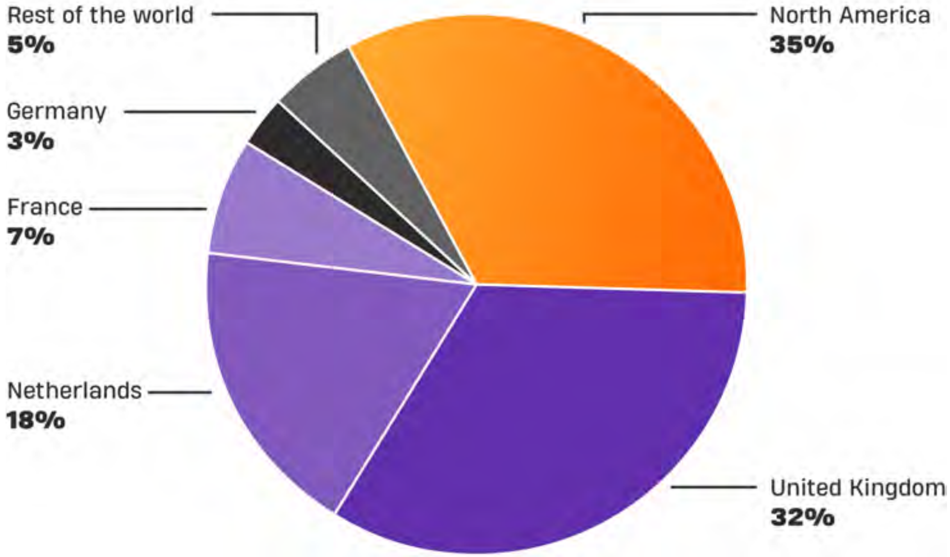
At the end of 2021, our two largest shareholders were René Moos, our CEO (directly and indirectly held via AM Holding B.V.) and OLP Capital Management Limited, which held 14.1% and 6.8% respectively. 3i Group plc lowered its holding from 14.9% to 6.6% in November 2021 by means of a private placement to institutional investors. Other existing large shareholders are Pelham Capital Ltd. (4.9%), Dynamo Internacional Gestão de Recursos Ltda. (4.7%) and Capital Research and Management Company (3.4%). New large shareholders are North Peak Capital Management (5.4%), CAS Investment Partners, LCC (3.0%) and Amundi Asset Management Paris (3.0%).

Shareholders holding more than 3%

René Moos, our CEO (directly and indirectly via AM Holding B.V.)	14.1%
OLP Capital Management Limited	6.8%
3i Group plc	6.6%
North Peak Capital Management	5.4%
Pelham Capital Ltd.	4.9%
Dynamo Internacional Gestão de Recursos	4.7%
Capital Research and Management Company	3.4%
CAS Investment Partners, LLC	3.0%
Amundi Asset Management Paris	3.0%

An indicative one-third of Basic-Fit shares are held each by North American and United Kingdom investors. Dutch and French investors account for 18% and 7% of Basic-Fit shares respectively. The remaining shares are held by German investors (3%) and investors based in the rest of the world (5%).

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
Director Treasury, Investor Relations and Corporate Development

John David Roeg
Investor Relations Manager

email: investor.relations@basic-fit.com
Phone: +31 (0)23 302 2385

5 YEARS OF BASIC-FIT

Amounts in millions of €, unless stated otherwise	2021	2020	2019	2018	2017
Revenue	340.7	376.8	515.2	401.8	325.8
Growth %	(10)%	(27)%	28%	23%	26%
Underlying club EBITDA*	93.6	153.8	222.9	176.9	143.9
Underlying EBITDA*	31.6	93.8	151.3	124.1	100.5
Underlying EBITDA margin %*	9%	25%	29%	31%	31%
Underlying net result*	(95.2)	(32.9)	33.5	29.4	23.6
Diluted underlying EPS (€)*	(1.49)	(0.57)	0.61	0.54	0.43
Maintenance capex	47.7	35.7	39.1	31.8	25.5
Cash flow pre expansion capex (underlying EBITDA minus maintenance capex)	(16.1)	58.0	112.2	92.3	74.9
Expansion capex	164.3	162.9	229.0	140.1	130.5
Shareholders' equity	410.6	310.7	306.5	327.1	317.3
Net debt (excluding lease liabilities)	547.9	539.1	450.9	333.0	281.5
Net debt / underlying EBITDA**	2.1x	4.9x	2.5x	2.3x	2.4x

