ANNUAL REPORT 2022

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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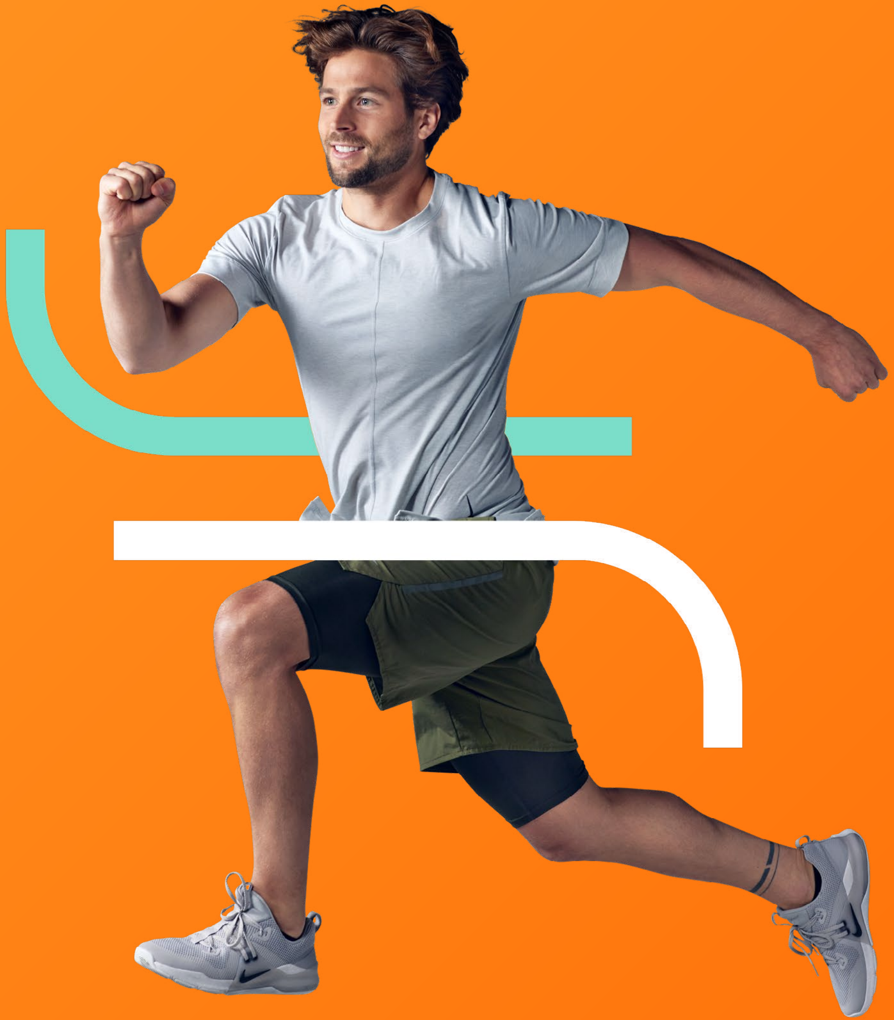


BASIC-FIT AT A GLANCE

1,200
clubs
+18% year-on-year

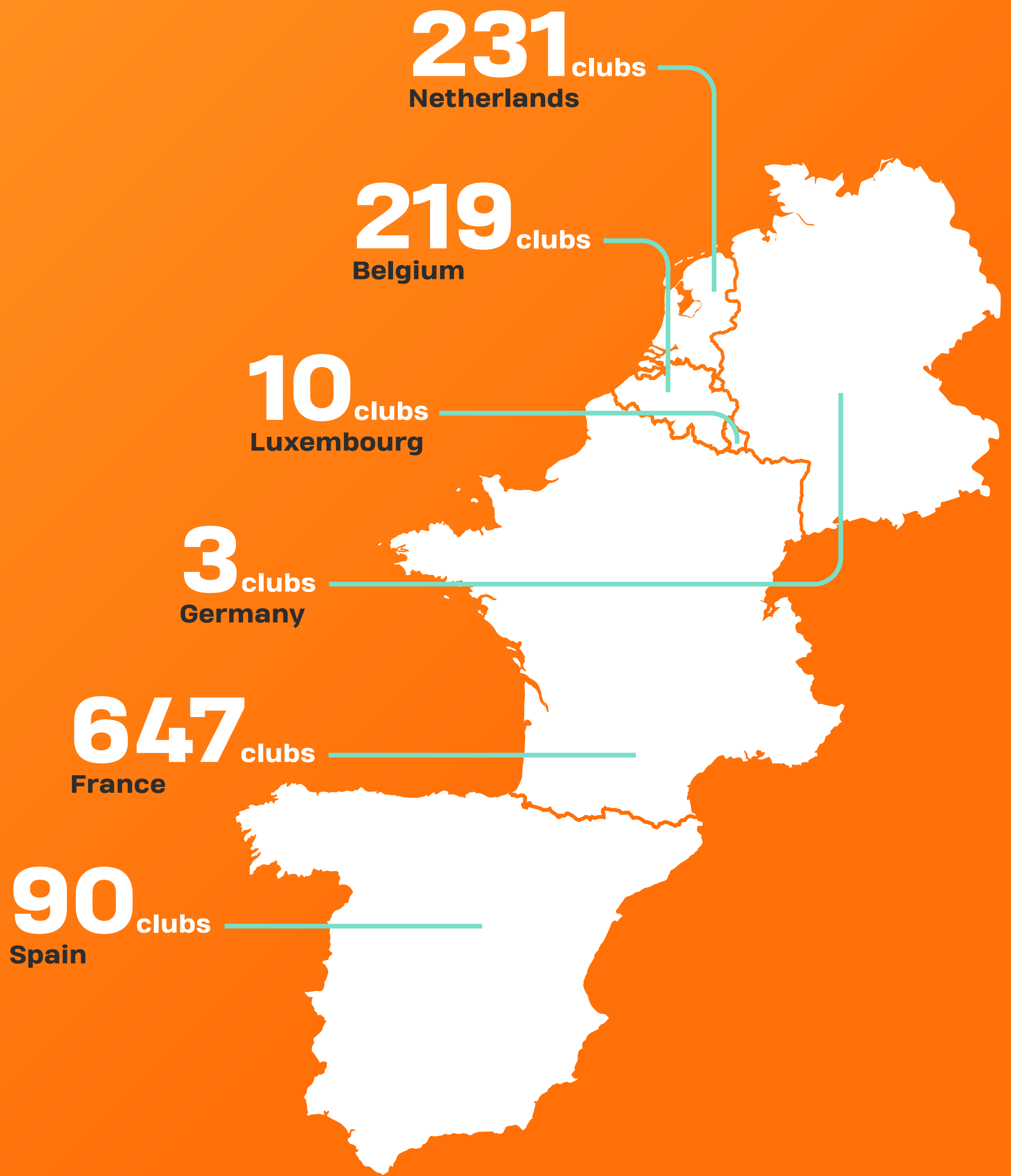
3.35 million
memberships
+51% year-on-year

€795 million
revenue
+133% year-on-year

€204 million
underlying EBITDA
+544% year-on-year

25.6%
underlying EBITDA margin
+16.3% points year-on-year

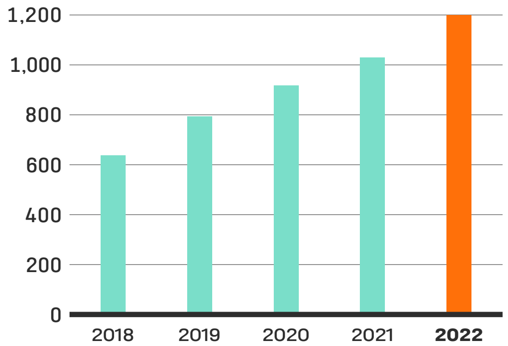
€11 million
underlying net result
2021: -€95 million



See page 228 for alternative performance measures

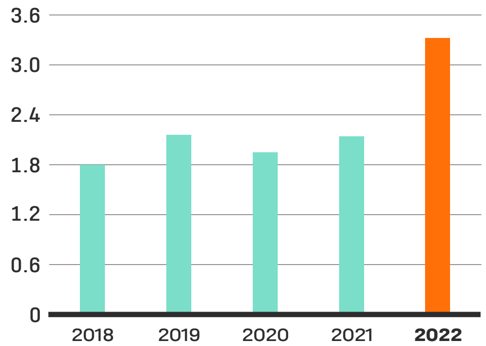
BASIC-FIT KEY FIGURES

clubs



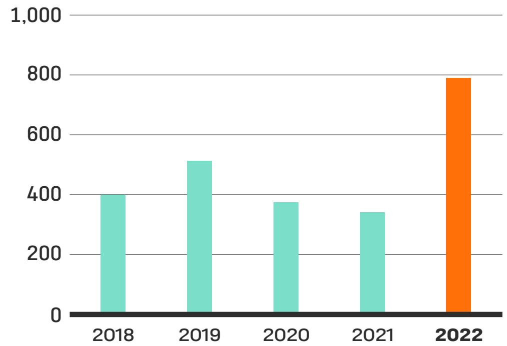
memberships

millions



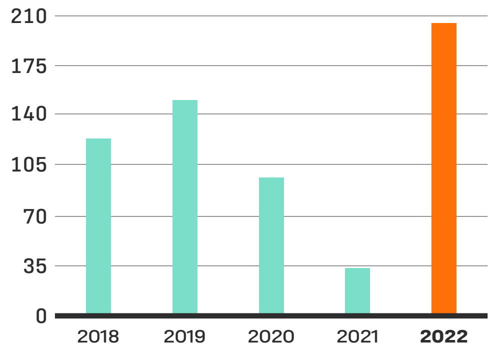
revenue

€ millions



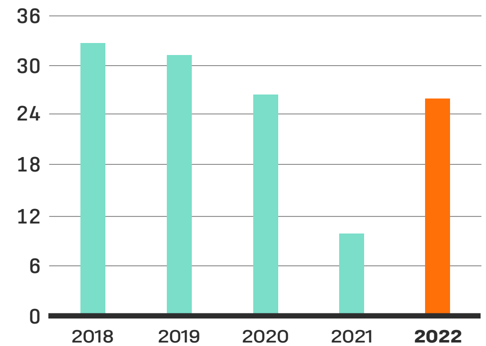
underlying EBITDA*

€ millions



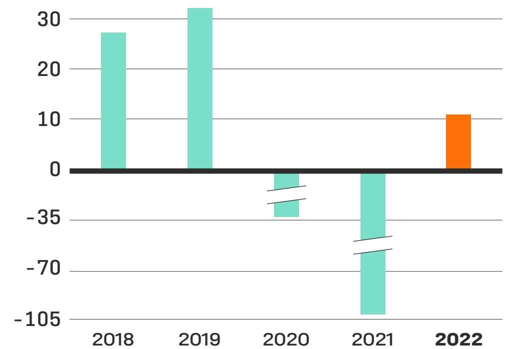
underlying EBITDA margin*

%



underlying net result*

€ millions



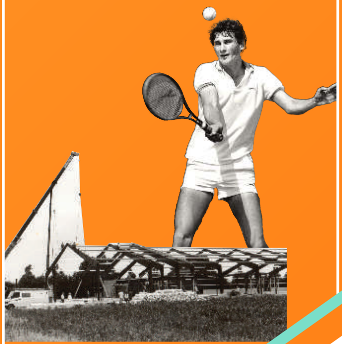
* 2018 refers to adjusted EBITDA (margin) and adjusted net result. In 2020 and 2021, clubs were temporarily closed 41% and 36% of the time, respectively, due to COVID-19-related government measures.

See page 228 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 memberships milestone

In early 2016, Basic-Fit reached the milestone of one million memberships 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.

2022
Entering Germany and three million memberships milestone

In 2022, the first clubs in Germany were opened and the group's network rose by a record 185 clubs to 1,200 clubs. After two years impacted by COVID-19, the business showed a speedy recovery and the 3 million memberships milestone was reached.

COMPANY PROFILE

Our identity
Basic-Fit is Europe's largest and fastest-growing fitness chain, with 1,200 clubs and 3.35 million members across six countries. Our values – be, accessible, smart, inclusive, committed – define us and guide us toward our mission to make fitness accessible to all and a habit people love.

Our approach
We are a mission-driven company that offers affordable, high-value fitness solutions to make working out a basic of life everywhere at any given time. We use state-of-the-art technology to constantly update our products and make them scalable, affordable, and personalised. By doing this, we help our members to move toward a fit and happy life.

Our unique proposition
We offer a selection of memberships that fit personal situations. Our subscriptions give access to our club facilities, as well as all the benefits of the Basic-Fit app. Our self-developed and maintained app offers hundreds of training programmes, podcasts and virtual group lessons. Members can also use the app for nutritional advice, to track their progress or to search for an available personal trainer. The combination of our extensive and fast-growing club network and the Basic-Fit app gives our members the opportunity to exercise close to where they live or work, or in the comfort of their own homes via digital training or with our new smart bike offer.

MESSAGE FROM THE CEO

Dear reader,

For Basic-Fit, 2022 was a year of recovery and growth. Following the lifting of the remaining COVID-19-related government restrictions in the first four months of the year, we saw a strong recovery in memberships, as our numbers increased by 51% to 3.35 million memberships. We also added a record 185 clubs to our network to reach 1,200 by year-end. We extended our European market leadership in terms of club locations and are now larger than the next three integrated operators combined. And this is just the beginning, as we envisage operating 3,000 to 3,500 clubs by 2030.

By the end of the year, the mature club profitability was also back at pre-COVID levels. This, in combination with ample available liquidity and sound balance sheet ratios, will enable us to comfortably increase our club network by between 200 and 300 clubs a year in the coming years.

Mature club recovery confirmed

In October, we shared with you the news that the average number of memberships in our 502 mature clubs had recovered to the pre-COVID level of around 3,300 memberships per club. This means that these mature clubs have now fully recovered from a two-year period of temporary closures and other COVID-19-related government measures. This recovery once again confirms the strength of our proven business model, as well as our cluster strategy; since the outbreak of the COVID-19 pandemic, the number of immature clubs increased from close to 400 to nearly 700 clubs, and still our mature clubs grew back to their pre-COVID memberships level.

Minimising our carbon footprint

By expanding our network throughout Europe, we enable more people, including our members and broader communities, to work on their physical and mental health. At the same time, we aim to use our natural resources more consciously, both in our clubs and offices. By reducing our energy consumption and using sustainable energy, we aim to reduce our CO_2 emissions and be carbon neutral by 2030. With this in mind, we have set up an energy saving task force to help identify where we can achieve efficiencies. Our first goal is to reduce the energy consumption per club by an average of 20% in the course of 2023 compared with average energy consumption in 2022. In the long-term, we will replace all natural gas heating systems with more efficient electric systems in those clubs that are not yet natural gas free and we will install solar panels on our headquarters and clubs when possible.

Thank you

I would like to thank everyone who contributed to our recovery and continued growth in the past year. Thank you to all our employees for your hard work and dedication and to all our stakeholders for their continued support. Thanks to you, we are in a strong starting position for 2023.

As we switched back to a modus of accelerating growth, everyone, from our Supervisory Board and my colleagues in the senior management team, to our people working in our 1,200 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 3.3 million members who chose Basic-Fit as a partner to work on their physical and mental well-being 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 that everyone deserves to be fit and feel great. We encourage everyone to improve their fitness level, as it can have a positive impact on almost every aspect of our lives. 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, and we are committed to helping people make fitness their Basic.

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

Making our world a fitter place

In 2021, we launched our 'Go for a fitter world programme', which articulates our long-term ambitions by 2030. Based on our three main pillars of Healthy People, Healthy Planet and Healthy Communities we built a programme which covers the different areas of attention that drive our strategy. This varies from offering our members and employees a healthy and safe environment to work (out) in to the impact of our business on our planet to the way we give back to our communities. Ultimately our goal is to make our world a fitter place.

Our overarching long-term ambition is linked to our pillar Healthy people which aims to reach 15 million people by 2030 to help them improve their health and well-being. This includes all people that benefit from our products and services across Europe in our clubs and at home. Our ambition for the planet results in our goal to reduce our environmental footprint and be carbon neutral in our clubs and offices by 2030. When it comes to Healthy communities, we aim to invest, next to our contributions in kind, at least €5 million in our communities through impactful partnerships by 2030.

GO FOR A FITTER WORLD PROGRAMME 2030

Healthy people

Improve health and wellbeing for 15 million people*

Health & safety

Ensure a healthy and safe environment for our staff and members.

People development

Increase our member reach and improve member satisfaction. We also thrive to give our employees the opportunity to grow and have an impact every day.

Healthy planet

Reduce our environmental footprint by being carbon neutral in our clubs

Sustainable operations

Optimise our carbon footprint in our supply chain and contribute to reduce our environmental footprint by optimising our site selections.

Club enviromental footprint

Reduce our global environmental footprint.

Healthy communities

Invest at least €5 million to support our communities towards a fitter life and a more inclusive place

Diversity & inclusion

Make Basic-Fit available for everyone and break barriers by making everyone welcomed.

Awareness & accessibility

Increase our investment towards communities and build purposeful partnerships to harness the power of sport.

Responsible behaviour

Enhance responsible behaviour in our supply chain. Respect data privacy.

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

Healthy people

In 2022, the World Health Organization published a report stating that almost 500 million people will develop heart disease, obesity, diabetes or other noncommunicable diseases (NCDs) attributable to physical inactivity, between 2020 and 2030, and highlighted the high related cost of physical inactivity if populations are not encouraged to take up more physical activity. The Health and Fitness industry has an important role to play in these efforts by improving the population's overall fitness levels.

We at Basic-Fit contribute to this by aiming to have a positive impact on as many people as we can, through our products and services, across Europe. We offer a holistic approach to fitness that includes training options in our club, outside and at home. We build our clubs close to where people live and work, as proximity is a key criteria in their motivation. Time is also an important factor in whether people choose to go to the club; this is why we have increased the number of 24/7 clubs across our network, to make it easier for our members to visit one of our clubs whenever it is most convenient for them. For this reason, we have also launched a new smart bike for home use.

We constantly improve and develop new features in our Basic-Fit app to meet the expectations of sports enthusiasts in the new hybrid era. Our members have access to more than 150 virtual group classes and instruction videos, so they can get the most out of their membership and work on their fitness training anytime and anywhere. In addition to helping our members stay fit, our app delivers nutritional advice and recipes, together with an online coaching service to complement their exercise routine. We have a special focus on getting more members with a Premium membership, as these memberships offer families and friends 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 a Premium subscription, this increases the likelihood that they will lead an active life later on as adults.

Our priority is to provide both members and employees with a safe, healthy and comfortable environment to work and to work out. Our employees are also a key factor in the success of our members' fitness journey. At Basic-Fit, we also foster a company culture in which our people can grow and develop and have an impact on a daily basis.

To find out more, please see the Non-financial information section in this annual report.

Healthy planet

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.

We are committed to making our operations carbon neutral by 2030 by reducing our CO_2 emissions for scope 1 (direct emissions) and scope 2 (indirect emissions). Basic-Fit's scope 1 emissions come from burning gas for heating, including the showers in our clubs and at our local and corporate headquarters. Scope 2 emissions are linked to the energy that we purchase. These emissions are created when our suppliers generate electricity. We are also taking in to account Scope 3 emissions, which is more complex and not fully within our control, in our long-term approach. This focuses on all other emissions, including those upstream and downstream of an organisation's operations, generated by the activities of suppliers and members. We will conduct an impact assessment and examine all the elements that we can control, such as emissions caused by our business travel and employee commuting, in 2023.

In the short-term, our main focus is on the implementation of energy reduction initiatives, the exploration of new solar panel installation opportunities, working on a gas transformation project and the continued development of our remote facility system. A dedicated internal taskforce has defined and prioritised a full set of initiatives. We are also actively encouraging our employees to join the collective effort.

The aim of our remote facility system is to help us remotely monitor and control the operations of a club, including the use of heating, ventilation and cooling. 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 any gas-powered central heating systems with electric boilers. In addition, we will be equipping a growing number of our clubs with heat recovery systems. These systems will render the use of central heating systems unnecessary and reduce energy consumption in the clubs.

Minimising water usage is one area of attention and this will be included in our remote facility system monitoring. In addition to this, we are continuing our efforts to optimise our clubs facilities to help prevent water spillage.

To learn more about this, see the Healthy Planet section in the Non-financial information chapter of this annual report.

Healthy communities

Our third pillar, Healthy Communities, is focused on promoting the benefits of sports activities, as well as an inclusive and responsible culture with our stakeholders and the world around us.

We think beyond our members to help the communities in the countries in which we operate to lead a fitter, healthier life and to create a more inclusive culture. This involves improving the health of these communities by helping to increase the levels of exercise in their lives. Our efforts are particularly focused on youngsters and young adults who lack the opportunity to exercise, whatever their background or ability. 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.

To substantiate this belief, we have supported organisations that share these goals since 2020. We have partnerships with three highly respected organisations that run dedicated programmes to support children and young adults: the Cruyff Foundation based in the Netherlands, Sport dans la Ville in France and Sport2be in Belgium.

We also focus on providing young adults with better opportunities through the job programmes Job dans la ville and Job2Be, run by Sport dans la Ville et Sport2Be respectively. We help them with work placements in our clubs, career advice and workshops to help them get started in the world of fitness. We also support new initiatives that bring together youngsters from both organisations to create more synergies and impact.

In 2022, we also developed specific initiatives in the Netherlands and France to support refugees and help them stay fit and socialise, when they find themselves in a new environment.

In the years through 2030, we aim to increase our contribution, both financial and in kind, and invest a total of €5 million in our communities. We will expand our cooperation with our partners and give more young people a better chance to lead healthy and active lives.

To find out more, please see Healthy Communities in the Non-financial information section of this annual report.

Stakeholder value creation

Basic-Fit's value creation model provides insight into the resources 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 the best affordable, high-value fitness solution that is easy to use for everyone. This way, 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. You will find more details on the impact that Basic-Fit has on the world in the Non-financial information section of this annual report.

Value creation Model

INPUT

Members

Employees

Intellectual property

Financial

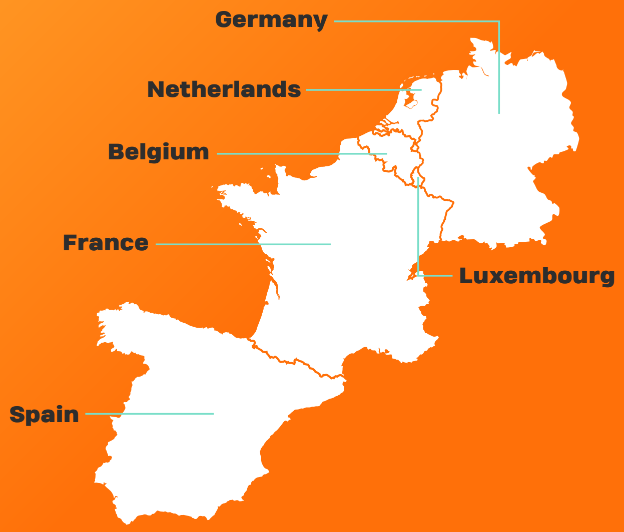
Suppliers

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
- Winning customer-centric proposition and brand
- Available to everyone, everywhere and in every way possible
- Cycles of strong returns 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.

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

Healthy communities
By investing in community projects, we contribute to promoting a healthy lifestyle, supporting everyone in acquiring soft skills through sports and get careers opportunities. Our focus is youngsters and young adults.