Amounts in millions of €, unless stated otherwise	2021	2020	2019	2018	2017
Non-financials (number)					
Total number of clubs	1,015	905	784	629	521
o.w. The Netherlands	216	211	199	161	152
o.w. Belgium	195	193	183	173	167
o.w. Luxembourg	10	10	9	10	9
o.w. France	528	447	357	252	160
o.w. Spain	56	44	36	33	33
Total number of members (million)	2,220	2,001	2,221	1,843	1,525
Average revenue per member per month (€)	13.05	14.50	20.56	19.39	19.41
Number of employees (e.o.p.)	6,964	5,628	5,110	4,135	3,562
Number of employees FTE (average)	3,374	2,980	2,303	1,883	1,770
Market capitilisation, year-end	2,772	1,800	1,850	1,419	1,099
Share price, year-end (€)	42.00	30.00	33.85	25.95	20.11
Share price, high (€)	49.24	35.75	34.25	33.15	21.80
Share price, low (€)	27.10	10.52	24.05	19.74	14.50
Average daily volume ('000)	178	329	69	58	60
Average number of shares outstanding (million)	64.1	57.6	54.7	54.7	54.7
Number of shares outstanding (million)	66.0	60.0	54.7	54.7	54.7

See page 214 for alternative performance measures

Years 2017, 2018 are pre-IFRS 16

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

*** 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. 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.

With underlying club EBITDA, we report on the performance of our opened clubs on a post-IFRS 16 basis, from which we subtract the rent costs of these opened clubs. Non-club-related revenue and cost of sales are not included in this financial measure. Underlying EBITDA, our main KPI, is defined as EBITDA, less rent costs of our opened clubs and head offices and adjusted for exceptional items. The exceptional items include reorganisation costs, other one-off costs and costs of temporarily closed clubs.

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

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 opened 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
Basic underlying EPS	Underlying net result divided by the weighted average number of shares
Diluted 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 the alternative performance measures used for the years 2019, 2020 and 2021

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, IRS 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*

ABOUT THIS REPORT

Scope and boundary of non-financial information

The aim of this Annual Report is to inform our stakeholders about how we create value and impact economically and societally during the 2021 reporting year, which ran from 1 January 2021 to 31 December 2021. This Annual Report was published on 9 March 2022.

The ESG information and data presented relate to our material topics, our main strategic targets and ambitions and our sustainability priorities. The material topics have been determined in conjunction with our stakeholders. These topics provide the scope of our non-financial reporting. The process for defining materiality and the full list of material topics are described in the materiality assessment section.

Our ESG performance covers Basic-Fit N.V. and all entities for which it holds management responsibility, with a focus on our clubs. Please refer to the section Organisational chart Basic-Fit for an overview . Unless stated otherwise, the scope of our ESG data encompasses Basic-Fit's activities. This means subcontractors and suppliers are not included.

Reporting criteria non-financial information

Basic-Fit reports its non-financial information following the principles of Integrated Reporting from the International Integrated Reporting Council. In addition, this report has been drawn up with reference to the new GRI Standards of the Global Reporting Initiative as published in 2021. As such, a GRI Content Index has been included in this Appendix in the GRI Table section. Although we are reporting on the level ‘with reference’, we have chosen to include the reasons for omission in this table, as to be transparent about the disclosures that need to be improved.

The Annual report also complies with the Dutch Non-Financial Information Disclosure Decree and Diversity Decree. In addition, this year we have started reporting on the EU Taxonomy Regulation that apply to the Annual Report. More information on the ESG regulations is included in the section Non-financial Information.

No external assurance on the non-financial data is provided in 2021.

Relationships and interactions with our stakeholders

We have identified six main stakeholders, three of which are in our own value chain, namely employees, members and suppliers, and three of which operate outside our own value chain, namely investors, government bodies and local communities.

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

Stakeholders	Relationships	Interactions
Employees	We employ more than 6,000 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, Orange Family onboarding.
Members	More than 2.2 million members exercise either in our gyms or at home and/or outside through our Basic-Fit app. We aim to keep our members engaged and help them to stay active and pursue a fit and happy life. Members' feedback and needs are taken into account and addressed by our Operations team. Members' questions are handled by our fully dedicated Customer Care department.	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. Our main suppliers are the ones providing us with fitness equipment, digital solutions, maintenance, cleaning as well as builders.	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 Markets Day, press releases, corporate website.
Public sector	As a leader in our market, we interact with a wide range of European, national and local government bodies. We are also actively engaged in discussions with the national fitness federations in the countries where we operate. We are members of Europe active, NL Actief, France Active, Union Sport & Cycle, and Fitness.be. We believe that the fitness industry has an important role to play in achieving several of the UN's Sustainable Development Goals.	Partnerships and involvement with fitness federations, discussions with government bodies ranging from the European Union to local councils.
Local communities	We encourage our local communities to develop good habits and lead an active life.	Collaboration with national and local organisations to support sports, education and job programmes.

Materiality assessment

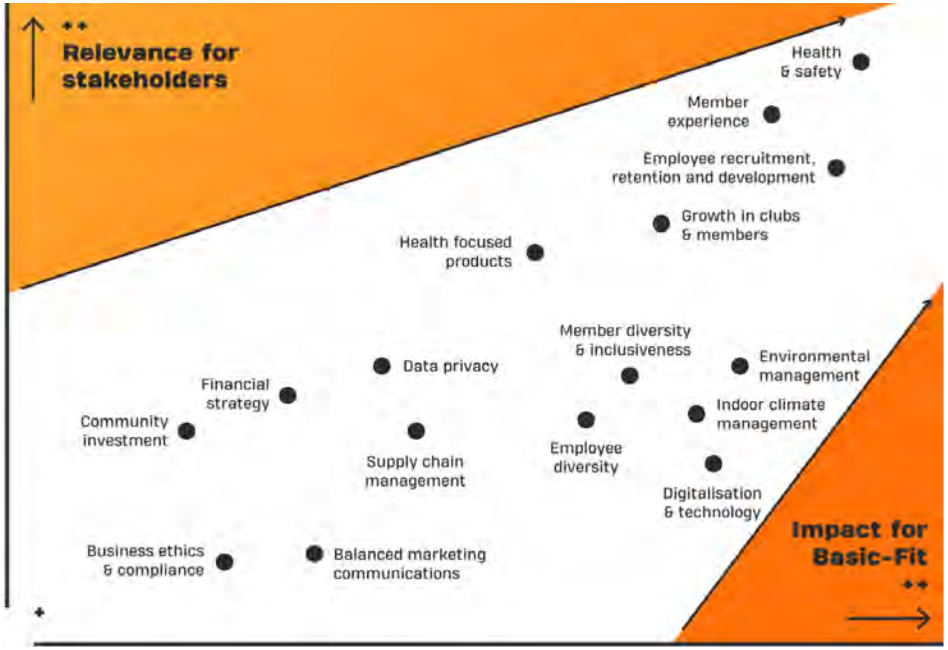
In 2019, we conducted our first materiality assessment in accordance with Global Reporting Initiative (GRI) standards to better align our strategy and reporting with our stakeholder demands. We defined material topics as topics that reflect significant economic, environmental and social impacts, or that 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 material topics.