Organic growth through the rollout of new clubs

Modern day fitness clubs originated in the United States and the first chains came to Europe in the 1980s. Since that time, we have seen steady growth in the number of clubs and fitness has become one of the most popular sporting activities across Europe. At the same time, the percentage of people who are members of a fitness club, also known as the penetration rate, is still relatively low in most European countries. This is also the case in all the markets Basic-Fit operates in except for the Netherlands, which is clearly ahead of the long term-trend with a denser club network. But in the Netherlands, too, there is room for further fitness penetration growth, towards the more than 20% fitness penetration rate in the USA.

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. The majority of the countries where Basic-Fit operates are still characterised by large mid-market and premium fitness segments that cater predominantly to consumers who live or work nearby and who can afford relatively high membership fees. In these markets, the value-for-money segment accounts for a modest, albeit fast-growing, piece of the pie in terms of the number of clubs and total memberships. This is why we believe there is enormous potential for value-for-money fitness in our current markets, but also in new European markets. 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 2,650-3,200 clubs in our current six geographies. Our updated 2021 market analysis suggests there is potential to expand 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. In Germany, where we opened our first clubs in the fourth quarter of 2022, we see room to expand to 600 clubs. The untapped potential in all our markets 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 return on invested capital[1] (ROIC) at maturity of at least 30%. The average building costs of a new club and average rental costs can differ between city centre clubs and more rural locations. Most other operating costs are similar for all the clubs in a country. In this respect, building costs and annual rental costs largely determine the minimum required number of memberships a new club should reach at maturity to generate a minimum ROIC of 30%. This means that a city centre club typically requires more memberships than a club in a more rural location.

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 also used this approach to open our first clubs in our sixth country, Germany.

Growth through maturation of existing network

After we open a new club, it takes an average of 24 months to reach maturity[2]. In this period, the club ramps up its membership numbers to an average of 3,300. Subsequently, membership growth levels out as the margin between members joining and members leaving the same club diminishes. In the first 24 months of a new club, the number of leavers is well below average rates for the Group, as in that period a relatively large number of members are still under

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

contract. In its first year of maturity, a club is expected to reach the required minimum 30% ROIC threshold.

In our internal and external reporting since our initial public offering 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 decided to temporarily adjust the definition of a mature club in 2022, as new mature clubs were often closed or confronted with government restrictions during their important initial growth stage. In 2022, we reported on the performance of the 502 clubs that were mature before the first lockdowns occurred in 2020. In October 2022, the average number of memberships at the 502 mature clubs had fully recovered to the pre-pandemic level of around 3,300. We expect that the enlarged total of 767 mature clubs, which include the next two cohorts of clubs opened in 2018 and 2019, will reach the same 3,300 average level of memberships in the first quarter of 2023. With the strong post-pandemic recovery having materialised, we will again use the original definition in the mature club reporting. This means that we will report on 891 mature clubs in our half year 2023 results.

We want to point out the embedded underlying club EBITDA potential of our network. Even if we do not open a single new club, our underlying club EBITDA, based on 1,200 clubs, could potentially increase to €518 million, based on the average mature club's underlying EBITDA in 2022[1].

Introduction of new membership structures

In 2022, we introduced a new membership structure. In addition to increasing the average yield per member, the aim is also to make the membership structure more future proof, as it will add flexibility to our go-to-market strategy. With the introduction of the new membership structure, we also made the use of the QR code on mobile phones the standard. This means that new members will no longer automatically receive a membership card. Additional benefits for us are a reduction in the use of plastic and higher usage of and engagement with the Basic-Fit app.

In all countries, we offer a limited number of membership types consisting of an entry price membership called Basic at €19.99 per four weeks or Comfort at €24.99 per four weeks, plus a Premium membership for €29.99 per four weeks. We adjusted the benefits of the different membership types in 2022. With regard to club access, Basic members have access to only one club whilst Comfort members have access to all clubs in a country. Our Premium membership allows members to visit all of our clubs in all of our countries. The Premium membership also has an important extra feature, as it allows members to always bring a friend. Thanks to changes made in the memberships structure in 2022, we were able to increase the percentage of Premium memberships within the total memberships base to 34% at year-end compared with 23% at the start of 2022. This increase, which we expect to continue into 2023, has a gradual positive effect on the yield or average monthly spend per membership.

In the second half of 2022, after some initial pilots, we launched the Basic-Fit branded home bike in the Benelux and France. Tests conducted showed that our target group prefers a rental model rather to buying the bike in one go. As a result, we introduced a new third-tier membership under the All-In name. This new membership differs between the Benelux countries and France in terms of the length of the contract. The common denominator, however, is that the memberships can be split into a Premium membership plus a bike rental contract.

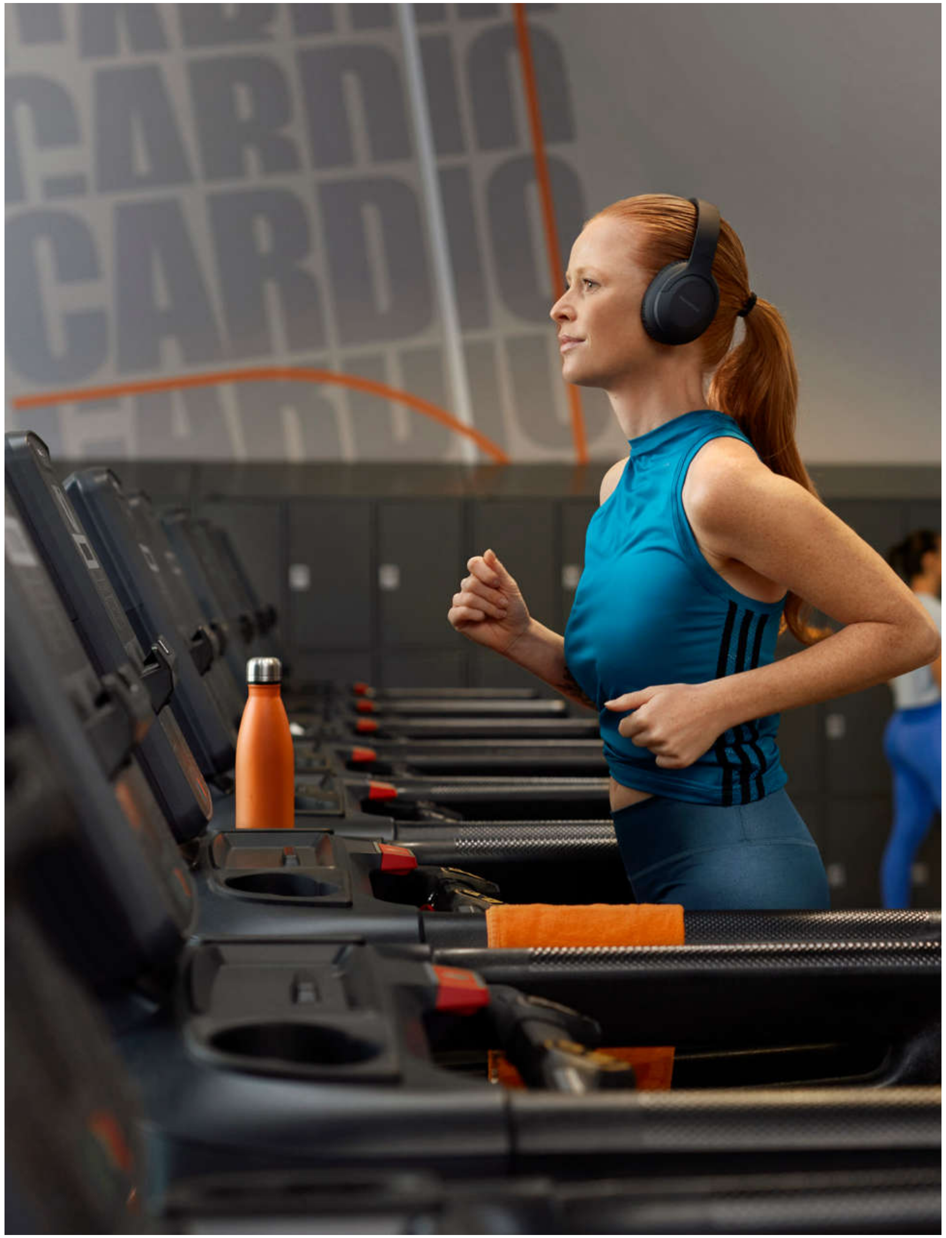
[1] This calculation, based on the 502 mature clubs that we reported on in 2022, should not be considered as guidance for underlying club EBITDA for mature clubs in 2023 or beyond.

More add-ons and secondary income opportunities

In addition to membership fees and joining fees, a club also generates revenue from a limited number of membership add-ons and other revenue streams. The membership add-ons 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 a sports water subscription, a discounted personal trainer introduction session, a 12-week online certified personal coach subscription, or a flex option that gives members a greater number of options to cancel a membership within the first contract year. The add-on income stream is part of our fitness revenue.

Our clubs 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. A club also generates revenue through digital out-of-home advertising. Third parties, usually large well-known international consumer brands, 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 among advertisers, as these target groups are difficult to reach via traditional media channels such as live TV and printed media.

The company also generates non-club revenue, which is mainly derived from the online sale of home tools and other fitness-related products and our in-house NXT Level nutrition brand via online and other distribution channels, including wholesale outlets, supermarkets and drug stores. In 2022, we launched our new Basic-Fit webshop, which we built in-house. Thanks to its integration with the SalesForce commerce cloud platform, the new webshop will allow us to integrate these products and services in the customer journeys of our members and increase our conversion rates.



Benefiting from increasing scale

With a record net growth of 185 clubs, which took our network to 1,200 clubs, and with more than 3.3 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 by far the largest buyer of new 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 damaged or out-of-order fitness equipment. Our scale also gives us bargaining power in terms of building, furniture and other club-related initial investment and refurbishment costs. As a result, we believe we can build a club of similar size for less than any of our competitors.

Our ongoing investments in operational effeciencies should also help us to achieve significant energy consumption savings. In the coming years, we will continue to install remote operating tools in all our existing and newly built clubs, which will enable us to monitor and reduce the use of energy. Thanks to the automation of our administrative processes, we can operate a club at a relatively low cost with approximately three full-time equivalents (FTEs). Our remote camera system also allows us to operate more than 300 clubs in the Benelux 24/7. During the off-peak night hours, these clubs are run with no staff. But the non-24/7 Benelux clubs also benefit from our remote camera and other systems and can be run without staff during certain off-peak hours.

Our scale and operational efficiencies put us in a positive cash flow (underlying club EBITDA) position at club level once we reach an average of 1,600 to 1,700 memberships. It also results in a payback period for the initial investment in a club of between three and four years.[1] 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 each other in terms of 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.

[1] 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.

Always on the lookout for M&A opportunities, but a preference for organic growth

While many of our competitors have gone through difficult times over the past three years due firstly to the pandemic and later a surge in energy costs and wage and rent inflation, we have been reserved in terms of the acquisition of fitness chains. Although many medium to larger size chains were for sale, we will only consider a deal if the price is right, i.e. if we can realise a minimum 30% ROIC over our initial investment plus refurbishment and other related costs. Additional elements that play a role are also the terms of the existing rental contracts and the number of locations that have to be closed over time. 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. However, we regularly reach asset deals involving a single or several club locations. These are a way of obtaining good locations without having to go through a potentially lengthy permit process.

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. At the same time, we believe we can achieve our ambition of expanding to 2,650 to 3,200 clubs in our existing six markets by building our own clubs, as there are ample opportunities.

Financing

We finance our growth by reinvesting the cash flows we generate and by drawing on our available facilities. In addition, we have the option to increase our (bank) debt or issue shares and bonds to raise capital. We continuously monitor our short-term and long-term liquidity needs to ensure we have ample available liquidity at all times. At the end of 2022, our available liquidity amounted to €142 million.

Entering Germany in 2022

Our proprietary research indicates that there are several new geographical markets in Europe where we could 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 target for new clubs beyond 2025, we entered Germany in 2022. We established a local head office in Dusseldorf and recruited local staff. At the end of the year, we operated our first three clubs and this number should grow substantially in 2023 and beyond. After France and increasingly Spain, Germany should become our third main growth driver towards our target of operating between3,000 and 3,500 clubs by 2030.

The fitness industry benefits from global trends

Several global trends continue to 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.

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 ever 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. 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

BUSINESS AND FINANCIAL REVIEW

Key figures

In € millions	2022	2021	Change
Total revenue	**794.6**	**340.7**	**133%**
of which club revenue	788.7	338.2	133%
of which non-club revenue	5.9	2.5	134%
Personnel costs	(122.8)	(59.7)	106%
Other operating expenses	(169.3)	(101.7)	67%
Club EBITDA	**496.5**	**176.8**	**181%**
Overhead	(112.0)	(60.6)	85%
EBITDA	**384.5**	**116.1**	**231%**
Depreciation and impairment tangibles	(151.1)	(125.3)	21%
Amortisation and impairment intangibles	(8.7)	(10.8)	-20%
Depreciation right-of-use assets	(171.6)	(147.7)	16%
COVID-19 rent credits	2.4	23.1	-90%
Operating profit	**55.5**	**(144.6)**	
Finance costs	(26.1)	(23.8)	9%
Interest lease liabilities	(32.6)	(32.9)	-1%
Corporation tax	(0.5)	51.3	
Net result	**(3.7)**	**(150.0)**	**-98%**

Underlying key figures

In € millions	2022	2021	Change
Club EBITDA	496.5	176.8	181%
Rent costs (opened clubs)	(187.5)	(141.0)	33%
Exceptional items - clubs	1.5	1.4	
Exceptional items - clubs - COVID-19	6.0	56.4	
Underlying club EBITDA (opened clubs)	**316.4**	**93.6**	**238%**
EBITDA	384.5	116.1	231%
Rent costs clubs and overhead, incl. car leases	(191.2)	(144.2)	33%
Exceptional items - total	4.5	3.3	
Exceptional items - total - COVID-19	6.0	56.4	
Underlying EBITDA	**203.8**	**31.6**	**544%**
Underlying net result [1]	**11.3**	**(95.2)**	
Basic underlying net result per share (in €)	**0.17**	**(1.49)**	
Diluted underlying net result per share (in €)	**0.17**	**(1.49)**	

1 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

Club network and membership development

Geographic club split

	Year-end 2022	Net openings 2022	Year-end 2021
Netherlands	231	15	216
Belgium	219	14	205
Luxembourg	10	-	10
France	647	119	528
Spain	90	34	56
Germany	3	3	-
Total	**1,200**	**185**	**1,015**

In 2022, we expanded our network by 185 clubs – 191 openings and six closures – to 1,200 clubs. This is a year-on-year increase of 18%. Our growth markets France (119 clubs; +23% year-on-year) and Spain (34 clubs; +61% year-on-year) accounted for over 80% of the growth in our network. In the Netherlands, the number of clubs went up by 15 to 231 clubs. In Belgium, we expanded our network by 14 clubs to 219. In October and November, we opened our first three clubs in our new country Germany.

Membership development

In millions	2022	2021	change
Start of the year	2.22	2.00	11%
First quarter	2.63	1.80	46%
Second quarter	2.92	2.01	45%
Third quarter	3.15	2.21	43%
Fourth quarter	3.35	2.22	51%

In 2022, we increased our membership base by more than 1.1 million to 3.35 million (+51% year-on-year). This growth was broad-based, with all countries showing strong performances in both mature and immature clubs.

Following the end of the lockdown in the Netherlands on 15 January 2022, and the lifting of the health pass and other remaining COVID-19 restrictions in all our markets in the first months of the year, we achieved a record membership growth. This higher joiner and membership growth trend compared to years before the pandemic lasted until September, after which growth trends returned to a more long-term trend.

A club is considered mature when it is at least 24 months old at the start of the calendar year. Because of the impact of the pandemic on our performance in 2020 and 2021, we report mature club performance over the year 2022 based on the 502 clubs that were mature before the start of the pandemic in 2020. Our 502 mature clubs ended the year with an average of 3,326 memberships, compared with 2,646 memberships at the start of the year. This means that our mature clubs have now fully recovered from the impact of the pandemic.

Revenue

Revenue split

In € millions*	2022	2021	change
Club revenue	788.7	338.2	133%
of which fitness revenue	764.4	330.6	131%
of which other club revenue	24.3	7.6	220%
Non-club revenue	5.9	2.5	134%
Total revenue	**794.6**	**340.7**	**133%**

* Totals are based on non-rounded figures

In 2022, group revenue more than doubled to €795 million (2021: €341 million). Fitness revenue includes income from our different memberships, as well as from add-ons like sportswater and personal online coach. The increase in fitness revenue to €764 million (2021: €331 million) was the result of all our clubs being open for the entire period (except for the first two weeks in January for our Dutch clubs), in combination with strong membership growth and the strong growth of our club network. In 2021, our clubs were closed, on average, for 36% of the time, which resulted in a considerable loss of revenue.

Within our membership base, we aim to increase the percentage of higher-priced Premium memberships (€29.99/4 weeks) as this has a positive impact on our average revenue per membership per month. As of the second quarter of 2022, we intensified our efforts to promote our Premium membership and increased the (perceived) value gap between the Basic membership and Premium membership. These changes drove the uptake of the Premium membership to over 50%. At the end of 2022, Premium memberships accounted for 34% of our total memberships, compared with 23% at the start of the year. At the end of December 2022, we changed the membership structure in France and did the same in the Benelux countries in February 2023. In the new structure, the Basic membership has been replaced by the Comfort membership (€24.99/4 weeks). The Comfort membership provides members with access to all clubs in a country while the Basic membership offers access to a single club. The new membership structure is available for new members only. We continue to see an uptake of over 50% for the Premium membership, which, if this continues, should result in a further increase to between 40% and 45% by year-end 2023. Supported by the gradual increase of the Premium membership penetration rate, the average revenue per member per month increased to €22.86 in 2022, compared with €13.05 in 2021 and €20.56 before the start of the pandemic (2019).

Other club revenue increased to €24.3 million (2021: €7.6 million) and includes income from our personal trainer concepts, physiotherapists, day passes, vending and advertising revenue via the screens in our clubs. The increase is mainly the result of clubs being closed for 36% of the time in 2021.

Non-club revenue, which includes sales from our webshop and NXT Level nutritional products to retailers, more than doubled to €5.9 million (2021: €2.5 million).

Geographic revenue split

In € millions*	2022	2021	change
Benelux	364.5	169.0	116%
France, Spain & Germany	430.1	171.7	150%
Total revenue	**794.6**	**340.7**	**133%**

* Totals are based on non-rounded figures

All our geographic segments, the Benelux and France, Spain and Germany, recorded strong revenue growth compared with 2021, thanks to clubs being open for the entire period (except for the first two weeks of January 2022 for our Dutch clubs) and the strong recovery of memberships at mature clubs and strong ingrowth of memberships at new and immature clubs.

Underlying club EBITDA

Underlying Club EBITDA, which is club EBITDA adjusted for exceptional items and minus invoiced rent costs of opened clubs, came in at €316 million in 2022 (2021: €94 million). The year-on-year increase was driven by a strong recovery in memberships at our mature and immature clubs, coupled with a higher average revenue per member per month.

Club operating costs (rent opened clubs, personnel and other) amounted to €480 million (2021: €302 million). The increase in club operating costs is largely the result of our growing club network and the absence of discounts on rents from our landlords and government support for wages and fixed costs that we received as compensation of the impact of COVID-19-related government measures in 2021. The impact of the general inflationary environment was limited on a full year basis, although costs did creep up towards the latter part of the year, mainly as a result of rent and wage indexation.

The underlying club EBITDA has been adjusted for exceptional items that amounted to €7.5 million (2021: 57.8 million), with €6.0 million (2021: €56.4 million) of this related to COVID-19.

Underlying EBITDA

Underlying EBITDA, which is EBITDA adjusted for exceptional items and minus invoiced rent costs, showed a strong recovery to €204 million, compared with €31.6 million in 2021. Profitability was weighted towards the second half of 2022, thanks to a strong recovery in memberships in our mature and immature clubs in the first half of the year, which resulted in a more profitable starting point from July 2022 onwards.

Total overhead expenses increased to €112 million (2021: €61 million), due to an increase in international overhead to €43.3 million (2021: €29.9 million) and an increase in country overhead to €68.8 million (2021: €30.7 million).

International overhead expenses increased on the back of our growing club network and organisation, including the setup of a new head office in Germany, new initiatives and higher wage costs due to inflation. We invested in our IT capabilities, insourced our member administration and Basic-Fit member app. In addition, we increased our investments in our competencies in legal, marketing and sustainability. In the second half of the year, we launched our new self-developed webshop and corporate website and we set-up an energy savings taskforce.

The main driver for the increase in country overhead costs were higher marketing expenses, which increased by approximately €30 million compared with 2021. In the first half of the year, we decided to increase our marketing spend as a percentage of revenue to approximately 6%, as we saw the opportunity to benefit from our strength in our local markets to quickly recover memberships lost during 2020 and 2021 and to gain further market share. We also targeted to end 2022 with as many memberships as possible to give us a strong starting point in 2023. In terms of membership acquisition costs, the amount spent per joiner was similar to 2019, the last year before the pandemic. For 2023, we expect to spend a similar percentage of revenue (approx. 6%) on marketing.

The underlying EBITDA has been adjusted for exceptional items that amounted to €10.5 million (2021: 59.7 million), with €6.0 million (2021: €56.4 million) of this related to COVID-19. Non-COVID-related exceptional items include start-up costs for our new German operation.

Depreciation & amortisation

Depreciation and impairment of tangibles amounted to €151 million, compared with €125 million in 2021. Depreciation of right-of-use assets increased to

€172 million from €148 million in 2021. The increase of both line items was driven by the strong growth of our club network in 2021 and 2022. Amortisation costs amounted to €8.7 million, compared with €10.8 million in 2021.

COVID-19 rent credits

COVID-19 rent credits in the period amounted to €2.4 million (2021: €23.1 million) and relate to property rent discounts received from our landlords that did not result in the amendment of lease contracts. In the event of lease contract amendments, we remeasured right-of-use assets and lease liabilities on our balance sheet. The reported €2.4 million in the period reflects the finalisation of rent negotiations for a number of clubs that were temporarily closed in 2021.

Operating profit

Operating profit came in at €55.5 million, compared with a loss of €145 million in 2021, when clubs were closed for 36% of the time. The recovery was primarily driven by a strong recovery of memberships in our entire club network in combination with tight cost controls.

Financing costs

Finance costs on borrowings amounted to €26.1 million in 2022, compared with €23.8 million in 2021. The year-on-year increase reflects a higher average level of bank and convertible bond debt than in the previous year. Finance costs related to bank borrowings in 2022 were slightly lower than in 2021. The charge related to the €304-million, 1.5%-coupon 2028 convertible bond loan (issue date: June 2021) amounted to €13.2 million (2021: €6.9 million). Interest rate swap charges and valuation differences resulted in a €3.7 million benefit (2021: €1.8 million benefit).

The interest on lease liabilities was €32.6 million, compared with €32.9 million in 2021. The small decline, in spite of a growing club network, was the result of the ageing of our existing club network in combination with rent contract remeasurements that led to the use of lower interest rates than those used at the time we adopted IFRS 16.

Corporate tax

Corporate income tax expense for the year was €0.5 million (2021: €51.3 million income), representing an effective tax rate of minus 17.4% (2021: 25.5%). The main element (€1.7 million) of the charge in 2022 was the French CVAE tax ('Cotisation sur la Valeur Ajoutée des Entreprises'). CVAE is a corporate value-added contribution that meets the definition of an income tax as established under IAS 12.