This initial materiality matrix was updated last year to take into account more insights into the impact and relevance of trends and topics in 2020. As a result, we defined a shortlist of 17 most material topics, rather than the original 20. We also interviewed key internal and external stakeholders (senior management, employees, suppliers, members and shareholders) and we learned that the most highly ranked material topics remained 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 materiality matrix as drafted in 2020 is still up to date in 2021, with a focus on the top-five most material topics. In this version, we merged two topics that we managed in a similar way, namely Membership affordability and Member engagement, into a one new topic named Member experience. In the Sustainability performance section, we explain how Basic-Fit addresses the 5 top ranked topics: Health and Safety, Member experience, Employee recruitment, retention and development, Growth in clubs and members, and Environmental management.

The materiality results from the stakeholders analysis were presented and approved by both the Management board and the Supervisory board.

The materiality matrix below shows the topics' relevance to stakeholders and their importance to Basic-Fit. The most highly ranked topics are included and addressed in this report, namely: Health and safety, Member experience, Employee recruitment, retention and development, Growth in clubs and members, and Environmental management.



Data collection process

In 2019, to steer decision-making and track progress, we started reporting internally on the KPIs related to our most material topics. These KPIs are linked to the impacts on members, gym management, site construction, employees, and communities.

In 2020, we continued to work on our strategic framework and on the goals we want to achieve. In 2021, we developed the programme Go for a fitter world and set three 2030 targets, focused on healthy people, becoming carbon neutral and the wider community. We worked on data automation to optimise our data collection process and improved our sustainability report structure.

To present performance data quantitatively, this year we have included a number of KPIs in the Annual Report that are aligned with our newly launched multi-year plan. This data is collected using internal and external systems and sources. We will continue to fine-tune several of these metrics and provide updates going forward.

Data related to members is mostly collected via Power BI. Non-financial data are mainly collected via Power BI and Lucanet systems which are connected to our data warehouse including sources like Salesforce. Non-financial data regarding employees is collected via our HR system Workday.
Our environmental performance data on energy consumption is collected via our energy suppliers. The Greenhouse Gas Protocol has been used in order to calculate our CO_2 emissions. In light of our carbon neutral clubs ambition, our carbon footprint is currently focused on scope 1 (gas consumption) and 2 (electricity consumption).

Sustainability governance

Sustainability, or 'ESG', is in our DNA and integrated in our strategy and business processes. Together with our international and local team, we ensure that our ESG priorities are concrete and manageable. The leadership team takes overall responsibility for Basic-Fit's sustainability strategy, approves targets and monitors performance.

The developement of the strategy and execution is managed by the Director of Investor Relations and head of ESG. He is supported by a dedicated team who ensure the roll out of the plan and liaise internally with key stakeholders. This team includes the corporate communications manager and business analysts.

The CEO has an ESG-performance related objective included in his remuneration targets.

Contact point

Should you have any questions or feedback about this report, please reach out to investor.relations@basic-fit.com

Material topic definition

Material topic	Definition
Health & safety	Guaranteeing a safe environment for our members and staff, both in our clubs and offices.
Member experience	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. And 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.
Employee recruitment, retention and development	Recruiting talented employees, developing their skills and competencies, motivating them, and stimulating internal growth.
Growth in clubs and members	Expanding our European network to make fitness available and accessible to as many people as possible.
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.
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.

Material topic	Definition
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.

GRI CONTENT INDEX

Statement of use	Basic-Fit has reported with reference to the GRI Standards for the period 1 January 2021 to 31 December 2021
GRI 1 used	GRI 1: Foundation 2021

GRI standard / other source	Disclosure	Location in the report	Omission
GRI 2: general disclosures 2021			
2-1	Organizational details	Corporate Governance Notes to the consolidated financial statements	
2-2	Entities included in the organization's sustainability reporting	About this report	
2-3	Reporting period, frequence and contact point	About this report	
2-4	Restatements of information	Not applicable	
2-5	External assurance	About this report	
2. Activities and workers			
2-6	Activities, value chain and other business relationships	Our strategy Relationships and interactions with stakeholders Stakeholder value creation	
2-7	Employees	-	At this point, Basic-Fit cannot disclose this data due to confidentiality constraints. This data is considered commercially sensitive.
2-8	Workers who are not employees	-	At this point, Basic-Fit cannot disclose this data due to confidentiality constraints. This data is considered commercially sensitive.