Net result and underlying net result

For the full year 2022, net income amounted to a €3.7 million loss, compared with a loss of €150 million in 2021. The underlying net profit, which is the reported net income adjusted for IFRS 16, 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 €11.3 million (2021: €95.2 million loss).

Reconciliation net earnings to underlying net result

In € millions*	2022	2021
Net result	(3.7)	(150.0)
IFRS 16 adjustments	12.9	36.4
PPA amortisation	2.9	4.0
Valuation differences IRS	(3.7)	(1.8)
Exceptional items	4.5	3.3
COVID-19 related exceptional costs	6.0	56.4
COVID-19 rent credits	(2.4)	(23.1)
Tax effects (25.8%**)	(5.2)	(18.8)
One-off tax effects	-	(1.5)
Underlying net result	11.3	(95.2)

* Totals are based on non-rounded figures.
** 25.0% tax effect used for 2021

Net debt and liquidity

Net debt (excluding lease liabilities) stood at €694 million at year-end 2022, compared with €548 million at year-end 2021. The year-on-year increase reflects our accelerated club openings programme.

Net debt including lease liabilities stood at €2,175 million, compared with €1,853 million at the year-end 2021.

The net debt/adjusted EBITDA[1] leverage ratio stood at 2.9 at year-end 2022 (year-end 2021: 2.1), which is well below the 3.5 covenant threshold agreed with our lenders.

Including undrawn facilities, the company had access to cash and cash equivalents of €143 million at year-end 2022. Cash and cash equivalents on balance sheet stood at €44 million at year-end 2022.

Capital expenditure

The initial average capex for the newly built clubs that we opened in 2022 was €1.17 million per club (2021: €1.15 million). 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 €61.2 million in 2022 (2021: €47.7 million). The average maintenance cost per club was €55 thousand, compared with €50 thousand in 2021. We continuously invest in our clubs to make sure they always look fresh and welcoming. The average spent per club in 2022 was in line with our multi-year planning. The lower amount in the previous year was the result of clubs being closed for 36% of the time and our decision 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. In the medium term, we still expect an average spend of around €55 thousand per club per year.

Other capex amounted to €11.2 million (2021: €7.5 million). Other capex consists of investments in innovations and software development. In 2022, we made additional improvements to the mobile phone app we developed in-house. The embedded QR code in the app has become the standard tool for joiners to enter our clubs.

Outlook

On the back of the positive membership development year to date, we remain optimistic on the outlook for 2023 and will continue to execute our accelerated club opening plans. We opened 64 clubs in the first ten weeks of the year and are on track to open at least 200 clubs. This is in line with our longer-term

[1] 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.

target to open between 200 and 300 clubs a year. We will continue to monitor macro-economic and membership developments, so we can adjust the pace of club openings when necessary. We plan to open most clubs in France and Spain in 2023, whilst we continue to build momentum in Germany with already contracts signed for 65 new clubs.

We achieved a strong growth of memberships and a full recovery of the membership count at the 502 mature clubs to pre-COVID-19 levels last year. We also saw a strong membership development at the clubs we opened in 2018, 2019 and 2020. We decided to return to the original mature club definition and as of H1 2023 will report on the 891 clubs that were at least 24 months old at the start of 2023.

The continuous and gradual increase in average revenue per member, as a result of the adjusted membership structure and high uptake of the Premium membership, will help, together with the energy savings initiatives, to compensate for the impact of cost inflation.

NON-FINANCIAL INFORMATION

In this section, we provide an overview of how Basic-Fit deals with impacts, risks, and opportunities related to environmental, social and governance matters. We approach this in line with our sustainability strategy, based on three pillars: Healthy People, Healthy Planet and Healthy Communities.

Basic-Fit periodically updates its prioritisation of sustainability topics through materiality assessments or reviews. We determine material topics in conjunction with our stakeholders and these represent the issues that are most relevant for both our stakeholders and Basic-Fit. This year 2022 materiality review highlighted the following topics: focus on health and well-being, access to fitness for more people, member experience, safe and healthy facilities, environmental management, responsible business conduct, and employee recruitment, retention and engagement. Information regarding how Basic-Fit manages these topics is presented in this section. You will find more details of our materiality process in the About this report section of this annual report.

Healthy people

The main thought behind this pillar is to make fitness available to as many people as possible. This means providing a safe environment to work out and promoting healthy behaviours. Our employees are vital to achieve this goal, so we also focus on ensuring their safety and giving them opportunity to grow and be motivated.

Employee overview

Our people are our best ambassadors towards our members. At year-end 2022, we employed 7,564 people. Our employees are a true representation of our members: multiple nationalities and diverse backgrounds, brought together by the love of fitness. We offer our people a safe place to work in, where they can be themselves, have a positive impact on our members and seize opportunities to develop and grow. We are proud of our values (be, accessible, smart, inclusive, committed), which we regularly communicate internally in various ways, such as onboarding for new employees or via our intranet platform. An internal survey performed in 2022 showed that the majority of our people is familiar with our values.

By year-end 2022, the number of Basic-Fit employees increased to 7,564 from 6,964 the previous year. The increase, in absolute terms, was largely driven by the growth in the number of clubs. In 2022 we also welcomed our first new German employees. Our people includes 3,777 men, 3,782 women, and 5 employees who identified as gender-neutral. The majority (around 72%) of our employees work part-time, especially in our clubs. Club employees represent more than 90% of our people. Our employees in France, Spain and Belgium are covered by collective bargaining agreements (standard sector agreement).

Relevant indicators	2022	2021
# employees	7,564	6,964
Men / Women / Neutral	3,777 / 3,782 / 5	3,405 / 3,559 / 0
Average age	30.8	31.6

Employee development

We value the experience our employees accumulate during their journey at Basic-Fit. We review our employee lifecycle annually with a focus on launching group-wide HR processes within our operating system. We also collect data at various touch points in their journey and use this information to improve their employment within the Basic-Fit cycle.

The development of our people is one of our focus points. Our international training and development team worked throughout 2022 to offer training on our new services and products to all our employees in their local language. Following the launch of our new Learning Management System (LMS) module, we will be able to offer a wider variety of digital training, as well as a renewed onboarding programme for our new hires. We give a lot of attention to learning and development programmes for employees in strategic positions and plan to add LinkedIn learning in the near future. We will also continue our partnership with local trainers for our club managers. We aim to give our employees the opportunity to grow within the company. More than 15% of this year's new positions were recruited internally (see 'internal promotions' in table below). The newly promoted employees benefit from trainings and other professional development initiatives.

Relevant indicators	2022	2021
Quarterly employee turnover*	11.0%	6.7%
Internal promotions	16.6%	6.0%

* Full-timers only. Data for 2021 is based on Q4 only due to launch of new HR system then.

Health, wellbeing and fitness accessibility

We aim to facilitate access to fitness by making our clubs easy to reach, which is why we open clubs close to where people live or work. At the end of 2022, Basic-Fit operated 1,200 clubs in six countries with a membership base of 3.35 million. This represents an increase of 51% in our membership base compared with 2021.

Our members are at the centre of everything we do. We are always on the look-out for ways to ensure our products and services are affordable, innovative, high-quality and available to everyone. Our attractive prices allow more and more people to start working out. The new All-In subscription, which includes a smart bike, enables everyone to work out at home as well as in the club. We continuously optimise the club workout environment in line with the needs of our members. Our Basic-Fit app makes fitness available 24/7 and assists our members in the club, at home or outdoors, plus it delivers personalised fitness content, nutrition advice and a wide range of workouts, from meditation to cardio training. In 2022, we introduced the QR code functionality to facilitate access to the clubs through the Basic-Fit app. With our holistic approach, we want to help our members stay fit mentally and physically and make fitness a basic part of their daily routine.

We keep working to improve the Basic-Fit app functionalities. Our app is in the top 10 fitness apps in our markets. The latest version has a rating of 4.4 in the iOS AppStore and 3.4 in Play Store for Android, and we aim to reach higher ratings. Our goal is to help our members carry out transactions in a faster, easier and more flexible way.

With the aim of helping more and more people improve their health and well-being, we give our premium members the opportunity to bring a friend. This means that more people, beyond our members, can benefit from fitness in our clubs. The ability to bring a friend also helps our members feel more motivated when working out. In 2022, more than 1,400,000 people visited our clubs by invitation from our Premium members.

Relevant indicators	2022	2021
Clubs	1,200	1,015
Memberships (millions)	3.35	2.22

Health and safety

Ensuring a safe and healthy environment for our members and our employees is, of course, a top priority.

Health and safety is managed locally in each country we operate in. Local managers supervise how clubs operate, have an overview of hazards and risks, and ensure that employees receive continuous safety training, including ergonomics, first-aid and fire prevention. They also coordinate with local authorities to ensure cooperation and compliance with regulations. They meet at periodic health and safety coordination sessions, where they share experiences and plan future actions, such as testing ergonomic tools to minimise the physical load of employees.

In addition to our employees in the club, we continue to connect our clubs using state-of-the-art remote surveillance systems to ensure safety, These systems include smart camera networks (25 cameras per club on average), intercoms and panic buttons, which help us to identify risks or detect incidents and respond quickly. These systems are now a standard feature in newly built clubs. A dedicated remote surveillance department operates these systems. At the end of 2022, 71% of our club network was equipped with remote surveillance.

Relevant indicator	2022	2021
Clubs equipped with remote surveillance	71.4%	61.4%

Healthy planet

We recognise our activities can affect the environment and want to manage our footprint, starting by minimising any negative impacts. With this in mind, we constantly monitor our operational processes and explore ways to make them more sustainable, including efforts to reduce our energy consumption, use of water and waste generation.

Energy

We aim to become carbon neutral by 2030 and reducing our energy consumption is key to achieving this objective. With this in mind, we are currently testing different pilot initiatives aiming to lower the use of energy in our clubs by 20% in 2023 compared to 2022.

In 2021, we developed a remote facility management system, which enables us to generate a comfortable club environment with minimal energy consumption and efficient maintenance. This includes monitoring and controlling a wide range of operations in a club, such as heating, cooling, humidity, CO_2 levels, ventilation and water temperature in showers, and identifying malfunctions. We have started installing this system in our clubs and will continue in 2023.

We have also been exploring other ways to make our operations generate less CO_2 emissions. We are working towards stopping the use of natural gas in all clubs where it is technically possible by the end of 2024, including investments in the replacement of gas-powered systems with electric systems. We have also started preparations for the installation of solar panels on our headquarters and we will assess feasibility for this in clubs as well. Finally, we are initiating a project to measure our scope 3 emissions and refine our measurement methodology for scope 1 and scope 2 emissions. Understanding this will help us identify key risks and opportunities and strengthen our decision-making processes, ensuring we move steadily towards our objective of becoming carbon neutral by 2030.

Water

We do not consider ourselves to be a major water user, as the use of water in our clubs is limited. We do not operate swimming pools, saunas or other services that use major quantities of water or require storing water in our installations. We only discharge wastewater after use (mainly showers, toilets and cleaning).

At the same time, we still want to make our water consumption as responsible as possible. To achieve this we have been implementing initiatives such as using water-saving showerheads and activation buttons, which ensure water flow stops once a member has finished. We will continue to look for ways to further reduce our water use.

Other environmental initiatives

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

We are exploring ways to reduce our impact in terms of waste generation. For instance, we are working with our suppliers to reduce the amount of packaging used for the materials we purchase. Moreover, we have started contracting responsible waste management companies, which sort collected waste and recover materials for recycling and reuse.

We also keep evaluating our logistics and site construction processes to improve the way we work with our suppliers. Our aim is to encourage our building and equipment partners to reduce the environmental impact of their operations and of their respective supply chains.

Relevant indicators	2021*	2020
Scope 1 emissions***	6,928 tCO_2e	5,949 tCO_2e**
Scope 2 emissions***	6,139 tCO_2e	3,562 tCO_2e
Total scope 1 and 2 emissions	13,067 tCO_2e	9,510 tCO_2e**
Water use/visit on average	10.4 liters	10.6 liters

* The most recent dataset for these indicators is 2021 (2022 not available at time of publication). Based on the clubs with our own connection. Calculation of scope 2 emissions was performed using the GHG emission intensity of electricity generation in each of the countries in which we operate.

** Data for 2020 is restated due to an error in calculation using KwH instead of m^3 as measurement unit for gas use. Data reported in previous annual report: 8,337 tCO_2e scope 1 emissions; and 11,899 tCO_2e total scope 1 and 2 emissions. This means that as a result, scope 1 emissions were 29% lower and the total scope 1 and 2 emissions were 20% lower.

*** Note that the number of clubs increased by more than 10% in 2021. With regards to scope 2 emissions, note also that electricity in Belgium in 2021 did not come from certified renewable energy sources, which was the case in 2020.

Healthy Communities

This pillar focuses on our impact on the communities in which we operate. This includes promoting fitness and healthy behaviours, but also helping people feel welcomed in our clubs, by promoting a diverse and inclusive environment. Acting responsibly in our communities also involves doing business with integrity and transparency, and respecting the human rights of all our stakeholders.

Diversity and inclusion

Be, Accessible and Inclusive are three of our brand's core values that drive us at Basic-Fit. At Basic-Fit, you can be yourself. We are proud to welcome everyone, from our boardroom to our clubs, regardless of their fitness level, ethnicity, gender, or beliefs. We offer different memberships, as well as the option of training in both our mixed or ladies clubs. In 2022, we launched our first Pride Campaign in our countries, to celebrate everyone. We aim to maintain, to the extent that we can, a diverse and balanced membership base in terms of gender and age. One of our attention points is that we want to remain attractive for the 50+ age group, which has not yet fully returned in the post-COVID-19 period.

We want to ensure that our goal to make fitness accessible to everyone is also reflected in our workforce.

Equality and diversity are the main pillars of our HR strategy. 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 employee cycle, and we do not accept any form of harassment of our employees or members. We launched an internal survey in 2022 focused on diversity and inclusion (D&I). No less than 90% of the respondents stated that Basic-Fit offers an inclusive workplace, 91% believe that we treat everyone fairly regardless of gender, age, ethnicity, background or sexual orientation and 93% felt they could be themselves at work. We have started a D&I sounding board at HQ level and aim to fine tune our approach in the coming year.

Our staff is balanced in terms of both gender and age representation. At the end of 2022, half of our workforce were women and half were men. Our vision is to have a workforce that largely reflects the diversity of the membership of our clubs, and who can understand everyone's needs and demands. In the last quarter of 2022, 47% of our employees in management positions are female. At the end of this year, the middle management consisted of 34% women. You will find more information on our diversity policy in the Corporate Governance section.

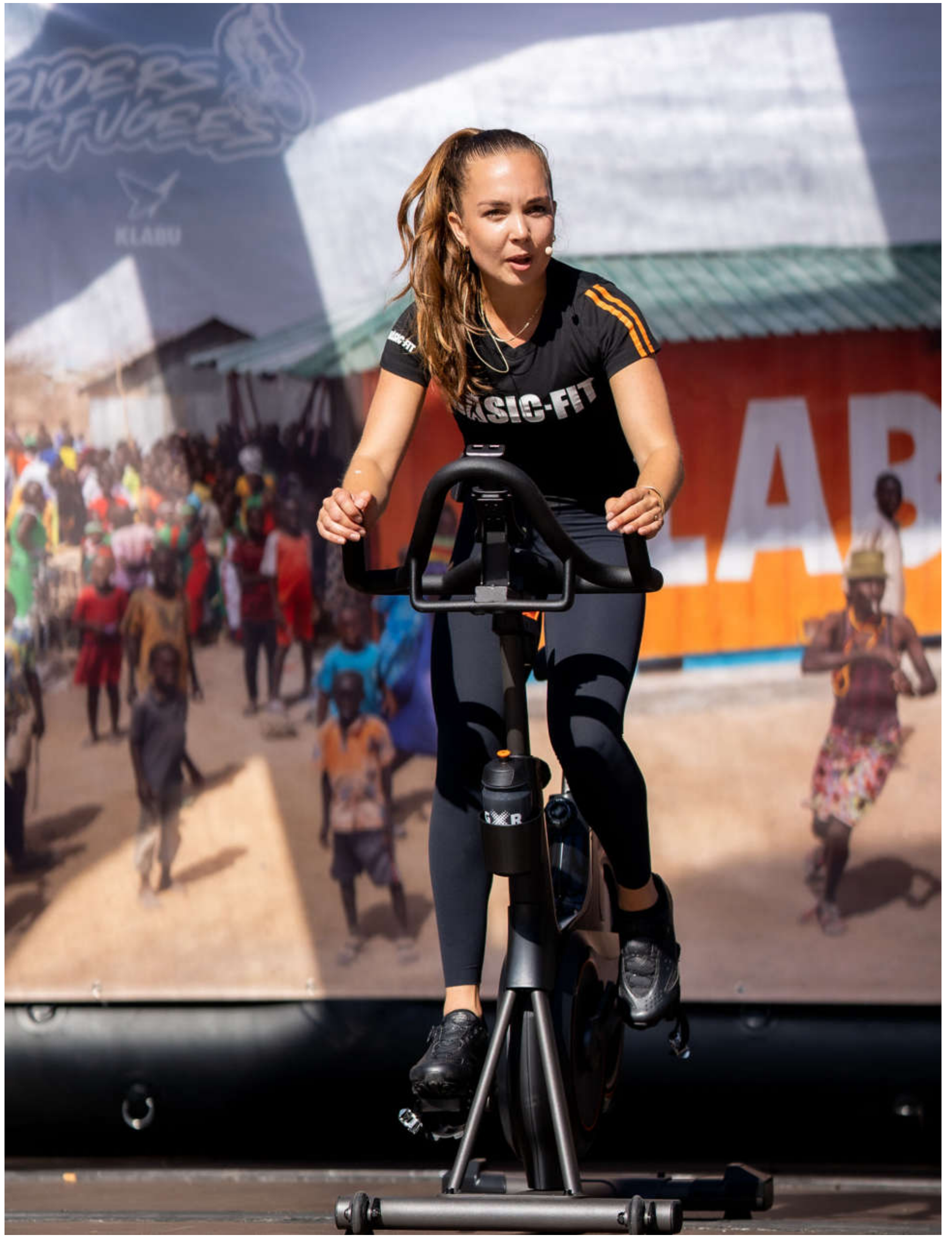
We expect all suppliers to adhere to local laws and regulations. Basic-Fit has required its suppliers to adhere to Basic-Fit's supplier code of conduct. The code covers human rights standards, including ensuring that our suppliers provide fair labour conditions in compliance with all applicable local and national laws and regulations. We include this code in the processes related to contracting new suppliers or contract renewals with existing suppliers.

Relevant indicators	2022	2021
Female (% of employees)	50%	51%
Female (% of managers)	47%	47%
Preferred construction suppliers with signed Code of Conduct	100%	58%

Community investment

Basic-Fit promotes education, equality and diversity, in line with SDGs 4 and 5. Our ambition is to actively support our communities to help them lead fitter, healthier lives and create a more inclusive environment. We understand the importance of building healthy habits that will keep people healthy, both physically and mentally. This is why, since 2020, we have been partnering with organisations in the countries we operate in, to help young people who lack the opportunity to exercise, stay fit and enjoy the social benefits of doing sports, regardless of background or ability. Our main partners are in the Netherlands The Johan Cruyff Foundation, which focuses on getting people fitter, in Belgium Sport2be and in France Sport dans la Ville, which develop sports and job programmes to support youngsters in their learning process through sports, and help young adults acquire professional skills. 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.

We support our partners both financially and through donations in kind. At an operational level, we activate young people by hosting weekly fitness training sessions in a number of regions, facilitating a partner's event in our club facilities, giving professional advice or facilitating career opportunities. In 2022, our fitness instructors gave 120 fitness sessions for the girls from Sport2be, creating strong relationships with the youngsters on a weekly basis. We aim to involve our employees in building our corporate values and engaging with our communities.



In the course of last year, Basic-Fit also supported several organisations to help refugees gain access to fitness facilities and equipment. In the Netherlands, we provided the municipality of Vlaardingen, and the VluchtelingenWerk and Klabu refugee organisations with around 500 memberships to give refugees the opportunity to stay fit. On World Refugee Day (20 June 2022), Basic-Fit facilitated the organisation of Klabu's fundraising event, Riders for Refugees, that brought together around 300 people cycling on Basic-Fit All-In bikes on Dam square in Amsterdam. In France, we supported Play International and, more specifically, their training programmes and sporting activities for young people in six refugee camps across the country.

We have developed a number of other initiatives to promote sports while giving back to communities at country level. Basic-Fit was one of the main sponsors the Amsterdam City Swim in 2022 to raise funds for the ALS organisation.

Relevant indicator	2022	2021
Financial contribution to communities ('000 EUR)	€ 363	€ 275

Sustainability governance

Basic-Fit is an international company and deals with diverse business cultures and practices in the countries in which it operates. We recognise our responsibility to take care of the environment and our people, promote and protect human rights and integrity, and avoid corruption and bribery.

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 defence roles. When they are noted by people in second line of defence roles in reviews, they are subsequently escalated to the Management Board. The Supervisory Board receives regular updates on these topics. In the event of highly material incidents, the matter and any mitigation will be discussed in the Management Board and/or in the Supervisory Board.

Sustainability and ESG is part of our DNA and have been integrated in our strategy and business processes. Together with our international and local teams, 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 Director Treasury, Investor Relations and Sustainability is responsible for the development and execution of the strategy. The Director is supported by a dedicated team, who ensure the rollout of plans and liaise internally with key stakeholders. This team includes the Sustainability Reporting Manager, the Communications & CSR Lead and a number of business analysts. In 2022, we also created a sustainability committee. This committee brings together internal ambassadors from various departments and operating countries, to support the integration of sustainability within the company, collect feedback and convey messages across the company.

The CEO's remuneration targets include an ESG performance-related objective.

Responsible conduct

We recognise that doing business responsibly requires being transparent towards our stakeholders. In addition to reporting how we manage the different impacts of our operations on people and environment, in this section we explain how we ensure sustainability remains at the core of our corporate governance and business strategy, including the fact that all our operations are performed with integrity and in compliance with applicable laws and regulations.

One of our focus points is to increase awareness of our commitment towards a more sustainable future and encourage our stakeholders to join us on this journey. Basic-Fit commissioned a communications and media analytics partner to set up and conduct a survey on sustainability in France and the Netherlands, to enable us to gain essential knowledge and fine tune our communication strategy.

We have also initiated various initiatives to make our sustainability approach and reporting more accessible and transparent. A key initiative was the addition of a sustainability section to our new corporate website launched in November 2022. We also engaged more closely with ESG rating agencies and evaluators, with the aim of providing a clearer view of our sustainability approach.

Integrity matters

Basic-Fit is committed to avoiding any non-compliance with laws and regulations of the countries in which we operate, which include health and safety regulations, competition and antitrust laws, insider trading regulations and anti-corruption laws. Basic-Fit has a Code of Conduct, which reflects the company's values and principles and ethical business practices in a wide range of areas, such as good business practice, integrity in dealing with third parties and financial reporting, health and safety, conflicts of interest and handling confidential information. Everyone working for Basic-Fit is required to diligently follow the principles as set out in the Code of Conduct when dealing with any business on behalf of Basic-Fit.

The compliance officer monitors compliance with the Code of Conduct. The elements and values reflected in the Code of Conduct are assessed in a yearly integrity, fraud and corruption risk assessment. The compliance officer, together with other stakeholders/departments such as Human Resources (HR), are responsible for the continuous promotion of best practices from the Code of Conduct and for raising awareness of the elements of the Code of Conduct within Basic-Fit (in clubs, as well as offices in all countries).

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 whistle-blower policy not only applies to employees but to all people who provide labour or services to Basic-Fit. This ensures that anyone affected has the ability to report issues that are not in line with Basic-Fit's principles and values.

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. As 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 line with the company's growth, we continue 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 performs due diligence investigations on potential new suppliers before the start of any cooperation. Currently, the managers responsible for procurement control these processes, which is assessed by the compliance officer.

Meeting ESG regulations

We keep a close eye on regulations related to ESG performance and reporting that may be applicable to Basic-Fit. We not only aim for compliance but also to learn from all frameworks, platforms, networks and others in the sustainability landscape on our journey towards becoming a more sustainable organisation.

Basic-Fit is subject to the Corporate Sustainability Reporting Directive (CSRD), adopted at the end of 2022 by the European Parliament, as the evolution from the Non-Financial Reporting Directive. The CSRD will require companies to report disclosures detailed in the upcoming European Sustainability Reporting Standards (ESRS). In the case of Basic-Fit, these requirements will need to be fulfilled from 2024 onwards.

We have started preparations to apply the CSRD and report in line with the ESRS. In the last quarter of 2022, we performed a gap analysis to identify both those requirements we can already fulfil and those for which we need to implement organisational improvements to ensure compliance in the future. In addition, we commissioned an internal audit also focused on assessing our sustainability readiness. Building on these findings, we have set up a series of workshops to continue to integrate sustainability in the organisation, which took place early 2023 with the support of an external partner. This included a workshop with the leadership team to ensure understanding of the implications of CSRD and define focus points. We also organised workshops with internal topic owners to define a roadmap with action plans to close gaps regarding policies, processes and data requirements.

Basic-Fit is also subject to the EU Taxonomy Regulation, based on Article 8 of the regulation. The EU Taxonomy establishes a EU-wide classification framework with the aim to provide businesses and investors with a common language to identify and report to which extend economic activities can be considered environmentally sustainable through the creation of activity-specific sustainability criteria. Companies currently in scope of Directive 2014/95/EU on the disclosure of non-financial information, which has been implemented into Dutch law through the Decree disclosure on non- financial information ('Besluit bekendmaking niet-financiële informatie'), are required to disclose the percentage of Taxonomy-aligned and non-Taxonomy aligned economic activities in their total turnover, Capital Expenditures (capex) and Operating Expenses (opex) including certain qualitative information.

Basic-Fit's main activity is to operate fitness clubs in six countries in Europe and offer 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 (that is, sectors coded in the Statistical Classification of Economic

Activities in the European Community), as defined in its technical report. Consequently, the main source of revenue, the opex required to operate the clubs and the capex invested to build and maintain the clubs are non-eligible under the EU Taxonomy. Basic-Fit does not own real estate and outsources the fitout and maintenance of its clubs to external partners. In turn, these partners must establish whether the EU Taxonomy Regulation applies to their activities.

The list of activities under this Delegated Act currently applies to specific sectors with high CO_2 emissions. Our revenue generating activities currently do not fall under any of the activities described in those Annexes.

The applied denominator for EU taxonomy turnover is defined as revenue as disclosed in note 3.2 to the consolidated financial statements. Further disclosures as well as the applied accounting policy can be found in the same note.

The denominator for the capex KPI includes additions in intangible assets, property, plant & equipment and lease assets, including reassessment. Notes 4.3 and 4.4 of the financial statements provide more information on the additions to the above-mentioned assets as well as the related accounting policies. The denominator for the opex KPI covers direct non-capitalized costs that relate to 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 enterprise or third parties that are necessary to ensure the continued and effective functioning of such assets.

The conclusion of our assessment is that 0% of the turnover, opex and capex is considered to be Taxonomy-eligible. Our assessment is based on our interpretations on how the regulation applies to our business activities and the impact thereof on eligibility and alignment. We will continue to assess our eligibility and the extent of EU Taxonomy alignment in 2023.

In addition to the above, we keep a close watch on applicable regulations regarding ESG performance and reporting that may be relevant for Basic-Fit in the future.

Tax policy

We pursue a transparent and responsible tax strategy in all our operating countries. 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. We seek the advice of external tax experts and always take into account the independence of our internal and external auditors.

RISK MANAGEMENT AND CONTROL SYSTEMS

Achieving our long-term strategic objectives inherently involves 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

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 in daily operations.

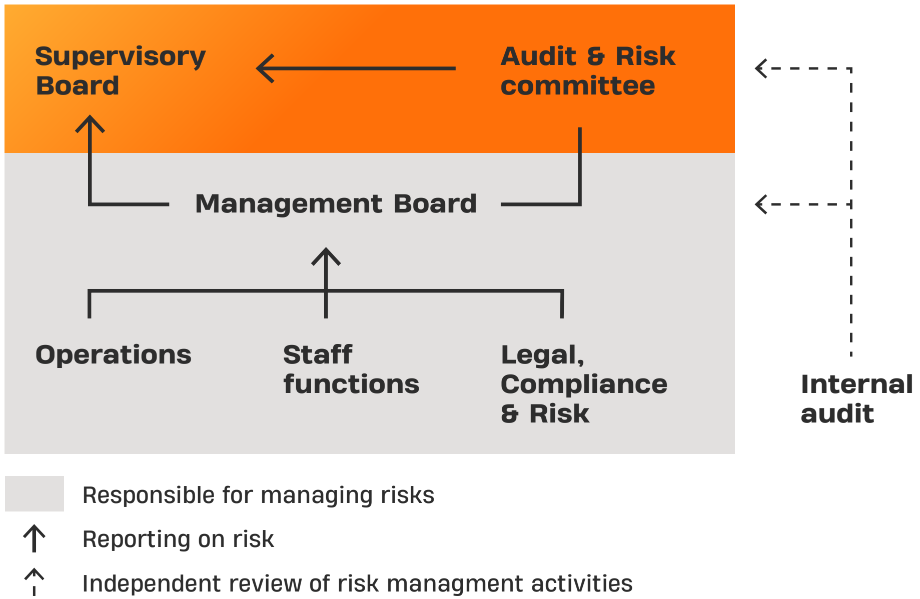
The Management Board, under the supervision of the Supervisory Board, is responsible for identifying and managing the risks associated with the company's strategy and activities. The Management Board, therefore, bears ultimate responsibility for designing and establishing Basic-Fit's risk management 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, who acts 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 auditor 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 in 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 2022

In 2022, Basic-Fit was able to add 185 clubs to its network. Basic-Fit continued to fill the pipeline of new clubs and prepared for the rollout of new clubs in line with our strategy. This despite and while recovering from the COVID-19 pandemic, the war in Ukraine, burgeoning inflation and the energy crisis, that had a considerable financial, commercial and operational impact in 2022. This affected both consumer behaviour and Basic-Fit operations and results. To manage this, the company devoted additional focus and attention to our membership structure and member communications. Furthermore, we set up an energy task force to reduce energy consumption. And we continued to focus on cost controls. We also further professionalised our property and expansion teams to manage costs, to maintain quality and stable capex levels. Together with the liquidity injections made in 2020 and 2021, which strengthened Basic-Fit's financial position further, this enabled the company to deal with the challenges faced in 2022, while continuing its development and growth. The leadership team and senior management analysed the possible implications for the company's daily operations, as well as the possible economic impact, and reported its findings to the Supervisory Board on a recurring basis. Basic-Fit believes it has shown that it has the ability to respond to adversity in a pragmatic way, still managing to open 185 clubs in 2022 and increasing membership to 3.35 million members.

We have made the first steps into a new country with a well-developed strategy and step-by-step plan. We have strengthened our sustainability strategy and are preparing for ESG reporting requirements, further strengthening our position on this topic. We have implemented a club facility management tool to start controlling our facilities digitally and remotely, which will help to control club operating costs and club climates efficiently.

Ongoing improvements

We improved our club expansion process even further, to control costs and timing through efficient project management. We have automated this process to make our control and monitoring of this process even more effective.

We work continuously 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. 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, Basic-Fit devotes continuous attention to embedding and maintaining awareness of the Business Continuity Plan, with the aim of securing the functioning and continuity of the business in the event of severe internal or external incidents.

Internal audit in 2022

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 have been taken into account and have been 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 function. 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 2023 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

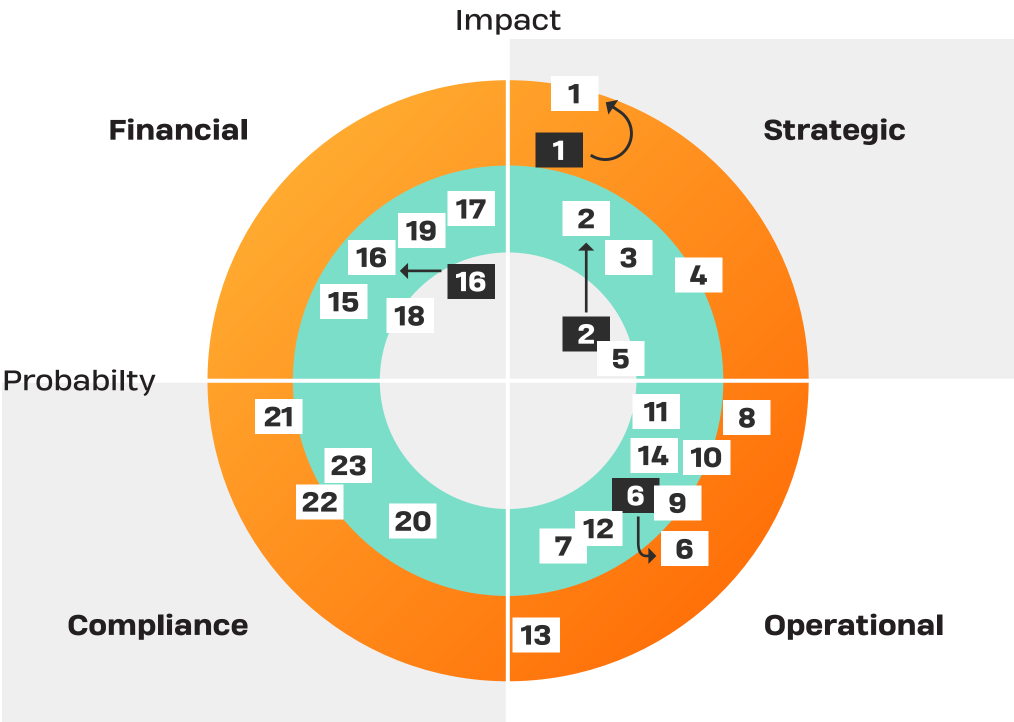
In general, Basic-Fit takes an entrepreneurial but prudent approach to risk taking. The risk boundaries are defined by the company's culture and our corporate governance, defined in Basic-Fit's strategy, values, code of conduct, policies and procedures. We identify, assess and manage the risk management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

Sensitivity Analysis

	Change	On	Impact (in € millions)	Assumptions (based on 2022 financials excluding exceptional items)
Revenue (members)	1.0%	(underlying) EBITDA	8	No change to yield
Revenue (yield)	1.0%	(underlying) EBITDA	8	No change to volume
Operating expenses	1.0%	underlying EBITDA	(6)	No change to revenue
	1.0%	EBITDA	(4)	No change to revenue
Clubs	10 clubs	(underlying) EBITDA	-	No (material) EBITDA impact during the first year from opening clubs
		Net debt*	12	
Interest bearing debt	€ 50 million	Net profit	(2)	Stable interest rates
Interest rate	100 bps	Net profit	(4)	Stable net debt

* Net debt excluding lease liabilities

Overview trends in risk



Strategic risk
- **1** Customer Behavior
- **2** Unpredictable markets
- **3** Competition
- **4** Macro-economic and (geo)political risks
- **5** Reputation

Operational risk
- **6** Digital transformation, acceleration and cloud
- **7** Suitable sites
- **8** Workforce and talent
- **9** Suppliers
- **10** Health and Safety
- **11** Managing growth
- **12** Business model disruptions
- **13** IT security
- **14** Club maintenance

Financial risk
- **15** Financial risk and inflation
- **16** Liquidity risk
- **17** Credit
- **18** Currency and interest
- **19** Tax and accounting

Compliance risk
- **20** Regulatory
- **21** Sustainability and ESG
- **22** Data security
- **23** Diversity & Inclusion

Trend
- Risk increasing
- Risk stable
- Risk decreasing
- 2021
- 2022

Risk at a glance

Strategic

Risk	Risk description	General risk trend	Trend in risk	Risk appetite
1 Customer behaviour	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.	
2 Unpredictable markets impacting 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 Macro-economic and (geo)political risks	The risk that market developments, such as (macro-) economic and (geo)political developments, war and unrest, inflation, natural disasters or pandemics could have a possible adverse effect on our growth and profitability.	↑		
5 Reputation	The risk of negative publicity, ineffective marketing campaigns or incidents occurring, which will have an adverse affect on the Basic-Fit brand.	↔		

↑ Increasing ↔ Stable ↓ Decreasing Averse Low Medium High

Operational

Risk	Risk description	General risk trend	Trend in risk	Risk appetite
6 Digital transformation	Our business model is technology and data-driven. If we cannot keep up with technological changes or if we cannot adopt new systems (in a timely manner), it may affect future growth and profitability. To support digitalisation, Basic-Fit is shifting more and more digital services to the cloud and if we do not manage the shift in responsibilities associated with this sufficiently, this might impact the control of the service delivery chain, potentially resulting in service discontinuity.	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 Workforce and talent	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 Health & Safety	Health & safety 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.		↔	

Operational

Risk	Risk description	General risk trend	Trend in risk	Risk appetite
12 Business model disruptions	In addition to the operational revenue from members, the company's wish to offer a holistic fitness offering requires a disruptive business model and 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 IT security	The resilience of the Basic-Fit organisation in the face of cyber threats is constantly under pressure. Attacks, threats and intrusion attempts are becoming increasingly sophisticated and are focusing more and more on users. The combination of this with potential reduced awareness can result in attackers trying to gain access to our crown jewels via e.g. ransomware. Not having the right procedures and controls in place could impact our business operation, reputation and brand.		↑	
14 Club Maintenance	With the growth of the club portfolio, the importance of solid club maintenance processes and systems is increasingly relevant to the management and monitoring of the quality and service levels in the clubs and safe and healthy environments for our customers and workforce. Not keeping up with this could impact profitability.		↔	

Financial & reporting

Risk	Risk description	General risk trend	Trend in risk	Risk appetite
15 Financial risk and inflation	In line with our growth strategy, we manage a large number of capital-intensive projects to expand our club base. Overspending or price increases due to developments in the markets or inflation could impact our cash flows. Lack of cash generation impacts the company's 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.	↑	
16 Liquidity risk	Basic-Fit requires access to capital to fund its growth ambitions.		↔	
17 Credit risk	The payment behaviour of our existing and future members could change, which would have an impact on our profitability and cash flows.		↔	
18 Currency and interest	Significant changes in financial markets could impact our financial condition or performance.		↑	
19 Tax and accounting	Changing tax and accounting regimes could impact our financial performance or tax treatment programming.		↔	

Compliance

Risk	Risk description	General risk trend	Trend in risk	Risk appetite
20 **Regulatory**	Failure to comply with legislation, internal and external policies, rules and regulations could have a negative impact on our reputation and future growth and profitability. Furthermore the regulatory framework is becoming increasingly complex with many developments and reporting requirements in the current year and years to come.	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.	↑	
21 **Sustainability and ESG**	The failure to adhere to generally accepted ESG norms and the Basic-Fit sustainability strategy as 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. Furthermore, the regulatory framework and societal impact of ESG regulations are becoming increasingly relevant.		↑	
22 **Data security**	It is of the utmost importance that our general data and 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 have an adverse effect on the company's profitability and reputation.		↔	
23 **Diversity & Inclusion**	The failure to apply and adhere to a solid Diversity & Inclusion strategy, as reflected in Basic-Fit's DNA, values and policies on D&I, could have an adverse effect in the profitability and reputation of the Basic-Fit brand for both consumers and our workforce. This could have an adverse effect on the willingness of people to work at Basic-Fit, to achieve strong results driven by diverse perspectives and the company's profitability and reputation.		↔	

Key Risks

The risks that potentially have the greatest adverse effect on the achievement of Basic-Fit's objectives are described below. The year 2022 turned out to be a year with many challenges in the risk field due to the uncertainty and impact around the development of COVID-19, the war in the Ukraine and the resulting unrest in the financial and geopolitical field, the inflation and increasing costs of supplies. The risk categories described are similar to the risks identified for the previous year but the risktrend increased for several risks. Although the risk trend has increased for several risks, company has proven to be able to mitigate the increased risk and limit the impact of the increase in risk. Some risk descriptions have been updated to give them a more outside-in perspective and bring them into line with the developments in the company. Furthermore, we have added two risks. Given the increasing volume in clubs that have to be operated and maintained, the relevance of club maintenance and how effectively we manage this to mitigate risks is becoming increasingly important. Furthermore, Diversity and Inclusion is a relevant societal topic that requires dedicated attention and involves increasing risk if not mitigated effectively. We have therefore added these risks. This is not an exhaustive list. There may be risks or risk categories that are currently identified as not having a significant impact on the business but that could develop into key risks. The objective of Basic-Fit's risk management systems is to identify changes in risk profiles and any risk-related incidents in a timely manner, so that appropriate and timely measures can be taken.

Strategic

Risk area and possible impact	How does Basic-Fit mitigate this risk	Developments
Customer behaviour 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.	- **Value for money:** We continuously invest in an attractive value proposition and customer journey to remain relevant to our existing and new members. Our customers can use the Basic-Fit app, which is very customer friendly, provides self-help service, new and extended online workouts and schedules and improved features for club entrance. This approach strengthens our data-driven approach to member communications and motivation. Furthermore, the app offers the availability of an online coach to help our members to set their goals and build and maintain a fitness habit. - **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 continuously analyse new forms of membership and add-on opportunities 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 online and on-site offerings, 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. We constantly facilitate our members' access to self-help tools, so we can assist our members even more quickly, at higher quality standards and with more efficiency. - **Remote operations:** We have an increasing number of clubs that are open 24/7 and we 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. Furthermore, we have implemented automated facility controls that are steadily being rolled out in our clubs, These constantly monitor the air quality and temperature in our clubs to further improve the health and security systems for our members in our clubs in an automated manner, in addition to the protocols already in place in our clubs.	**Developments 2022** - 2022 was quite impactful for our customers due to the impact of inflation and energy price increase. - We have further enhanced and improved the Basic-Fit app (which was launched in 2021) and introduced a QR code for access to our clubs. We also extended and renewed the online fitness content and offering. - We added more value to our clubs by introducing the use of massage chairs for Premium members - We introduced a new membership model, offering a Basic membership for one club, a Premium membership with added value and benefits for all clubs, including the ability to always bring a friend. We have introduced the availability of an All-in membership, including a smart bike for home, and dedicated online content in addition to a membership of the clubs. **Developments 2023** - We will continue to enhance the club and digital member experience through enriched content and offerings. - We will put additional focus on consumer trends & data analysis

Strategic

Risk area and possible impact	How does Basic-Fit mitigate this risk	Developments
Unpredictable markets impacting expansion Different or changing market conditions, laws and regulations, pandemics, consumer preferences and discretionary consumer spending habits in our growth markets or potential new markets could impact future growth and profitability.	- **Extensive research:** 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 automated site selection process, which takes into account local competition, local demographics, local fitness penetration and required site characteristics. This process covers the roles and responsibilities of all internal and external stakeholders. 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. - **Uniform club format:** We have a system in place 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. - **Monitoring local laws:** Our centralised international legal department closely monitors local laws and regulations, with support from local external advisors if required. - **Promotion:** 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 2022** - We opened our first clubs in Germany in 2022 and we expanded in existing markets - We have strengthened our development teams, including the procurement department in line with our growth and we will continue to further align processes in 2023. - We have also strengthened our property & expansion processes for more control, and this will be continued in 2023. **Developments 2023** - We will further expand 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 audience. - Our Strategy department monitors each of our markets, keeping an eye on market evolutions, trends and competitor activity.
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. - **Remote:** We have opened more clubs on a 24/7 basis in the Netherlands, Belgium and Luxembourg. We are continuing 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. - **Marketing:** We launched a new and continuing marketing vision at the end of 2021, with a focus on making fitness a Basic of life. Also, 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 are making 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 2022** - We became market leader in Spain in 2022 and will sustain the accelerated growth there in 2023 to benefit from our competitive advantage. - We have entered into a new market, Germany, which strengthened our competitive position in 2022. **Developments 2023** - We will continue our development in our existing countries, with a focus on Germany and Spain - We will strengthen our existing city clusters and create new ones in all countries to become and remain the logical choice for consumers. We will also continue our development of at-home and online workouts, for example with our All-In bike and GXR group class content.

Strategic

Risk area and possible impact	How does Basic-Fit mitigate this risk	Developments
Macro-economic and (geo) political risks Market developments, such as (macro-) economic and (geo)political developments, war and unrest, inflation, natural disasters or pandemics could have a possible adverse effect on our growth and profitability.	- **Diversified portfolio:** Our diversified portfolio of 1,200 clubs in six countries at year-end 2022, 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 the largest and fastest growing fitness operator in Europe, we want to contribute to the growth of the entire fitness market and we actively participate in the development of the industry and its standards at the local and European levels. - **Business model:** we can benefit from our proposition in times of economic downturn, as people could be downtrading for high-value, low-cost alternatives for mid-market and high-end offerings. - **Affordable:** Increasing pressure on the cost of living and inflation is impacting society. Our attractive and affordable proposition allows people be a member at low fees. - **Long-term relationships:** Increasing pressure on the cost of goods, shipment costs, scarcity of goods, inflation and unrest in several parts of the world, have so far not impacted Basic-Fit's potential to open clubs, because of good and fair long-term relationships with our suppliers. - **Relevance of fitness:** Post-COVID, we continued to convince politicians and the market of the relevance of fitness on health, (physical and mental) well-being and prevention. By offering a safe workout environment, we enable people to work on their fitness and strengthen their immune systems.	**Developments 2022** - Despite the more challenging macro-economic circumstances, we have managed to get the average membership count back to pre-COVID levels. In addition, we managed to increase the average yield per member significantly last year. - We have provided the market with our outlook and expectation that we will open around 250 clubs in 2023 and have a portfolio of 2,000 clubs in 2025. - We have set up an energy saving taskforce to identify opportunities to realise efficiencies and aim to reduce consumption per club by 20% on average. **Developments 2023** - We will continue with the energy saving taskforce and a prudent cost control approach in 2023 - We will monitor macro-economic developments closely and will adjust the number of club openings according to the expected membership development. - In late 2022, we introduced an adjusted membership model in France with increased prices for the Comfort membership, where the members in return get access to all clubs in their country. In February 2023, we did the same in the Benelux.
Reputation The risk of negative publicity, ineffective marketing campaigns or incidents occurring that have an adverse effect on the Basic-Fit brand.	- **Brand image and reputation:** we have an extensive marketing and corporate communication department and an investor relations department in place to manage our commercial communication, corporate communication and PR, and 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. If an incident occurs, we can measure the impact and take appropriate action as needed. - **Monitoring our brand:** We continuously monitor and track our brand recognition and awareness in the market, and we found that our brand recognition remained strong and stable or even increased in 2022, after the impact of COVID-19 in 2021. We also have a monitoring system in place to monitor Basic-Fit's communications via social channels. - **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 2022** - Also in 2022, we focused on building our brand, clarifying the added value of our concept and purpose to communities and authorities to help create an environment in which Basic-Fit clubs are welcomed and supported. We will continue these efforts in 2023. - We also further professionalised our social media monitoring. **Developments 2023** - As stated in the 2022 developments above. - We will also continue to closely monitor Basic-Fit presence and related tone of voice on both online and offline media. - We have updated our D&I policy and will implement that throughout the year.