GRI standard / other source	Disclosure	Location in the report	Omission
3. Governance			
2-9	Governance structure and composition	Corporate Governance	
2-10	Nomination and selection of the highest governance body	Corporate Governance	
2-11	Chair of the highest governance body	Corporate Governance	
2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance	
2-13	Delegation of responsibility for managing impacts	About this report - Sustainability Governance	
2-14	Role of the highest governance body in sustainability reporting	About this report - Materiality assessment	
2-15	Conflicts of interest	Corporate Governance	
2-16	Communication of critical concerns	Non-financial information	
2-17	Collective knowledge of the highest governance body	Corporate governance - Report of the Supervisory Board and its committees	
2-18	Evaluation of the performance of the highest governance body	Corporate governance - Report of the Supervisory Board and its committees	
2-19	Remuneration policies	Corporate Governance Remuneration Report	
2-20	Process to determine remuneration	Corporate Governance Remuneration Report	
2-21	Annual total compensation ratio	Remuneration Report	

GRI standard / other source	Disclosure	Location in the report	Omission
4. Strategy, policies and practices			
2-22	Statement on sustainable development strategy	Message from the CEO	
2-23	Policy commitments	Non-financial information - Responsible Conduct	
2-24	Embedding policy commitments	Non-financial information	
2-25	Processes to remediate negative impacts	Non-financial information The Whistleblower policy is publicly available at Corporate Governance (basic-fit.com)	We refer to our Whistleblower policy as well as other policies mentioned in the Non-Financial Information chapter, such as the Code of Conduct. However, we are aware that this disclosure does not fully cover the disclosure requirement. More time will be needed to fully assess and understand Basic-Fit's potential and actual human rights impacts and stakeholders affected, as well as to formulate appropriate grievance mechanisms.
2-26	Mechanisms for seeking advice and raising concerns	Non-financial information The Whistleblower policy is available at Corporate Governance (basic-fit.com)	
2-27	Compliance with laws and regulations	n/a	At this point Basic-Fit reports on its compliance mechanisms in a qualitative way in the chapter Non-Financial Information.
2-28	Membership associations	About this report - Relationships and interactions with our stakeholders	
5. Stakeholder engagement			
2-29	Approach to stakeholder engagement	Relationships and interactions with our stakeholders Materiality assessment	
2-30	Collective bargaining agreements	Our people	

GRI standard / other source	Disclosure	Location in the report	Omission
Material topics			
3-1	Process to determine material topics	About this report - Materiality assessment	
3-2	List of material topics	About this report - Materiality assessment	
Material topic: Health & Safety			
GRI 3-3	Management approach	Our people Non-financial information - Health and safety	
Own Indicator	Clubs equipped with RS	Non-financial information - Health and safety	
Material topic: Member experience			
GRI 3-3	Management approach	Non-financial information - Member experience and member diversity	
Own Indicator	# of member / # of inhabitants (penetration rate)	Non-financial information	
Material topic: Employee attraction, retention & development			
GRI 3-3	Management approach	Our people	
Own Indicator	% female employees (manager)	Our people - Diversity and inclusion	
Own indicator	Internal promotion rate	Our people - Training and Development	
Material topic: Growth in clubs and members			
GRI 3-3	Management approach	Message from the CEO Our strategy - Organic Growth through the rollout of new clubs	
Own indicator	# of members & increase in memberships (%)	Key figures Business and financial review - Club network and membership development	
Own indicator	# of clubs & increase in clubs (%)	Key figures Business and financial review - Club network and membership development	
Material topic: Environmental management			
GRI 3-3	Management approach	Non-financial information - Environmental management	
Own indicator	% of clubs using green electricity only	Non-financial information - Sustainability performance	
Own indicator	Average electricity and gas used per m^2	Non-financial information - Sustainability performance	
Own indicator	CO2 emissions	Non-financial information - Sustainability performance	

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