Operational

Risk area and possible impact	How does Basic-Fit mitigate this risk	Developments
Digital transformation Our business model is technology- and data-driven. If we cannot keep up with technological changes or if we cannot adopt new systems (in a timely manner), it may affect future growth and profitability. To support digitalisation, Basic-Fit is shifting more and more digital services to the cloud and if we do not manage the shifting responsibilities associated with this sufficiently, this might impact the control of the service delivery chain, potentially resulting in service discontinuity.	- **IT personnel:** Attracting highly qualified IT staff is achieved by branding IT as Basic-Fit.tech and thereby becoming more attractive to IT talent, as well as by actively recruiting interns. Our efforts to retain staff include a talent coach to make employees, as part of an agile team, more self-managing and thus more productive. In addition to recruiting and retaining staff, we have a flexible layer of IT experts available with reputable IT partners for difficult-to-fill positions and in times of scarcity - **Shift left**: In our operations model, we have gained more control over our own IT agenda in order to achieve the maximum benefit for our business objectives. We achieve this by being a conversation partner in strategy and scoping sessions in the various business domains from the initial concept phase for new ideas. - **IT Internal control framework (IT ICF):** The IT ICF contains controls that apply to all systems, components, processes and data for our information technology (IT) environment. The hosting model of a service determines how such a general control is set up. For example, the fact of whether a cloud service provider has a third-party statement will influence whether and if so how we must organise additional or subsequent checks. - **Software acquisition:** Before acquiring software tooling in the context of supporting our business processes, our IT and Legal teams are a mandatory point of contact. Depending on the importance of the service, requirements will be imposed on the cloud service provider with regard to third-party statements and/or certifications.	**Developments 2022** - We have replaced our financial administration with a new system and this has been fully integrated into our IT infrastructure and processes. **Developments 2023** - We aim to automate as many standard IT tasks as possible in the processes that support our services by, for example, maximising the use of the tools we currently deploy. - Third-party assurance reports are evaluated annually to detect and mitigate any gaps in responsibilities in IT general controls between a cloud service provider and Basic-Fit.
Suitable sites The identification and securing of suitable sites, obtaining the required permits and agreeing on acceptable lease terms is crucial for the realisation of our growth ambition. Delays in regulatory procedures or construction activities could impact our club opening process and objectives for the year.	- **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. - **Site selection:** We have a rigorous automated site selection process, which is efficient and improves time to market. - **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. We have strong country expansion teams, to facilitate the company's long-term growth plans in terms of opening new clubs and exploring new opportunities.	**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, which market we entered in 2022. - We launched our new real estate website in 2022 to show landlords and brokers why it is interesting to work with us and help them contact us with interesting future club spaces for us to visit and analyse. **Developments 2023** - After a series of successful broker events in France, we are now also organising similar events in a number of other markets. - We are also searching for more sites in a certain zone in parallel, negotiating with several landlords to then choose and sign the best site.

Operational

Risk area and possible impact	How does Basic-Fit mitigate this risk	Developments
Workforce and talent Any failure to recruit, train, motivate and retain service-minded staff in our clubs, customer care centre and HQ's, or suitably qualified management, could impact future growth and profitability.	- **Continuous development:** We have onboarding training for club staff in which employees are trained on how to run a club. We also train all Customer Service and Remote Operations employees, 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 providing services to our members in off-peak hours. - **Performance development:** We have a performance assessment process in place to constantly identify and steer performance development, including continuous feedback. 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. - **implemented HR-systems:** We have an internal communication platform in place, to facilitate more appealing, transparent, uniform and accessible communication with our people, to foster the communication among our employees and enhance awareness of company developments in general. We use a professional HR management tool, which allows us to have a uniform and controlled HR approach in all our countries. - **Working from home:** Following the COVID-19 pandemic, we enhanced a flexible homeworking approach, taking into account the interest and preferences of both Basic-Fit and its employees. - **Recruitment:** We have greater visibility and attractiveness to candidates, which results in sufficient interest for vacancies, even though the labour market is under pressure, and it is generally more difficult to find sufficient and suitable staff. The market is changing at the moment and we are seeing more candidates available for the roles we are offering. Furthermore, we have centralised our recruitment and planning of employees.	**Developments 2022** - We implemented a central recruitment and planning of staff employees to make the process more efficient and to ensure that employees responsible for club management can dedicate their time to a high-quality club operation with fewer administrative tasks. - We worked on digitalising and renewing all our training materials in 2022. - We implemented development plans for club employees. And we have reinforced the emphasis on our employee values in our Basic-Fit communications and as of 2022 incorporated these values in the goal-setting for employees in their performance and development plans. **Developments 2023** - We will launch a training platform via our regular HR system, in which employees will be given access to a broad library of training courses they can follow. - We will launch a global onboarding process for all our new club hosts and hostesses that will be available in all countries. - We will roll out our new job classification system and compensation structure for all countries. - We will continue to support the 'Efficient Staffing' project to respond more effectively to our business needs.

Operational

Risk area and possible impact	How does Basic-Fit mitigate this risk	Developments
Suppliers The limited number of suppliers for various aspects of our business makes us vulnerable to interruptions to our existing and new operations and could impact future growth and profitability.	- **Key suppliers:** We have multi-year agreements in place with certain key suppliers related to the procurement of fitness equipment, the building of new clubs, the member registration system, member payment processing and IT services. For many products or services, we work with different suppliers to spread the dependency and workload. - **Rollout suppliers:** The centralised property management department supports control over investments related to our club rollout strategy. This department is involved in maintaining long-term and good relationships with key suppliers. It also regularly evaluates and re-assesses our suppliers, optimising the quality and number of suppliers with whom we work, cost controls and the timely execution of our expansion strategy. - **Contractual framework:** We have a sufficient contractual framework for procurement and entered into new contracts with existing and new partners based on this framework in 2022. - **Centralised facility portal:** We have a centralised facility portal in place, to further optimise our property management. - **Steady prices:** Although we have seen pressure on the prices of goods and deliveries, we manage to maintain a steady supply of goods and we made new agreements with suppliers on terms and conditions without material price increases. - **IT development in-house:** With our own IT development office and team, we now do more in-house IT development for crucial systems, such as our member system and our member app, for which we used to rely on external partners.	**Developments 2022** - We focussed on smart partnerships with our suppliers and new solutions in the supply of goods, to maintain a healthy and strong supply chain. - We added new partnerships for the construction of clubs in Germany. - We further strengthened the procurement and property department to control the building of new clubs and the execution of agreements made. **Developments 2023** - We will continue with the professionalisation and enhancement of our property team and processes.

Operational

Risk area and possible impact	How does Basic-Fit mitigate this risk	Developments
Health & Safety 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 specialists:** We have dedicated employees to monitor health & safety protocols for our employees. - **Remote operations:** We have further developed systems to optimise our club management through our remote facility 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. We have an increasing number of 24/7 clubs, with smart cameras and connection to the security room.	**Developments 2022** - 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 2023. - We have continued to work on the roll out of 24/7 clubs, with smart camera's and connection to the security room, to safeguard the safety of our employees and members. **Developments 2023** - We will continue to develop and implement tools and procedures to achieve the Health & Safety-related goals we have set. We will also strengthen the department further and apply an even more international and uniform approach. - We will harmonise the variety of health and safety policies and procedures in the Basic-Fit countries. - We will enhance and update the global regulatory overview on Health & Safety and perform a Health & Safety risk assessment.
Managing growth The company's 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.	- **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 a project management department to align and prioritise Basic-Fit's key strategic projects. - **Recruitment:** We have a system of central recruitment and staff planning to support the growing number of clubs. - **IT development and automation:** We have our own IT development team and office to support our growth and digital development and to protect and increase the value of the unique Basic-Fit data and tailor-made tools and programmes. - **Expansion process:** 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. And we have implemented a centralised facility portal to support club operations. - **Senior management:** The Management Board is supported by a senior management team. - **Operational excellence:** we challenge ourselves to continuously find new and further enhanced ways to operate our business in the best ways possible and to 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 2022** - We enhanced our global operational excellence plan to align all departments with our growth ambitions. **Developments 2023** - To further simplify the management of our growing club portfolio, we will continue to install smart camera systems and to roll out a remote facility system allowing us to guarantee swift incident resolution and a good service for our members. - We will roll out central planning & recruitment departments in more of our markets to alleviate the workload of local and regional club managers and ensure harmonised planning & recruitment practices across our different markets. - We will continue with the Energy saving taskforce and roll this out in 2023 through a dedicated Energy department, which will work on a 20% energy consumption reduction, contract negotiations, government subsidy management and solar panel installation.

Operational

Risk area and possible impact	How does Basic-Fit mitigate this risk	Developments
Business model disruptions In addition to the operational revenue from members, the company's wish to offer a holistic fitness offering requires a disruptive business model and the revenue from other operational activities and products, such as NXT level, vending machines and training activities. Any setback in those activities will have an impact on growth and profitability..	- **Secondary products:** 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 and NXT Level sports nutrition. These products are available in vending machines and via the webshop. We expanded the distribution of our NXT Level sports nutrition products and rolled out the sale of the products in FMCG channels. - **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. - **Media sales:** We have an increased number of digital screens in our clubs for the digital out-of-home offer for media sales.	**Developments 2022** - We added the All-in membership, which includes, in addition to the membership, the use of an exercise bike for home. - By adding vouchers for our NXT Level products in the premium memberships, we supported the upselling to more expensive memberships and we saw an increase in the number of customers for our webshop. - We launched an online coaching app for our members, which will optimise our services. **Developments 2023** - We will continue to expand our sales of secondary products in line with the growth of our memberships. - We have a full package of services and products and we will improve the sales of these products to our members by improving our customer journeys and the personalisation of our offering.
IT security resilience : The resilience of the Basic-Fit organisation in the face of cyber threats is constantly under pressure. Attacks, threats and intrusion attempts are becoming increasingly sophisticated and are focusing more and more on users. The combination of this with potential reduced awareness can result in attackers trying to gain access to our crown jewels via e.g. ransomware. Not having the right procedures and controls in place could impact our business operation, reputation and brand.	- **Cybersecurity:** We continuously maintain, enhance and improve the functionality, capacity, reliability and features of our automated interfaces and other technology offerings. We continuously monitor, test and improve our security systems and processes and have specialised staff and partners in place to enhance this process. - **IT Security Operation Centre**: we entered a multi-year programme at the end of 2021 with our security partners, who provide us with a Security Operation Centre (SOC), as well as, in case of major incidents, a Computer Security Incident Response Team (CERT). Together with our partners, we conducted the first annual cycle of our Information Security Management System and, among other things, carried out a risk assessment, prepared a risk treatment plan and conducted an information security assessment. To keep our security posture at a high level, we carry out planned and unplanned security challenges of our IT services - **Awareness:** through a multi-year programme, we aim to increase the cyber awareness and cyber resilience of our employees, e.g. through regular awareness training and breach and attack simulations (BAS).	**Developments 2022** - We installed and launched a reporting system in which employees report security incidents and implemented an adequate procedure in the IT Security & Privacy Office in the follow-up to these incidents. - We performed repeated PEN testing to secure the cybersecurity resilience at Basic-Fit and will continue this in 2023 with our partner. - We have conducted 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. - To further improve our security we added endpoint protection on our staff's PCs and laptops. - To improve the awareness of our personnel we launched an awareness campaign, starting with phishing simulations. **Developments 2023** - We will continue to work on our awareness campaign and focus on security and privacy by design in our software development teams and other developments. - We will further expand the protection of our staff's end points. - We will continue to implement and improve our Information Security Management System. - We will continue with the development of our IT internal control framework. - We will Implement a supplier security policy and ensure information security is a structural part of supplier management.

Operational

Risk area and possible impact	How does Basic-Fit mitigate this risk	Developments
Club maintenance With the growth of the club portfolio, the importance of solid club maintenance processes and systems is increasingly relevant to the management and monitoring of the quality and service levels in the clubs and safe and healthy environments for our customers and workforce. Not keeping up with this could impact profitability.	- **Operational Structure:** We have an Operational structure with different levels (Cluster / Regional / Business managers) who visit clubs regularly to keep an eye on required maintenance & repairs. - **External expertise:** Our facility managers work with external experts to guarantee we respect legal safety & maintenance requirements in all our countries. **- Monitoring:** Every month we monitor the maintenance capex budget of each club.	**Developments 2022** - In 2022, we launched a new facility ticket system with supplier integration to efficiently follow up on facility requests, to manage and reduce the costs of resolving technical incidents and to perform scheduled maintenance in the clubs. **Developments 2023** - In 2023, we will develop an improved club lifecycle management process, from construction to maintenance and renovation of older clubs, with a focus on cost control, automation and supplier integration.

Financial

Risk area and possible impact	How does Basic-Fit mitigate this risk	Developments
Financial risk and rising inflation In line with our growth strategy, we manage a large number of capital-intensive projects to expand our club base. Overspending or price increases due to developments in the markets or inflation, could impact our cash flows. Lack of cash generation impacts our capital expenditure capability.	- **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 2022** - We worked on further standardisation and focus on quality and price control. The property management and procurement departments have been strengthened further. The contracts with suppliers and constructors have been updated to further enhance the appliance of Basic-Fits standards and controls. All constructors enter into Basic-Fit contracts for co-operation. **Developments 2023** - The department will continue its professionalisation and intends to develop and use additional tools to monitor and control the costs. - The company will further monitor and manage the impact of the inflation, the developing energy prices and the development of costs of supplies.
Liquidity risk We require access to capital to fund our growth ambitions.	- **Fund our growth:** Since June 2018, we have had a financing facility, which matures in 2025. It consists of a €250-million multicurrency term facility, a €200 million revolving facility and a revolving facility accordion option of up to €150 million, of which €120 million has been committed. - **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:** Basic-Fit strives to have ample available liquidity in order to execute its growth strategy and to cope with unforeseen events that might have a negative cash impact. The aim is to have a minimum available liquidity of 10% of the LTM revenue.	**Developments 2022** - Due to the equity and equity-linked transactions in 2021, Basic-Fit had ample available liquidity in 2022, which was always well above the targeted minimum. **Developments 2023** - Because of the uncertain macro-economic developments, Basic-Fit has decided to be flexible with the number of club openings in 2023 and to monitor the macro-economic developments closely; to make sure that the impact on the company is limited before continuing with the accelerated pace of club openings. This will help the company to maintain a healthy amount of available liquidity.

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. - **Credit Management** Tool: We implemented credit management tool with tailored workflows and personalised reminder process.	**Developments 2022** - We continued to further optimise our credit management process, adding tailored workflows and personalised reminder processes. **Developments 2023** - No specific developments planned for 2023.
Currency and interest rate risk Significant changes in financial markets could impact our financial condition or performance.	- **Currency:** Basic-Fit only operates in the Eurozone, so translation risk is negligible. We mitigated the limited 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 the hedges in place since January 2019, we aim to hedge a minimum of 50% of our variable interest exposure. In recent years, we have used floating-to-fixed interest rate swaps (IRS) to achieve this goal. An increase of 100 basis points in Euribor would result in a lower net profit of approximately €3,6 million (based on exposure at year-end).	**Developments 2022** - Basic-Fit executed an interest rate risk analysis and reviewed the interest rate risk hedging policy. Due to increasing swap rates, the company decided to take a wait-and-see stance on increasing our IRS. At the end of the year, 42.4% of our interest rate exposure was hedged. **Developments 2023** - The IRS will mature at the end of May 2023. The company will monitor macro-economic developments closely and extend and increase its interest rate risk hedges at an opportune moment.
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 2022** - No specific developments in 2022. **Developments 2023** - Basic-Fit will prepare for regulatory developments and new legislation regarding taxes.

Compliance

Risk area and possible impact	How does Basic-Fit mitigate this risk	Developments
Regulatory Failure to comply with legislation, internal and external policies, rules and regulations could have a negative impact on our reputation and future growth and profitability. Furthermore the regulatory framework is becoming increasingly complex with many developments and reporting requirements in the current year and years to come.	- **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 management team, 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. - **Aligned processes:** The compliance, privacy, (IT) risk and internal audit functions have aligned processes and working methods, and a joint review and an audit plan for the second line has been implemented. - **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 2022** - The Legal, Risk and Compliance department was strengthened with Legal Operations, which supports the department in various ways, and with legal professionals for our new country Germany. - We continued to align processes and working methods of the second line in 2022. - We closely monitored the developments in new digital legislation under the general 'Europe fit for the Digital Age' initiative, as well as the implementation of the CSRD, which will continue in 2023, and the implementation of the Diversity Decree. **Developments 2023** - We will develop a more enhanced awareness programme for new employees in the onboarding package on the internal policies and continuing awareness training for all employees in all countries on several legal and compliance topics. - We will review and update several internal and external policies in line with regulatory changes related to, among other things, sustainability, diversity and inclusion and the new Corporate Governance Code 2022.

Compliance

Risk area and possible impact	How does Basic-Fit mitigate this risk	Developments
Sustainability and ESG 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 and launched its Sustainability framework and strategy with a vision on people, planet and communities. Basic-Fit is focused on reducing the use of energy resources in its clubs and offices. The company also develops initiatives to support its members and its broader communities to stay active. An increasing number of suppliers are bound by Basic-Fit's supplier code of conduct. Finally, we keep a close watch on applicable regulations related to ESG performance and reporting (e.g. CSRD). - **Same mission:** We have more than 7.000 employees in six 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. - **Corporate Sponsorships:** We have corporate sponsorships with main national partners in order to promote a healthy lifestyle amongst young people and young adults. - **Communication with policymakers:** We continue to focus on communication with policymakers to make sports and fitness an essential business.	**Developments 2022** - We continued to structure our sustainability approach to reinforce our positive impact on people, planet and communities. - As preparation for the application of the CSRD, we performed a gap analysis of our reporting readiness and began identifying organisational improvements needed to ensure compliance in the future. - We updated our previous materiality assessment taking into account the sustainability trends impacting our company and industry. We also conducted a survey to scan sustainability expectations and perception among consumers. **Developments 2023** - We will continue to develop our sustainability programme with an increased focus on the planet pillar to better assess and reduce our carbon footprint. - We will conduct workshops to ensure understanding of the impact of the CSRD on the company and take action. - We will conduct a double materiality assessment in alignment with the CSRD (ESRS requirements). - We will continue to meet policymakers to highlight the key role of fitness on health.
Data security It is of the utmost importance that our general data and 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.	- **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. - **Automated process:** We have an adequate automated process in place related to privacy requests and complaints, which makes it easier for members to submit a request and for us to handle it within the legal parameters. - **IT Security & Privacy Office:** We installed our IT Security & Privacy Office together with an external partner, to monitor our IT security risks, security incidents and databreaches and to implement solutions to mitigate cybersecurity risks. - **Privacy compliance programme:** We continuously monitor and improve our policies, procedures, the register of processing activities and our websites regarding data compliance, including updated privacy and cookie statements and our camera policy.	**Developments 2022** - We continued to optimise our data governance and data retention policy to make it future-proof. - We will continue to optimise our reporting and follow-up on privacy and security-related incidents, such as data breaches. **Developments 2023** - Awareness will remain an important topic in 2023. - We will roll out an updated policy for 'Security incidents and data breaches', including awareness training and also implement a new policy for data retention.

Compliance

Risk area and possible impact	How does Basic-Fit mitigate this risk	Developments
Diversity & Inclusion The failure to apply and adhere to a solid Diversity & Inclusion strategy, as reflected in Basic-Fit's DNA, values and policies on D&I, could have an adverse effect on the profitability and reputation of the Basic-Fit brand for both consumers and workforce, which could have an adverse effect on the willingness of people to work at Basic-Fit, to achieve strong results driven by diverse perspectives and the company's profitability and reputation.	- **Values and culture:** The 'I' in Basic stands for 'inclusive'. We celebrate differences and advocate equality, from our board room to our clubs. Diversity and inclusion are embedded in Basic-Fit's DNA and are pillars of our sustainability strategy. It is inseparable from everything we do to make fitness accessible to everyone. - **Recruitment:** We are committed to a process that is free of bias, and that clearly signals our interest in diverse candidates. We set expectations for hiring managers and third-party recruitment agencies. - **Marketing & Communication:** Basic-Fit actively communicates internally and externally about the D&I strategy and the associated objectives and measures. In our labour market communications and on our social media channels, we show that we strive to be a diverse organisation. Also, our marketing campaign shows ourD&I approach and by that, we ensure diverse profiles are represented. - **Equal payment**: In 2022, Basic-Fit conducted a benchmark study into the market conformity of salaries within Basic-Fit and classified all positions and profiles in a job classification system with an associated salary scale. We took appropriate measures to resolve any differences between people in similar roles in similar circumstances. We will conduct regular investigations to determine whether there are differences in the remuneration between men and women in equal roles under equal circumstances. This will enable us to ensure an equal and inclusive remuneration and reward method. - **Speaking up:** in the event employees experience undesirable behaviour, such as bullying or discrimination, they can contact a confidential adviser, the Compliance Officer or one of the Speak-Up officers on the basis of the Speak-Up Policy.	**Developments 2022:** - We installed a working group on Diversity & Inclusion, led by the HR and CSR teams, including D&I ambassadors. - We conducted a survey among our employees, which included D&I. - Basic-Fit installed confidants, who are important for employees that experience unacceptable behaviour. - We launched our first Pride campaign in the countries Basic-Fit is located in. **Developments 2023:** - We will continue to work on our Diversity & Inclusion strategy and on a new version of the current Diversity & Inclusion policy that does justice to the current initiatives and status, including the goals we have in mind. - We will implement the plan of approach including the gender diversity targets for the Leadership Team, Supervisory Board and senior management of the company.

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. In this report, the Code will be taken into account, however, company already took initiatives to adapt policies towards alignment with the renewed Corporate Governance Code 2022. Some references to these anticipated adaptations will be made throughout this chapter.

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 as a result of which 54,666,667 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 on 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 five members. The provisions of the Dutch Civil Code related to the large company regime ('structuurregime') do not apply to Basic-Fit.

Management Board and Leadership team

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 risk, compliance and internal audit updates, together with major HR and IT issues. Over the past year, the Management Board devoted specific and close attention to the approach and execution of Basic-Fit's strategy in light of the recovery from the COVID-19 pandemic, while dealing with the geopolitical and economic developments that the world faced in 2022, as a result of among other things the war in Ukraine. Despite this, the company has been able to open 185 clubs and had increased its member numbers to 3.35 million by the end of the year.

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 are in line with the new Code 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.

In addition to the Management Board, a Leadership team assists with the definition of the strategy and the day to day execution of this strategy. The Leadership team is composed of the members of the Management Board being the CEO and CFO, and the COO and CCO. In the paragragh Composition more information can be found.
At 8 February 2023, the Supervisory Board and Management Board adopted new Leadership team rules, which will be published 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 the company's 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 2022, 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.

The Leadership team, exists in addition to the members of the Management Board, of the COO and CCO. Redouane Zekkri is a key employee and 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 and 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 Basic-Fit's 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 all Basic-Fit 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. In line with the Code 2022, the Supervisory Board has adjusted the Supervisory Board rules. 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 2022, the Supervisory Board consisted of five members. In accordance with the Relationship Agreement, one Supervisory Board member is appointed upon nomination by AM Holding. Hans Willemse has been designated for nomination by AM Holding. As AM Holding holds more than 10% of the shares in Basic-Fit, Hans Willemse is deemed not to be independent within the meaning of best practice provision 2.1.8. vii of the Code. Pieter de Jong stepped down as Supervisory Board member as per the AGM in April 2022.

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

As of 31 December 2022, the composition of the Supervisory Board was as follows, with Rob van der Heijden taking over the seat of Pieter de Jong as member of the Appointment & Remuneration Committee

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
Hans Willemse	Member of the Selection, Appointment & Remuneration Committee and the Audit & Risk Committee
Rob van der Heijden	Member of the Selection, Appointment & Remuneration Committee and 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, which have been 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 Amstelveen in the Netherlands and has an indirect majority interest in fitness club Saints & Stars. The HealthCity Amstelveen club is a fitness club active in the mid-to-premium market segment of the health and fitness market. Saints & Stars is a fitness club active in the premium market segment. These clubs could be perceived as competing with Basic-Fit and, even though they operate in a separate fitness market segment, and 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 8.3 Related party transactions to 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 sustainable long-term strategy. In this respect, Basic-Fit aims to have an adequate and balanced composition of all its corporate bodies in line with Dutch legislation and our D&I policy. Diversity and inclusiveness are part of the core values of Basic-Fit, as reflected in our strategy towards members, employees and other stakeholders. You will find more information on Basic-Fit's core values in the Healthy Communities section of this annual report.

The Diversity Decree (Diversiteitswet' 35 628) enacted in 2022, aims to balance the ratio of men and women in management and supervisory boards. This law provides for a statutory growth quota for the supervisory boards of NV's listed in the Netherlands and an appropriate and ambitious target, to be set by the company itself, for Management Board and the senior management (to be defined ny company itself) 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 on 1 January 2020. The law applies to Basic-Fit and entered into force on 1 January 2022.

Firstly, the law includes a quota of at least one-third male and one-third female for Supervisory Boards. An appointment that does not make the distribution more balanced in line with this law 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 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, plus the target should be aimed at making the existing situation more balanced. For this purpose, Basic-Fit has drawn up a plan with targets and measures to achieve these targets. This plan has been approved by the Management Board and the Supervisory Board.

Basic-Fit will, for the first time and ultimately before the end of October 2023, inform the SER about the plan, the progress, the number of men and women in middle and senior management positions, the plan to achieve the target figure and the extent to which the goals set in the previous financial year have been achieved, and if one or more goals have not been achieved, the reasons why. The information which will be reported to the SER will also be included in he management report. The SER will monitor progress and whether companies are complying with their 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 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 promote further gender diversity.

In addition to this, the company is working on an extended D&I policy. Diversity and inclusion are deeply rooted in our values and pillars. Our behaviour ensures that we not only continuously promote an inclusive environment, but also leads to a future in which fitness is accessible to all. On the D&I front, we do this by: 1) Empowering everyone to be heard, 2) Removing barriers to entry and 3) Setting clear ambitions and committing to them. Basic-Fit will use 2023 to adapt the current diversity policy, making it an updated and more comprehensive D&I policy that will take into account new legislation. The company will also continuously collect feedback and use it to further strengthen its approach to diversity and inclusion.

At Basic-Fit, we believe that differences make us stronger and better and we stand for equal opportunities for everyone. We strive for an inclusive culture, in which differences are recognised, valued and exploited. This applies to our members, our employees and our partners. It is important that employees are competent, but also that they differ from each other and we create the space for them to express these differences. Different perspectives, backgrounds, knowledge and experiences contribute to the realisation of Basic-Fit's objectives when they are used in a positive way and used in innovative, sustainable solutions that connect with our customers, who are a reflection of society.

Gender diversity within Basic-Fit

Basic-Fit as a whole

Basic-Fit empowers both male and female talent to develop and grow. For the Basic-Fit employee group as a whole, the gender diversity ratio is currently as follows: at the end of 2022, the entire Basic-Fit workforce consisted of exactly 50% women and 50% men. Of all leadership positions in the organisation at every level combined, 47% of leadership positions were filled by women. This follows a trend that has been established at Basic-Fit for years and to which Basic-Fit attaches great importance. Basic-Fit is keen to maintain this strong balance.

Supervisory Board

There are currently five Supervisory Board members, four of which are male and one is female. At the AGM of 24 April 2023, the Supervisory Board will ask the AGM to approve the appointment of Joëlle Frijters as the sixth Supervisory Board member. The most important element of her appointment is her valuable and complementary expertise in entrepreneurship, IT and digitalisation. With her appointment, Basic-Fit will meet the gender diversity targets stipulated for the Supervisory Board.

Management Board and Leadership Team

The statutory Management Board consists of two members, René Moos being the CEO and Hans van der Aar being the CFO, both men. There have been no vacancies in the Management Board in recent years. In addition to the two statutory directors, the leadership team also consists of two non-statutory directors, Erica van Vonderen - Hahn, the CCO, and Redouane Zekkri, the COO. Together they represent the daily management of Basic-Fit. The leadership team currently consists of three men and one woman, making the female representation 25%.

Middle management

For the determination of the middle management level at Basic-Fit, all persons as from scale 18 in the Basic-Fit job classification system, which only includes managerial positions, are taken into account. The middle management consists of 34% women and 66% men.

When considering vacancies, finding a person with the required skills, expertise, experience and independence and all other aspects of diversity, such as gender, 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 they best fit the profile and strategy of Basic-Fit.

Gender diversity targets

Basic-Fit formulates appropriate and ambitious targets for the m/f ratio in its Leadership team, the Supervisory Board and its middle management level. In the field of diversity, equality and inclusion, Basic-Fit has defined the following objectives:

- Promote diversity in the composition of our workforce through inflow and advancement to make it a representative reflection of society and our membership base.
- For the entire workforce, the percentage of both men and women always remains between 45% and 55%.
- At least one-third of our Supervisory Board, Leadership team and middle management (from level 18) is female and at least one-third male.
- Basic-Fit rewards equally for equal work.
- A working environment that is safe and free from discrimination.
- Fair and equal access to opportunities.
- Leadership with an eye for diversity values.

In order to continue to achieve objectives, we continuously develop our policies and measures, partly on the basis of the feedback from our employees. At the moment, Basic-Fit has been able to achieve many of these objectives. Even so, we will continue to look at how we can do even better. In the coming years, we will devote attention to the further development of (gender) diversity in the leadership team, which does not yet meet these objectives. The leadership team is small. Last year was the first full year in which the leadership team functioned with four rather than three people, which in addition to giving us a more complete leadership team took the step towards a representation of 25% women. We do not foresee a change in this in the short term, but if there is a change in the current composition, or an expansion of the leadership team, then the focus will be on the further promotion of diversity in the team on all fronts, including an increase in female representation.

Specific gender diversity targets for 2023 and developments in 2022

	m/f ratio per 1/1/2023	m/f ratio per 1/1/2022	m/f target 2023	Explanation
Total employee group	50% / 50%	49%/51%	The m/f ratio in the entire group is between 45% and 55% for both m/f	Basic-Fit is satisfied with the gender diversity ratio. The aim is to keep the m/f ratio in the range 45% and 55%
Supervisory Board	83% / 17%	83% / 17%	67% / 33%	At the AGM in April 2023, a sixth SB member will be introduced for nomination, this being Joëlle Frijters. If her appointment is approved, Basic-Fit will meet the minimum requirement of 1/3rd men and 1/3rd women on the Supervisory Board, which was the target for 2023. A balanced diversity within the Supervisory Board will always be on the agenda.
Management Board and Leadership Team	75% / 25%	75% / 25%	75% / 25%	The LT exists of the members of the MB and the CCO and COO. At the end of 2021, the LT was expanded with a CCO, who is a woman, leading to a female representation of 25% in 2022. The size of the MB and LT is small. No change is foreseen in 2023. If there is a change in the current MB or LT or an extension of the MB or LT in the coming years, the wish and the aim will be to further increase diversity in all aspects, including gender.
Middle management	66% / 34%	65% / 35%	minimum 67% / 33%, with a target of 63% / 37% at the end of 2024	Basic-Fit is quite satisfied with the current gender diversity balance in its middle management. At the middle management level, diversity is pursued in a broad perspective, including gender. The overall presence of female leadership in the entire group is 48% of all management roles. With a growing or changing middle management, the aim is to achieve an even more balanced composition between men and women at this level. Due to the size of the group, an exact percentage is difficult to name. The minimum target is 1/3 female and 1/3 male in this group. The aim is to further shift the balance to 63% male and 37% female in the years 2023 and 2024 combined.

Policies and measures to achieve the objectives

Commitment of senior management

It is important that the senior management of the organisation feels the necessity and urgency of the diversity policy and propagates it from the top of the organisation. Diversity and inclusion are an integral part of Basic-Fit's vision and mission and the composition of its total workforce reflects Basic-Fit's diverse membership group. Across the entire employee group, there has been a healthy and equal balance between men and women for years. At Basic-Fit, we attach great importance to the development of talent and the preparation for managerial roles from within. We also devote a great deal of attention specifically to the role of women, thanks to which there is already a high representation of women in Basic-Fit's middle management. The management devotes constant attention to succession in the daily management and finds it extremely important to give space to a diverse composition of people in terms of talent, expertise and background, with equal opportunities for everyone, also taking into account female talent.

The D&I Policy and gender diversity is deeply embedded in the organisation and is propagated by the leadership team in the implementation of strategy and policy. The HR department also plays an active role in ensuring that active D&I policies and measures are embedded and followed up in the organisation at every level of the employee cycle described below. The leadership team is supported by the directors layer, which includes the people responsible for all operational units and all staff departments. In their periodic meetings, these directors are closely involved in the implementation of the D&I policy and bear joint responsibility.

All Basic-Fit managers, including senior and middle management, receive regular training and education in the field of leadership, strategy and values, with the focus on realising all the elements of the Basic-Fit strategy and objectives. Development in the field of inclusive leadership, unconscious biases and objective interviewing will be a regular part of this programme.

- As part of the D&I working group, Basic-Fit has appointed D&I ambassadors in the organisation.
- Basic-Fits conducts an annual employee satisfaction survey among the entire workforce, which also includes the topics of safety, culture, diversity and inclusion. The results are analysed and these also determine any measures to promote diversity.
- Basic-Fit formulates SMART objectives in the field of D&I and more specifically gender diversity;
- D&I is included in the profile for the Supervisory Board and the Management Board, and must be guaranteed in the longlist and shortlist of candidates for appointments.
- Basic-Fit has a mentoring programme for talented employees to stimulate succession and advancement from within. The company also has a specific mentoring programme for female talent.
- All employees can participate in dialogue sessions or workshops on diversity, equality and inclusion in employee resource groups. We take the position that we have never finished learning and continue to innovate. We invite employees to share initiatives with the D&I working group. This can also be done in the Lunch & Learn sessions we organise on a regular basis for employees with Basic-Fit's middle management and leadership team. This also includes specific attention for D&I and female leadership.
- If necessary and relevant, Basic-Fit invites an external D&I expert to further explore topics, investigate or shape measures.
- Basic-Fit constantly evaluates and monitors inclusive policies for employees and takes into account the findings of the employee resource groups related to the likes of long-term or care leave, parental leave, etc.

Basic-Fit culture

Basic-Fit attaches great importance to providing a safe and pleasant working environment. We expect employees to contribute to a working environment without any form of undesirable behaviour, such as sexual harassment, aggression and violence, discrimination, stalking, bullying, abuse of power, insulting and verbal defamation. This means that there is a safe and open culture, where people dare to address each other about any form of undesirable behaviour. This means that all employees know that such behaviour is not accepted and that it is associated with appropriate actions. The Basic-Fit code of conduct is the guideline for our actions and decisions and helps us to do our work well, carefully and with integrity. The code of conduct devotes explicit attention to a safe and pleasant working environment, discrimination and exclusion. In the event of experiences with undesirable behaviour, such as bullying or discrimination, employees can contact a confidential advisor. The function of confidential advisor is fulfilled by various people in the organisation and in HR. In addition, Basic-Fit has a speak-up policy, on the basis of which employees can report any violation of Basic-Fit's integrity policy.

Basic-Fit is developing various initiatives to stimulate and increase dialogue and awareness about diversity and inclusion in the workplace. Inclusive communication is crucial for success. Basic-Fit actively communicates internally and externally about the organisation's diversity vision and the associated objectives and measures. Basic-Fit also pays attention in word and image to role models within the organisation, for example at Orange Connect or in seminars, to bring Basic-Fit to the attention of potential new colleagues. We also show that we strive to be a diverse organisation in our labour market communication and our social media channels. We have experience stories from colleagues in various labour market positions, different ages, sexual and gender identities, cultural backgrounds, education, job levels and areas of work, so that many different candidates find recognition and connection. Basic-Fit regularly checks this to ensure objectivity. Recruiters are also trained in the writing of inclusive recruitment texts.

D&I goals in the employee lifecycle

Basic-Fit used and adapted Steven AJ Cox's 'Employee Lifecycle' (2019) Diversity and Inclusion framework' to identify D&I goals in the employee lifecycle.

Attract: Being an attractive inclusive employer

We want to offer everyone equal opportunities to work at Basic-Fit. We do this by:

- Gender-neutral and inclusive language in all our communication. By training our communication and HR teams in Tone of Voice, in line with the Basic-Fit values that are embedded in our D&I policy. This ensures that our language is inclusive and does not exclude anyone.
- The use of inclusive and gender-diverse storytelling on our recruitment channels, such as LinkedIn and Career websites. The goal is to make two of these posts on these channels and on our intranet Orange Connect every quarter, with (gender) diverse profiles that show what it is like to work at Basic-Fit.
- On our corporate website, we communicate about our D&I policy, our objectives and what we achieve in the field of D&I (including gender diversity). These statistics will be developed and available in an up-to-date form through a connection to Power BI. This promotes transparency in the field of (gender) diversity and the objectives of Basic-Fit.

Recruitment and Selection: Everyone should be enabled to make a successful application

We strive for a process that is free of bias, clearly identifies our interest in diverse candidates, supports applications from diverse candidates, and sets expectations for hiring managers/external recruitment agencies. In order to offer everyone equal opportunities, we work as objectively as possible in our recruitment, selection, internal transfer and promotion processes. For example, we use an assessment that makes selection objective and suitable for a wide variety of candidates. We strive to ensure that no one feels discriminated against and we are guided by relevant and objective criteria in recruitment and selection.

Onboarding: Making sure everyone knows the company and strategy, understands the values and what is expected.

New employees understand our expectations and know what support there is and what opportunities are available, for everyone equally. Everyone feels comfortable being themselves at work. Basic-Fit has a central and inclusive introduction programme that is constantly evolving. This contributes to the smooth introduction of new colleagues within Basic-Fit and a feeling of being welcome.

Learning and development: everyone gets equal opportunities in training and education programmes

At Basic-Fit, we offer everyone the space and equal opportunities to develop themselves. Through the training courses we offer and the focus on personal development, we strive to create as many equal opportunities as possible for everyone. In addition, we believe that everyone has talents and our design for talent development takes an inclusive approach. Where necessary, we offer specific learning and development opportunities to specific target groups to promote diversity. As part of Basic-Fit's Learning Management System (LMS), we are planning to develop a D&I track in 2023. We will also launch LinkedIn Learning in 2023, with a high-quality D&I challenge, to promote knowledge of D&I and gender diversity. Throughout the year, Basic-Fit draws attention to D&I, including gender diversity, in a variety of ways. Basic-Fit makes podcasts with guest speakers on this topic and we host Lunch and Learn meetings on this topic. At least one session per year will be devoted to female leadership. Female executives will share their experience of leadership at Basic-Fit. In the leadership training for middle management, the focus is on the development of all facets of leadership, including (gender) diversity training and awareness. This ensures inclusive leadership and involvement in the implementation of the D&I policy and the role of female managers.

Reward, recognition and benefits: Everyone is treated fairly

An equal pay policy is important. In 2022, Basic-Fit conducted a benchmark study into the market conformity of the salaries within Basic-Fit and all positions and profiles classified in a job classification system with the corresponding salary scales. This has already largely mapped out deviations between people in similar roles with similar circumstances, and we have now taken measures on this front. We will conduct regular investigations into whether there are differences in pay between men and women in equal roles under the same conditions. This will help us to ensure equal inclusive pay.

Progression and performance:

Basic-Fit conducts and records performance assessments consistently, inclusively, objectively and transparently, in line with D&I policy. In addition, we are setting up an inclusive talent identification and success planning programme in Workday for the development and advancement of talent, with equal opportunities for all. Managers are trained in honest and objective assessment. We have set up a mentoring programme to promote female leadership, in which managers can seek cooperation with external mentoring programmes, but in which internal female leadership also plays an exemplary role.

Exit: Using and learning from feedback from people leaving and preventing employees from leaving due to a lack of inclusion.
Diverse talent must want to stay with the company. We act on feedback and use inclusion programmes in the workplace. We learn from people who leave and investigate whether there is a lack of inclusion. We process the data from the exit interviews and surveys objectively and transparently and reported this in Power BI. We use the input to investigate the policy and, where necessary, to improve it.

Furthermore, you will find additional information on age, gender, nationality and background in the Non-financial information. Basic-Fit is proud that our workforce clearly reflects the diversity of people in our society and our member base.

General Meeting of Shareholders

The Annual General Meeting of Shareholders (hereinafter referred to 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 their 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 asked to provide the company with an advisory vote on the remuneration report, in line with the requirements in line with SRDII. You will find further details 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 2022, a total of 66,000,000 shares had been issued, following the 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 2022 (the Code) and the Articles of Association, the period of such designation may not exceed five years. At the designation, the number of ordinary shares to be issued by the Management Board must be determined. If the Management Board has been designated as the competent body authorised to issue ordinary shares, the resolution to issue ordinary shares is subject to the prior approval of the Supervisory Board.

The General Meeting designated the Management Board for a new period of five years from 21 April 2022 (i.e. until 20 April 2027), subject to the approval of the Supervisory Board, as the competent body to (i) resolve to issue shares, and (ii) grant rights to subscribe for shares, up to a maximum of 1% of the fully diluted outstanding share capital, either at the time of issue or at the time of granting rights to subscribe for shares, and (iii) to exclude or limit pre-emptive rights to subscribe for shares in the event that the issue of granting of rights to subscribe for shares takes place in connection with the Performance Share Plan or any other employee participation plan.

Furthermore, the General Meeting designated the Management Board for a period of 18 months from 21 April 2022 (i.e. until 20 October 2023), 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 21 April 2022, 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 20 October 2023), 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 in the Shareholder Information section of its corporate website. 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 appoints the external auditor. For the financial years 2022 and 2023, the General Meeting appointed Ernst & Young Accountants LLP 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, please see 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 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 in 2022. 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).

Shareholders holding more than 3%[1]	
René Moos, our CEO (directly and indirectly via AM Holding B.V.)	14.3%
Impactive Capital LP	10.1%
North Peak Capital Management, LLC	10.0%
OLP Capital Management Limited	6.8%
3i Group plc	6.6%
JP Morgan Chase & Co	5.0%
Norges Bank	4.1%
CAS Investment Partners, LLC	3.0%

1 These are the interests reported to the AFM's register of substantial interests. 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 interests of AM Holding in the company. The register of Director's interests also shows other direct or indirect shareholdings of R.M. Moos.

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 BasicFit's business. In 2022, the priority of the Management Board was to recover from the impact of the COVID-19 pandemic, to mitigate the risks of the geopolitical and societal developments due to the war in the Ukraine, the energy crisis and the inflation and its impact on Basic-Fit, and 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 2022, 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:

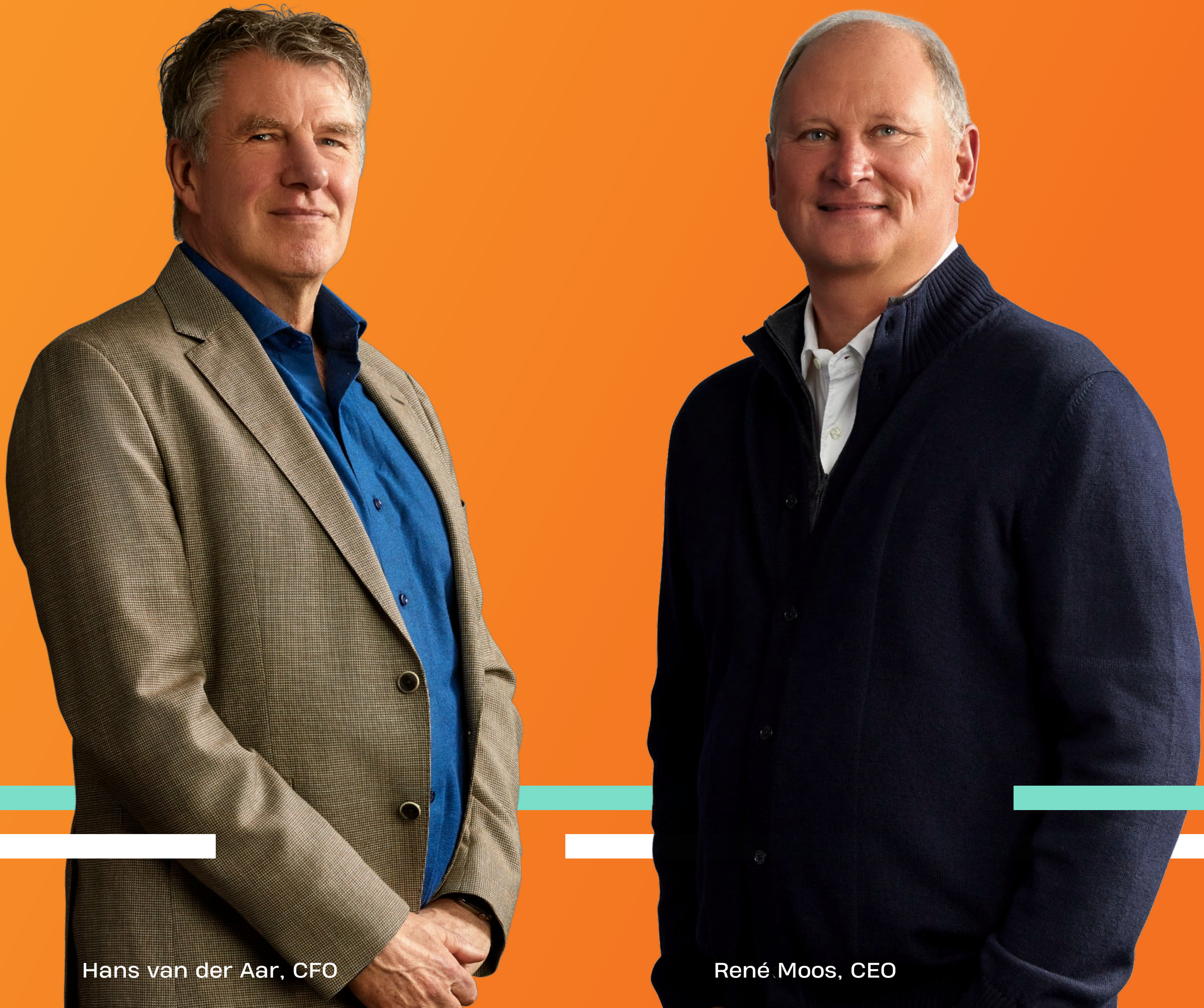
- The financial statements for 2022 give a true and fair view of Basic-Fit's assets, liabilities, financial position and comprehensive income and those of the companies included in the consolidation taken as a whole.
- The Management Board report provides a true and fair view of Basic-Fit's position as of 31 December 2022, and of Basic-Fit's development and performance in 2022 and of its affiliated companies whose information has been included in its financial statements and describes the key risks Basic-Fit faces.
- 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, 13 March 2023

Basic-Fit Management Board

René Moos, CEO
Hans van der Aar, CFO

MANAGEMENT BOARD



Hans van der Aar, CFO

René Moos, CEO

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 (until 28 December 2022)

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
Supervisory Board member at Mepal BV

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

REPORT OF THE SUPERVISORY BOARD AND ITS COMMITTEES

General introduction

Following the two intense years of the COVID-19 pandemic, 2022 was another challenging year. In addition to the last COVID-19 measures in the early part of the year, members had to get back to the clubs again, plus Basic-Fit was confronted by a number of geopolitical and economic challenges. Despite all of this, Basic-Fit was able to expand its club count by 185 clubs to 1,200 clubs by the end of the year and add another 1.1 million members (which was 50% of the member count at year-end 2021), increasing the total number to 3.35 million members. In the meantime, the company set up an energy task force to control its energy consumption, maintained a strict approach to cost controls and maintained its focus on innovation, expansion and the continued professionalisation of processes, with a focus on the company's future long-term growth and development.

This report gives an overview of the approach and activities undertaken by the Supervisory Board in the year under review. In addition to supervising the general course of affairs, a significant part of the Board's activities in 2022 focused on supervising the approach to increasing costs, the adjustments of the strategy, including a new membership structure, the company's sustainability strategy and the preparations for ESG reporting. Continuous points of attention were the supervision of the financial situation, the expansion and innovation plans, and continued enhancement of the company's internal control frameworks, IT security, risk management and compliance. In carrying out its duties, the Supervisory Board is guided by the Dutch Civil Code, the Dutch Corporate Governance Code (the Code), the renewed version of which came into force on 1 January 2023, 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 Basic-Fit's profile and strategy, with a balanced distribution of specific expertise in relation to the business activities, strategy and long-term goals. At the General Meeting held on 21 April 2022, Pieter de Jong stepped down from the Supervisory Board and no new Supervisory Board member was appointed. The Supervisory Board currently consists of five members. The composition and diversity of the Supervisory Board in terms of expertise, knowledge, skills, gender, age and independence remained unchanged. The Supervisory Board adjusted its profile in February 2023 to make it compliant with the renewed Code and the gender diversity legislation applicable to the company. The current composition of the Supervisory Board is as follows: Kees van der Graaf (chairman), Carin Gorter (vice-chair), Hans Willemse, Herman Rutgers and Rob van der Heijden.

In the Supervisory Board meeting of 8 February 2023, the Chairman Kees van der Graaf announced his decision that he will not finish his current term which runs until the anual meeting in 2025. He announced that, now that the company is in steady waters again, it is time to focus on other things and to hand over to another Chairman for the next phase of the development of Basic-Fit. Based on an available list of potential candidates for the role of chairman of the Supervisory Board, Jan van Nieuwenhuizen (m) has been asked to fullfill this role. He will bring valuable knowledge from his experience as international corporate and investment banker with ample boardroom and corporate governance experience at NIBC and Rabobank. Currently, Jan holds non-executive roles as Chairman of the Supervisory Board of ForFarmers (listed on Euronext Amsterdam) and Wealth Management Partners. The company will propose to appoint Jan van Nieuwenhuizen as new chairman of the Supervisory Board at the AGM of 24 April 2023.

Furthermore at the AGM to be held in 2023, the Supervisory Board will ask the AGM to approve the appointment of a new sixth Supervisory Board member, Joëlle Frijters (f). Joëlle is an independent digital thinker with a track record of entrepreneurship, innovation and international expansion who is currently active in a combination of activities including start-up advisory and non-executive roles. Joëlle is Supervisory Boardmember of CM.com (listed on Euronext Amsterdam), TABS (a HAL investment), HighTechXL and LeQuest and Advisory Board member at The Cronos Group.

These two new Supervisory Board members will complement the existing expertise, experience and diversity of the Supervisory Board in line with the Supervisory Board profile. If the appointment of Joëlle Frijters is accepted at the AGM of 24 April 2023, Basic-Fit will as of that moment meet the gender diversity requirements 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, all elements of the Supervisory Board profile will be looked at to maintain and further stimulate a diverse Supervisory Board with a balanced male-female ratio. More information on the Plan of Approach and targets for gender diversity in the company can be found in the Corporate Governance section of this annual report.

As they do every year, members of the Supervisory Board visited Basic-Fit operational sites to maintain their understanding of the company's operations, opportunities and challenges, and they were continuously updated on market and industry developments. One of the Supervisoy Board members attended an educational course at IESE business school on best practices for boards. The main learnings and findings were shared with the Management Board and Supervisory Board. Furthermore the Supervisory Board has been briefed extensively about the cyberrisks development by the IT director and IT security officer. The Supervisory Board was also specifcally informed about the ESG developments and how this impacts Basic-Fit as well as on the impact of the new Code.

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
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[1]	Expiration date in event of reappointment	Supervisory Board positions incl. Basic-Fit[2]	Committee
Kees van der Graaf	(Chairman, since 2017)	2025	2027	1 (1 chair)[3]	N/A
Carin Gorter	(Vice-chairman, since 2016)	2024	2026	5[3]	Chairman Audit & Risk Committee
Hans Willemse	(Member, since 2016)	2023	2025[4]	2	Audit & Risk Committee and Selection, Appointment & Remuneration Committee
Herman Rutgers	(Member, since 2016)	2023	2025[4]	1	Chairman Selection, Appointment & Remuneration Committee
Rob van der Heijden	(Member, since 2017)	2025	2027[4]	2 (1 chair)	Audit & Risk Committee and Selection, Appointment & Remuneration Committee (as from AGM 21 April 2022)

1 Based on rotation schedule
2 Number of positions are based on article 2:142a of the Dutch Civil Code. All members comply with the relevant regulations.
3 Kees van der Graaf has only one appointment as a chair relevant in this respect as from 15 January 2022. Carin Gorter has five positions in Supervisory Boards, with the 5th added per 26 October 2021.
4 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 stepped down in 2022 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.

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. 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 3,000 shares, and Hans Willemse, who personally held 40,029 shares in Basic-Fit as at 31 December 2022. They own their shares with a longterm perspective. None of the other Supervisory Board members were granted, nor do they possess, any Basic-Fit options or shares.

Supervisory Board meetings in 2022

The Supervisory Board met nine times in regular meetings in 2022. All 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. Five meetings were combined with the Audit & Risk Committee meeting. All Supervisory Board members were present during all of the meetings.

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, April, July and October and November 2022 were attended by the external auditor, as well as the meeting of March 2023, where they presented their audit findings for 2022. The meetings took place digitally or physically at the Basic-Fit head office in Hoofddorp, with one two-day strategy meeting held at an offsite location in June.

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
- Impact of economic and geopolitical developments (e.g. Impact war Ukraine, inflation, energy prices)
- 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 2022 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 2023
- 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 2022 - 2030
- Innovations in fitness and service
- Corporate story, values and culture
- Sustainability strategy and ESG reporting
- D&I Policy
- Governance and compliance model
- Internal audit plan
- Management letter
- Risk and control framework
- Integrity and fraud
- Pricing and membership model
- 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 sustainability, corporate and social responsibility framework for the organisation. In 2022, the geopolitical and economic developments, also impacting Basic-Fit, were recurring topics at the meetings. The Management Board informed the Supervisory Board about the potential impact on the operation and results and ways to mitigate potential risks. Furthermore, the meetings devoted ample attention to the financial strategy and liquidity and the rollout of the long-term strategy towards 2030.

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 message 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 adjusted the member structure last year and 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 wellthought-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 Management Board made sure the Supervisory Board was closely involved 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 the external developments and factors potentially influencing the company's operations and results, such as the war in Ukraine, inflation and the increase in energy prices, and the company's measures to mitigate this impact.
- The Supervisory Board reviewed all new innovations and ideas and these were backed by pilots, extensive research and solid business cases. The company implemented a new membership structure, an energy taskforce to limit and control energy consumption, a new corporate website, further enhancement of the webshop and website, a new remote facility management tool and took the first steps in the German expansion. 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 needed 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 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 limit 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 company also started solid preparations for the upcoming ESG requirements. This was discussed extensively with the Supervisory Board.
- 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 sustainable long-term strategy. The targets focus on the growth strategy, the development of clubs and members, sustainability 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 planning right across the organisation, as well as the training, development, motivation and engagement of staff. The company also intensified its focus on Diversity and Inclusion with the implementation of a D&I working group, which is working on an updated D&I policy.
- The Supervisory Board also monitors sound succession planning and management structure within Basic-Fit.

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 code 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. Despite the challenges, the connection with employees and the Basic-Fit culture grew stronger and the team and culture display high levels of motivation and a strong urge to get things done, and to 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 employees returned to the level seen 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 processes 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, customer and employee motivation, sustainability, ESG and the EU 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 BasicFit's corporate website.

In the year under review, the Audit & Risk Committee met ten times, including five meetings in March, April, July, October and November that were combined with the Supervisory Board meetings, two additional meetings with the auditor and one dedicated IT strategy, SAP and ESG reporting meeting in November. All meetings were attended by all members of the Committee and all members of the Management Board, except for the self-assessment preparation and one meeting with the external auditor that was held in the absence of the Management Board. All meetings, except for one in February, were attended in full or in part by the external auditor and the internal auditor. Furthermore, there was a meeting in March 2023, at which the external auditor presented its audit findings. All members were present at all meetings, resulting in full 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 2022 results and Q1 and Q3 trading updates
- Press releases
- Accounting policies
- The external auditor's 2022 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 analyses
- Compliance with debt convenants
- Current and expected profitability and cashflows
- ESG reporting
- Integrity, fraud and risk assessments
- Pensions
- Tax-related topics
- Scenario analysis and 2022 Budget
- 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. Auditor'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 .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 2022, 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 Rob van der Heijden, who replaced Pieter de Jong following the AGM in 2022. The Committee's main responsibilities are to assist the Supervisory Board in supervising the Management Board with respect to 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. The chairman of the Selection, Appointment & Remuneration Committee has regular update meetings with the HR Director.

In the year under review, the Selection, Appointment & Remuneration Committee met four times. All members were present at all meetings, resulting in full attendance.

The main topics of discussion were:
- Performance and individual remuneration of the members of the Management Board
- Sustainable long-term incentive target setting for the members of the Management Board and key managers
- Target setting for the 2023 incentive plan
- Performance of the 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
- D&I policy
- Plan of approach and targets to stimulate further genderdiversity

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 od the Supervisory Board and the chairman of the Selection, Appointment & Remuneration Committee together 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 for its continuous guidance of the company through challenging times, strengthening the position of the company, and its 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 and effective.

In early 2023, 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 relationship with the Management Board continues to foster 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 highlyqualified 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 2022.

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 Remunerations of key management personnel and 8.2 Remunerations of members of the Supervisory Board of the consolidated financial statements.

Financial statements 2022

The Audit & Risk Committee reviewed and discussed the Management Board report and financial statements for the 2022 financial year.

The financial statements for 2022 have been audited and provided with an unqualified independent auditors report by Ernst & Young Accountants LLP (see the independent auditor's report in the 'Other information' section of this board report), and were discussed extensively by the Audit & Risk Committee in the presence of the Management Board in March 2023.

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 2022 financial statements meet all the requirements for correctness and transparency. The 2022 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 24 April 2023, adopts the 2022 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 2022.

Gratitude

Last year was again an extraordinarily challenging year. It required the company to constantly adapt to changes and uncertain circumstances, always striving for the best solution for all the stakeholders of Basic-Fit 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 185 clubs to its portfolio. This resulted in 1,200 clubs at year-end and 3.35 million members. All in all, this resulted in a promising and ambitious outlook for the strategy in the period to 2030. 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 Leadership team for their continuous efforts to build on a strong and solid company with an impressive perspective for the long term. Finally, the Supervisory Board would like to thank all Basic-Fit employees, under the strong leadership of the Management Board, for their enormous commitment and dedication to making Basic-Fit the success that it is.

Hoofddorp, 13 March 2023

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 24 April 2023 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 21 April 2022, the shareholders were asked to give an advisory vote on the remuneration report over the year 2021. From the represented share capital, 73.23% voted in favour of the remuneration report. The size of the vote gave sufficient comfort that the proposed remuneration package for 2022 for the Management Board and the Supervisory Board and the approach towards the handling of the various PSP programs affected by COVID-19, are 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 2022 was implemented as proposed.

The Management Board and Supervisory Board believe that the decision to grant the 2021-2023 PSP (pro rata 2/3 for the years 2022 and 2023 alone), the approval of the vesting of the pro rata part of the 2018 - 2020 PSP shares (being 2/3 of the grant, at target, and excluding any grant for 2020) and the decision that the PSP plans 2019-2021 and 2020-2022 will not vest for the Management Board since two out of three years are affected by COVID-19 limitations, 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 the CEO's salary in 2022 and only apply a limited increase of 7% in the CFO's base salary, given the fact that Management Board's first priority is the recovery of the company, 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 2022. The report concludes with the details of the remuneration policy of the Supervisory Board and how this remuneration policy was implemented in 2022.

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. At the end of 2022, an independent audit firm performed a new benchmark assessment, which affected the decision on the remuneration of the Management Board for 2023 onwards. This new benchmark assessment on the remuneration of the Management Board and Supervisory Board was performed within the framework of the remuneration policy. The total package of remuneration components, including the 2022 conditions for remuneration, was taken into account and benchmarked against a selected peer group.

The benchmark peer group was updated, as a number of parties were no longer comparable, either because they had delisted or because they no longer met the comparability thresholds. The comparability guidance remained unchanged, 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.

At the time the remuneration policy was adopted, this led to the peer group of 18 peer companies active in recreational services, semiconductors, food products and specialised customer services shown below.

Remuneration reference group current[1]

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.

1 Reference group as per moment of benchmark assessment in 2019

For clarity sake and for information solely, as from the year 2023, the new and updated peer group will be as follows:

Remuneration reference group new as per 2023

Aalberts N.V.	Peleton Interactive Inc.
AMG Advanced Metallurgical Group N.V.	Planet Fitness, Inc.
ASM International N.V.	Sligro Food Group N.V.
BE Semiconductor Industries N.V.	Societé des Bains de Mer
Compagnie des Alpes SA	Technogym SpA
Corbion N.V.	TKH Group N.V.
Fugro N.V.	TomTom N.V.
Inpost SA	Warehouses de Pauw N.V.
Just Eat Takeaway.com N.V.	Weight Watchers International, Inc.

The new peer group no longer includes Accell and Fitbit due to their delisting. Furthermore, Amsterdam Commodities, Beter Bed, Brunel, Ordina and Medifast have been replaced with others parties, because those companies did not meet the threshold of at least three of the four parameters employees, market cap, net revenues and total assets. The replacement companies that do meet these parameters and are either Dutch listed or sector specific are Aalberts N.V., Compagnie des Alpes SA, Fugro N.V., Inpost SA, Societé des Bains de Mer, Warehouses de Pauw N.V. and Peleton Interactive Inc.

In 2019 when the benchmark assessment was performed and the current peer group was set, 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 and included a limited increase in base salary for the Management Board of 2.5%. In 2021, the Management Board and Supervisory Board did not increase salaries and instead kept them at the same level. In 2022, the Supervisory Board compensation remained unchanged, while the CEO’s salary was not raised and the CFO’s base salary was increased by 7%.

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. In addition to this, the development of the share price is taken into account in the structure of the policy and the annual assessment of the application of the policy to the Remuneration of the Management Board. These scenario analyses and share price developments 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. For the years 2021, 2022 and again for 2023, taking into account the uncertain situation, the focus on recovery and the share price development that reflected this uncertainty, the CEO waived all increases of salary. The CFO also waived an increase in 2021, but in 2022 it was decided to increase the CFO's base salary by 7% and to increase the CFO's base salary in 2023 by 8.3%. The reason behind this is that the Management Board responsibilities in the current combination of CEO and CFO are shared equally, which led to the decision to bring the base salary of the CFO more in line with market practice and closer to the CEO's salary, although still within the guidance of the remuneration policy. The new benchmark assessment 2022 allows an increase in the base salary for the CEO, a moderate increase in base salary for the CFO and a considerable increase in variable compensation for both Management Board members, to bring them in line with the peer group and the guiding principles defined in the remuneration policy of around the median of the peer group. The adjustment of the principles of the variable compensation would lead to a change in the remuneration policy.

The overall remuneration is below the median of the new benchmark assessment and still falls within the boundaries of the current policy, because there were no or limited increases in base salary in recent years. 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. Given the fact that the Management Board members waived this potential increase of variable compensation for the year 2023, this adjustment of the remuneration policy will not be added to the agenda of the AGM in 2023, but is expected to be added for the 2024 AGM.

Furthermore, the Supervisory Board took note of the views of the Management Board on their own remuneration. The request of the Management Board to waive an increase of variable remuneration in 2023 and the limited increase in the base salary of the CFO alone, was leading in this decision. At this moment in time, the Management Board deemed this well within the boundaries of the remuneration policy that they deemed suitable for their position, reflecting the growth and development of the company and the accompanying responsibilities. The Committee subjected these arguments to a serious examination and adopted the proposal and arguments when approving the remuneration package for 2023. 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 currently a bit low as shown by the 2022 benchmark assessment. The Supervisory Board and Management Board want to bring that back in line with the entrepreneurial culture of Basic-Fit, with a good balance between fixed and variable income, with more emphasis on the variable part of the remuneration in a new remuneration policy for 2024. 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 the CEO has received no remuneration increase for 2023 and the CFO received a limited increase of 8.3%, plus the limited potential for pro rata vesting of LTIP vesting in the past and coming years when 2020 en 2021 are included in the performance period, will help to balance the pay ratio further. With a view to transparency and clarity, Basic-Fit has 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 fullyear 2022: base salary €729,063 (2021: €729,063) + short-term incentives of €182,266 (2021: €0) + long-term incentives (PSP) at fair value at grant of €437,438 (2021: €291,619) + pension allowance of €109,359 (2021: €109,359) + Social security costs of €16,342 (added for the first time this year but for sake of comparison in 2021: €14,452) + other personnel costs (company car) of €31,815 (added for the first time this year but for sake of comparison in 2021: €35,912). 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 the same note.

Consequently, Basic-Fit's calculated pay ratio in 2022 is 40 (2021: 34 and 2019 Pre COVID: 40.2), implying that CEO remuneration is 40,05 (2021: 34 / 2019: 40.2) times the average pay of an employee. If the pay ratio is calculated between CEO and CFO, this leads to a pay ratio of 1,2 (compared to 1.3 in 2021). The pay ratio of the CEO compared with the next senior management level was 5 in 2022 (compared to 5 in 2021).

These internal pay ratios were taken into account in the compensation discussions within the company. In 2022, the average increase of salaries for Basic-Fit was around 8,3%, due to the fact that in the past year almost none or very low increases were given and the inflation was high in the past year. 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. Basic-Fit revisited this process in 2022, also taking into account the increasing pressure on the labour market and the higher salaries that come with that, in order to retain employees and talent. All these elements have been taking into account in the decision on the salary increase for Basic-Fit's overall employee base in all countries.

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 were impacted by COVID-19 and therefore difficult to compare in terms of remuneration development. In the years 2019, 2020, 2021, deviating standards for the remuneration package were applied, since discounts on salaries were applied and short-term and long-term variable remuneration was cancelled, limited or postponed. It is therefore difficult to compare year on year. Although the remuneration in 2022 seems to show an upward trend, this is actually a more normalised remuneration, with the impact of a challenging year and limitations in the PSP grant and vesting due to COVID-19 still having a downward impact.

Management Board remuneration

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Director's remuneration					
René Moos	1,483,159	1,630,614	929,334	1,180,405	1,506,283
Hans van der Aar	1,136,808	1,214,766	727,852	891,146	1,046,934
Supervisory Board remuneration	299,000	299,000	294,104	341,000	306,944
Company performance					
Total revenue	401,783,513	515,158,771	376,810,891	340,746,009	794,570,779
Underlying (until 2019: Adjusted) EBITDA	124,107,876	155,156,129	93,765,645	31,629,908	203,779,706
No. of clubs	629	784	905	1,015	1,200
Average remuneration of a FT equivalent basis of employees					
Employees of the group	39,562	40,526	36,524	34,728	37,609

Annual change	FY 2017 – FY2018	FY 2018 – FY 2019	FY 2019 – FY 2020	FY 2020 – FY 2021	FY 2021 – FY 2022
Director's remuneration					
René Moos	13.6%	9.9%	-43.0%	27.0%	27.6%
Hans van der Aar	19.2%	6.9%	-40.1%	22.4%	17.5%
Supervisory Board remuneration	4.6%	0.0%	-1.6%	15.9%	-10.0%
Company performance					
Total revenue	23.3%	28.2%	-26.9%	-38.5%	133.2%
Underlying (until 2019: Adjusted) EBITDA	23.5%	25.0%	-39.6%	-66.3%	544.3%
No. of clubs	20.7%	24.6%	15.4%	12.2%	18.2%
Average remuneration of a FT equivalent basis of employees					
Employees of the group	7.6%	2.4%	-9.9%	-4.9%	8.3%

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 or the remuneration report.

We have taken into account comments and suggestions from investors, external audit firms and investor consultancy institutions. This was mainly related to comments on the peer group, the division of variable and fixed remuneration, and the type of targets that would best suit a company such as Basic-Fit and its shareholders' interests.

The Supervisory Board has the authority to make discretionary adjustments to the outcome of variable remuneration if the outcome is deemed to be unfair. In that case, the Supervisory Board can deviate from the policies 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 (STI)
- Long-term incentive - annual performance share plan (PSP)
- 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 has been room for an increase based on this 2022 benchmark due diligence exercise, the fixed compensation for the CEO was not adjusted as per 1 January 2022 due to the continuing unrest and the year of recovery ahead. For the CFO an increase of 7% was applied. As a result, as of 1 January 2022, the annual base salary for René Moos (CEO) remained €729,063, while the annual base salary for Hans van der Aar (CFO) was €601,209, which is considered to be in line with the remuneration policy.

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 both financial and non-financial personal targets are achieved. The pay-out at threshold level will be 20%, at target 40% and in the event of outperformance 60%, to be determined for each separate target.

The Supervisory Board sets targets annually based on the budget, 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 2022, the defined targets and achieved results are as set within this table:

Name of Director	Objective	Weight	Year	Condition	Threshold 1/3 of target 20%	Target 2/3 of target 40%	Max 3/3 target 60%	Outcome	Performance	Results
René Moos, CEO	Financial	35%	2022	Total revenue	Budget - 6%	Budget	Budget + 3%	NA	0%	0%
	Financial	35%	2022	EBITDA (excluding IFRS16 impact)	Budget – 4%	Budget of normalised EBITDA of 4x Q42021	Budget + 2%	€ 203,5 m (vs € 166 m Budget)	60%	21%
	Personal	10%	2022	Opening of new clubs in 6th country by year end	Budget -5%	Budget	Budget + 2%	NA	0%	0%
	Personal	10%	2022	All-in bikes sold	Budget - 12%	Budget	Budget + 6%	NA	0%	0%
	Personal	10%	2022	Decrease Co2 footprint through remote facility system in # of clubs	80	100	110	100	40%	4%
							Total CEO			25%
Hans van der Aar, CFO	Financial	35%	2022	Total revenue	Budget - 6%	Budget	Budget + 3%	NA	0%	0%
	Financial	35%	2022	EBITDA (pre IFRS16 basis)	Budget – 4%	Budget of normalised EBITDA of 4x Q42021	Budget + 2%	€ 203,5 m (vs € 166 m Budget)	60%	21%
	Personal	10%	2022	Succesful implementation of new ERP Software	NA	Achieved	NA	Done	40%	4%
	Personal	10%	2022	Cybersecurity audit at year end	NA	Satisfactory	Good	Satisfactory review	40%	4%
	Personal	10%	2022	Average capex new clubs EUR on average	<1,3 m	<1,2 m	< 1,15 m	1,17 m	40%	4%
							Total CFO			33%

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, (ii) continued service as a member of the Management Board, and (iii) no legislation or 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 of 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 are an appropriate reflection of performance. Shares acquired at the end of the performance period by members of the Management Board must be held for an additional period of two years, in accordance with best practice provision 3.1.2 of the Code, with the exception of a sale of said shares to cover the tax obligations of the members of the Management Board related to the awarded shares.

PSP for 2022

The PSP was disrupted as a result of the NOW 2 and NOW 3 regulations that contain conditions for the use and pay-out 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 years 2020 and 2021 are included in multiple year PSP plans. These plans also include financial years in which the Management Board delivered extraordinary results (i.e. for the 2018 and 2019 financial years), and furthermore they will contain future financial years in which the Management Board will have to perform strongly to recover from the impact of COVID-19 (i.e. 2022 and 2023).

As announced in the previous 2021 remuneration report and also discussed and approved at the AGM in 2022, the approach of certain PSP subject to the impact of a maximum of one COVID-19 year out of three has changed, in the sense that those plans will be assessed pro rata for the years not affected by COVID-19.

In line with clause 2:135a paragraphs 4 and 5 of the Dutch Civil Code and the Basic-Fit remuneration policy, 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 2018 - 2020, 2019 - 2021, 2020 - 2022 and 2021 – 2023 plans), neither of these years will be considered and will be excluded from the determination of whether or not the PSP performance targets have been achieved, and any vesting for the remaining performance years will be determined and assessed on a pro rata basis for such remaining years only.
- For the 2018-2020 PSP, which would vest in 2021 in accordance with the remuneration policy, the vesting would 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 were 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 awards, was approved by the AGM in April 2021.

Based on the deviation from the remuneration policy as approved in April 2021, the following decisions were made in 2022:

- For the grant made in June 2018 for the performance period 2018-2020, it was decided after the AGM in May 2022, that based on the results, it was still reasonable and fair to allow the vesting of the pro rata amount of granted shares, although taking into account a maximum vesting at target level for the years 2018 and 2019, although targets were outperformed. This led to a vesting of two-thirds of the granted shares, this being 9,367 shares for the CEO being and 7,219 shares for the CFO, on the vesting date 15 June 2022, four years after the grant rather than three years, at a share price of EUR 36,24.

	Weighing	Minimum	Treshold	Target	Maximum	Performance 2018	Performance 2019	Performance 2020	Outcome**	Total Result
1. Revenue growth per annum (3 years)	50%	<15%	15%	20%	21%	23%	28%	X	2/3 vesting of 50%	33,33%
2. Net Debt/EBITDA Ratio	50%			<2,9x		2,31	2,49	X	2/3 vesting of 50%	33,33%
Vesting level (as % of the Award)*	100%	0%	50%	100%	150%					66,66%

* Linear vesting applies between threshold, target and maximum levels

- In May 2022, the Supervisory Board, together with the Management Board, decided that the vesting of the shares under the 2019-2021 PSP, with scheduled vesting in 2022, will be permanently cancelled. Since two out of three years are affected and have to excluded from the assessment, the one remaining year is deemed to be too limited to come to a reasonable conclusion that pro rata vesting for one year would be fair.
- This same approach also applies to the grant under the PSP for 2020 for the period 2020-2022, as two years of this performance period were also affected. This means that the vesting of this grant will also be permanently cancelled for 2023.
- In 2022, a new grant was awarded under the PSP, this being the first grant expected to once more fall under the normal regime of the PSP, with a planned vesting in 2025.
- In line with earlier decisions, the next vesting will take place in 2024 for the PSP granted pro rata for the performance period 2021 - 2023 (excluding a grant for 2021, so the actual performance period is considered to be 2022 and 2023).

Management Board remuneration

	Base salary	Short-term incentive	Social charges	Pension	Other[1]	Total 2022 (cash)	Total 2021 (cash)	PSP 2018[2]	PSP 2022 award[3]	Proportion of fixed and variable remuneration in 2022[4]
René Moos	€ 729,063	€ 182,266	€ 16,342	€ 109,359	€ 31,815	€ 1,068,845	€ 888,786	€ 252,909	€ 437,438	59% / 41%
Hans van der Aar	€ 601,209	€ 198,399	€ 12,866	€ 90,181	€ 42,066	€ 944,721	€ 703,851	€ 519,768	€ 300,612	60% / 40%
	€ 1,330,272	**€ 380,665**	**€ 29,208**	**€ 199,540**	**€ 73,881**	**€ 2,013,566**	**€ 1,592,637**	**€ 772,677**	**€ 738,050**	**59% / 41%**

1 Other remuneration refers to the company car contribution.
2 In 2018, René Moos and Hans van der Aar were granted 14,050 and 10,828 shares respectively under the Long-term Incentive Plan (PSP), 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 PSP 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 PSP 2018-2020 took place in 2021. After approval of the annual report 2021, the discretionary decision was made that these would vest on a pro rata basis in June 2022. The amounts in the table are based on the share price on the grant date (€27.00) of 66.7% of the granted shares (9,367 and 7,219 shares respectively). The share price on the date of vesting in 2022 was €36.24.
3 In May 2022, René Moos and Hans van der Aar were granted 11,634 and 7,995 shares respectively under the long-term incentive plan (PSP), with a share price on the grant date of €37.60. These numbers can increase to 14,543 and 9,994 respectively in the event of outperformance. Under this plan, the aforementioned number of shares will vest in 2025, fully conditional on them still being employed at Basic-Fit and the achievement of targets. For the P&L impact of these plans, we refer you to section 8.1 Remunerations of key management personnel.
4 Variable remuneration 2022 calculated based on PSP 2022 award.

Pension allowance and other benefits

The members of the Management Board do not participate in Basic-Fit's collective pension scheme and instead 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 is 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 was adjusted as per the 2020 General Meeting according to the overview provided in this section.

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 2022, the members of the Supervisory Board had no loans outstanding with Basic-Fit, and no guarantees or advance payments had 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 2022	Total annual fees 2021	Total annual fees 2020	Total annual fees 2019	Total annual fees 2018
Kees van der Graaf	€65,000	€65,000	€55,521	€55,000	€55,000
Carin Gorter	€60,000	€60,000	€51,042	€50,000	€50,000
Herman Rutgers	€55,000	€55,000	€47,375	€48,000	€48,000
Hans Willemse	€58,000	€58,000	€50,604	€53,000	€53,000
Pieter de Jong (until 21 April 2022)	€12.625	€50,500	€43,885 €	€45,500	€45,500
Rob van der Heijden	€56,319	€52,500	€45,677	€47,500	€47,500
Total	€306,944	€341,000	€294,104	€299,000	€299,000
Year-on-year % change	(10)%	15.9%	(1.6)%	0.0%	

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Consolidated statement of comprehensive income

Consolidated statement of profit or loss

For the year ended 31 December	Note	2022	2021
		€ 000	€ 000
Revenue	3.2	794,571	340,746
		794,571	**340,746**
Costs of consumables used	3.3	(22,398)	(13,902)
Employee benefits expense	3.4	(147,779)	(81,506)
Depreciation, amortisation and impairment charges	3.6	(331,389)	(283,881)
COVID-19 rent credits	4.4	2,415	23,143
Other operating income	3.7	4,251	37,498
Other operating expenses	3.8	(244,179)	(166,695)
Operating profit/(loss)		**55,492**	**(144,597)**
Finance income	6.7	2	-
Finance costs	6.7	(58,635)	(56,755)
Finance costs - net		**(58,633)**	**(56,755)**
Profit/(loss) before income tax		**(3,141)**	**(201,352)**
Income tax	3.9	(546)	51,304
Profit/(loss) for the year		**(3,687)**	**(150,048)**
Attributable to equity holders of the parent:			
Basic earnings per share (in €)	6.2	(0.06)	(2.34)
Diluted earnings per share (in €)	6.2	(0.06)	(2.34)

Consolidated statement of other comprehensive income

For the year ended 31 December	Note	2022	2021
		€ 000	€ 000
Profit/(loss) for the year		**(3,687)**	**(150,048)**
Other comprehensive income for the year net of tax		-	-
Total comprehensive income/(loss) for the year		(3,687)	(150,048)

Consolidated statement of financial position

As at 31 December	Note	2022	2021
		€ 000	€ 000
Assets			
Non-current assets			
Goodwill	4.1	204,843	203,604
Other intangible assets	4.2	42,575	43,643
Property, plant and equipment	4.3	989,559	837,196
Right-of-use assets	4.4	1,382,361	1,206,079
Deferred tax assets	3.9	78,744	76,469
Receivables	5.2	8,941	6,780
Total non-current assets		**2,707,023**	**2,373,771**
Current assets			
Inventories	5.1	20,893	31,712
Income tax receivable	3.9	128	187
Trade and other receivables	5.2	76,804	72,079
Derivative financial instruments	6.5	2,045	-
Cash and cash equivalents	5.3	43,510	70,104
Total current assets		**143,380**	**174,082**
Total assets		**2,850,403**	**2,547,853**

As at 31 December	Note	2022	2021
		€ 000	€ 000
Equity			
Share capital		3,960	3,960
Share premium		690,526	690,526
Reserves		49,600	50,657
Retained earnings		(338,691)	(334,561)
Total equity	6.1	**405,395**	**410,582**
Liabilities			
Non-current liabilities			
Lease liabilities	4.4	1,265,086	1,109,022
Borrowings	6.3	723,778	517,729
Derivative financial instruments	6.5	-	349
Provisions	7.1	1,285	846
Total non-current liabilities		**1,990,149**	**1,627,946**
Current liabilities			
Trade and other payables	5.4	222,816	211,203
Lease liabilities	4.4	216,453	196,137
Borrowings	6.3	13,333	100,227
Current income tax liabilities	3.9	1,862	22
Derivative financial instruments	6.5	-	1,311
Provisions	7.1	395	425
Total current liabilities		**454,859**	**509,325**
Total liabilities		**2,445,008**	**2,137,271**
Total equity and liabilities		**2,850,403**	**2,547,853**

Consolidated statement of changes in equity

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 (loss) for the period	-	-	-	-	-	(150,048)	(150,048)
Total comprehensive income for the period	-	-	-	-	-	(150,048)	(150,048)
Issue of ordinary shares[1]	360	203,640	-	-	-	-	204,000
Issue of convertible bonds - net of tax[1]	-	-	-	-	48,720	-	48,720
Transaction costs - net of tax[1]	-	(3,139)	-	-	-	-	(3,139)
Equity-settled share-based payments[2]	-	-	-	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**

1 Note 6.1 Equity
2 Note 3.5 Share-based payments

For the year ended 31 December 2022 (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 2022	3,960	690,526	-	1,937	48,720	(334,561)	410,582
Comprehensive income:							
Profit (loss) for the period	-	-	-	-	-	(3,687)	(3,687)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**(3,687)**	**(3,687)**
Purchase of treasury shares[1]	-	-	(878)	-	-	-	(878)
Exercised share-based payments[2]	-	-	878	(1,085)	-	(443)	(650)
Equity-settled share-based payments[2]	-	-	-	28	-	-	28
Transactions with owners recognised directly in equity	**-**	**-**	**-**	**(1,057)**	**-**	**(443)**	**(1,500)**
As at 31 December 2022	**3,960**	**690,526**	**-**	**880**	**48,720**	**(338,691)**	**405,395**

1 Note 6.1 Equity
2 Note 3.5 Share-based payments

Consolidated statement of cash flows

For the year ended 31 December	Note	2022	2021
		€ 000	€ 000
Operating activities			
Profit/(loss) before income tax		(3,141)	(201,352)
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	322,700	273,035
Amortisation and impairment of intangible assets	3.6	8,689	10,846
COVID-19 rent credits	4.4	(2,415)	(23,143)
Share-based payment expense	3.5	28	347
Gain on disposal of property, plant and equipment	3.7	(2,941)	(700)
Adjustments for finance income	6.7	(2)	-
Adjustments for finance costs	6.7	58,635	56,755
Movements in provisions	7.1	243	(554)
Working capital adjustments:			
Change in inventories[1]	5.1	(33,349)	(23,565)
Change in trade and other receivables[2]	5.2	(17,028)	(29,135)
Change in trade and other payables[3]	5.4	42,281	12,110
Cash generated from operations		**373,700**	**74,644**
Income tax (paid) received		(1,056)	(169)
Net cash flows from operating activities		**372,644**	**74,475**

Investing activities			
Proceeds from sale of property, plant and equipment		404	688
Purchase of property, plant and equipment	4.3	(271,849)	(172,116)
Purchase of other intangible assets	4.2	(7,329)	(5,839)
Acquisition of business combinations, net of cash acquired	4.5	(5,252)	-
Repayment of loans granted	5.2	11	79
Interest received		2	-
Investments in other financial fixed assets (security deposits)[1]	5.2	(2,167)	(926)
Net cash flows used in investing activities		**(286,180)**	**(178,114)**

For the year ended 31 December	Note	2022	2021
		€ 000	€ 000
Financing activities			
Proceeds from borrowings	6.3	210,000	61,997
Repayments of borrowings	6.3	(100,227)	(292,557)
Repayment of lease liability principal	4.4	(168,709)	(115,019)
Lease liabilities interest paid	4.4	(33,398)	(28,473)
Interest paid (excluding lease liabilities interest)		(19,196)	(21,342)
Proceeds from issue of shares	6.1	-	204,000
Proceeds from issue of convertible bonds	6.3	-	303,700
Transaction costs of issue of shares	6.1	-	(4,186)
Transaction costs related to loans and borrowings	6.3	-	(4,783)
Purchase less sale treasury shares and exercised share-based payments		(1,528)	-
Net cash flows from/(used in) financing activities		**(113,058)**	**103,337**
Net (decrease)/increase in cash and cash equivalents		**(26,594)**	**(302)**
Cash and cash equivalents at 1 January	5.3	70,104	70,406
Cash and cash equivalents at 31 December	5.3	**43,510**	**70,104**

1 Excluding changes as a result of acquisition of business combinations
2 Excluding changes as a result of acquisition of business combinations and netting payables and receivables
3 Excluding changes as a result of acquisition of business combinations, netting payables and receivables and changes in payables related to investing activities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

With 1,200 clubs and 3,350,000 memberships as at 31 December 2022, 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 2022 were authorised for issue in accordance with a resolution of the Management Board on 13 March 2023.

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.)
- Basic-Fit Germany GmbH, Düsseldorf (Germany) (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 International B.V. is an intermediate holding company and operates as international headquarters of the Group.

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.

In March 2022, Basic-Fit International B.V. acquired[1] 100% of HealthCity Germany GmbH, subsequently renamed to Basic-Fit Germany GmbH.

1.3 Shareholder structure

On 31 December 2022, Basic-Fit's main shareholders were, as reported to the Dutch Financial Markets Authority (AFM):

- René Moos (AM Holding B.V.): 14.3%
- Impactive Capital LP: 10.1%
- North Peak Capital Management, LLC: 10.0%
- OLP Capital Management Limited: 6.8%
- 3i Group plc ('3i') and funds managed by 3i: 6.6%

Our CFO, Hans van der Aar, owns 116,428 shares (0.2%).

[1] Note 4.5 Business combinations

Section 2: Basis of reporting

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 (if applicable) changes in accounting policies and disclosures during the year
- Summary of areas that involve significant judgements and estimates
- Standards that have been issued but not yet adopted by the Group

2.1 Impact of COVID-19 and economic circumstances plus update on going concern

In 2022, the Group increased its network by 185 clubs to 1,200 clubs. At the end of 2022, Basic-Fit had a record number of 3.35 million memberships, compared with 2.22 million at 31 December 2021 (at a time that Basic-Fit was still negatively impacted by COVID-19 related restrictions in 2020 and 2021). Furthermore, in 2022 the average number of members per mature club increased by 26% and reached pre-COVID-19 levels. This means that the mature clubs have fully recovered from two years defined by the pandemic.

In 2020 and 2021, in direct response to the COVID-19 pandemic, several restrictions were implemented, such as temporary closings, a limitation on the number of members in a club and the obligation to wear a facemask. Members also had to reserve a timeslot to do their workout and at some point had to show a health pass to enter the clubs. In April 2022, the last government restrictions were lifted and members were once again free to enter all clubs without limitations, which resulted in a strong increase of memberships during the rest of 2022.

In 2021, Basic-Fit came to an agreement with its syndicate banks for an amendment of its covenant testing. As a result, the leverage ratio and interest cover ratio at 30 June 2022 were 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 31 December 2022, ratios are calculated based on the original terms in the facility agreement.

Together with the liquidity injections made in 2020 and 2021, which strengthened Basic-Fit's financial position, this helped Basic-Fit with the execution of its accelerated growth strategy. Basic-Fit believes it has shown that it has the ability to respond to adversity in a pragmatic way, still managing to open 185 clubs in 2022 and increasing memberships to 3.35 million.

In 2022, the Management Board prepared several forecast scenarios to estimate the impact of COVID-19 and economic circumstances on liquidity and covenant ratios in 2022 and through to 2024. As at 31 December 2022, the Group complied with its covenant ratios and, according to the aforementioned scenarios, the Management Board expects to comply with the covenant ratios in 2023 and 2024. The leverage ratio as at 31 December 2022 was 2.9 and the interest cover ratio was 11.7.

In preparing these Financial Statements, the Management Board considered the potential impact of climate change. Many of the effects arising from climate change will be longer term in nature, with an inherent level of uncertainty. In the long-term, Basic-Fit will replace all natural gas heating systems with more efficient electric systems in those clubs that are not yet natural gas free and Basic-Fit will install solar panels on its headquarters and clubs when possible. The impact for these financial statements is considered limited.

Based on the available liquidity on the date of publication of these financial statements, the Management Board expects to have suffficient liquidity in all scenarios 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 prepare these financial statements on a going concern basis 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.

War in ukraine and economic uncertainties

The war in Ukraine has impacted economies on a global scale. The effects are wide ranging, including amongst others, rising inflation, the energy crisis in Europe, pressure on supply chains and increased interest rates in most parts of the world. Basic-Fit has considered to what extent rising energy bills, supply chain constraints, economic sanctions on Russia and significant inflation impacts business operations. Based on this, the group has concluded that the impact on the performance of the business is not material for the 2022 financial period. Utility unit costs remained nearly flat in 2022 thanks to fixed price contracts and there were no significant supply chain constraints. Furthermore, Basic-Fit did not notice a negative impact on revenues.

In direct response to the rising inflation (including energy prices), Basic-Fit introduced an energy taskforce, to reduce energy consumption in the coming years and the continuous focus on cost and capex control has been further intensified. Basic-Fit has fixed prices for 75% of the expected energy consumption in 2023. The goal is to reduce the energy consumption per club on average by 20% in the course of 2023 compared to the average energy consumption in 2022.

Basic-Fit managed to keep the average initial capex for new clubs in 2022 below €1.2 million and average maintenance capex at €55 thousand per club, which is in line with the amounts in previous years.

The increasing interest costs were partly compensated by interest rate swaps as disclosed in note 6.4 Financial risk management, note 6.5 Financial instruments and note 6.7 Finance income and costs.

The Company also assessed the implications of rising interest rates on the valuation of assets and liabilities (including goodwill). This assessment resulted in an increase in the discount rate used in the goodwill impairment testing as disclosed in note 4.1 Goodwill and an increase in the incemental borrowing rate as used to measure lease liabilities as disclosed in note 4.4 Right-of-use assets and lease liabilities. Due to the unpredictable nature of this risk, Basic-Fit actively monitors the economic developments.

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 to these financial statements.

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
Revenue recognition	3.2
Deferred tax assets	3.9
Impairment testing of goodwill	4.1
Impairment testing 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 described 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 legal or 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 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 when leases have been terminated. The Group has therefore not recognised any decommissioning liabilities.

2.3 Summary of other significant accounting policies

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

Basis of consolidation

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

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been aligned with the Group's accounting policies where necessary to ensure consistency with the policies adopted by the Group.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:
- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

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

All other assets are classified as non-current.

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

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

The Group classifies all other liabilities as non-current.

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

Foreign currency translation

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

Statement of cash flows

The statement of cash flows has been prepared using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. Interest paid is classified as financing cash flows, while interest received is classified as investing cash flows. Dividends (if applicable) are classified as financing cash flows.

2.4 Changes in accounting policies and disclosures

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 2022. Several amendments and interpretations applied for the first time in 2022, but did not have an impact on the financial statements of the Group.

The Group has not opted for the early adoption of any other standard, interpretation or amendment that has been issued but is not yet effective.

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 2022. 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 statement of profit or loss (except for finance income and costs). If applicable, relevant notes on balance sheet items, which also relate to items in the statement of profit or loss, 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 CCO ('Leadership team'). The CODM examines the Group's performance from a geographical perspective and has identified six operating segments: the Netherlands, Belgium, Luxembourg, France, Spain and Germany.

The business activity of all of these operating segments is the operation of value-for-money 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) 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 past years and is also expected for the coming years. Profit margins in the period 2020 and 2021 were heavily impacted by temporary club closures as a result of COVID-19 and 2022 was still a recovery year due to the time it took to recover from the loss in memberships during the pandemic. As a result, these years are less comparable.

For Basic-Fit, Germany is a new operating segment with only a few club openings in the fourth quarter of 2022. As a result, profit margins were negative in 2022 but fast growth in clubs and of profit margins is expected in the coming years.

Given similar economic characteristics and ignoring the impact of temporary club closures on profit margins in the period 2020 to 2022, 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, Spain and Germany have also been aggregated into one reportable segment (France, Spain & Germany). In preparing the segment disclosures, management is required to use judgement in applying the aggregation criteria as set out in IFRS 8.22/BC30A.

Segment disclosure

The Basic-Fit CODM 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:

For the year ended 31 December 2022	Benelux	France, Spain & Germany	Total
Revenues	364,489	430,082	794,571
Underlying EBITDA segments	151,688	95,697	247,385
Other reconciling items			(43,605)
Total underlying EBITDA			**203,780**
Reconciliation of underlying EBITDA to profit/(loss) before tax:			
Underlying EBITDA			203,780
Depreciation, amortisation and impairment charges			(331,389)
Finance costs – net			(58,633)
Invoiced rent			193,642
COVID-19 rent credits			2,415
Exceptional items:			
- COVID-19 related costs			(8,438)
- Other exceptional costs and profits			(4,518)
Profit/(loss) before tax			**(3,141)**

For the year ended 31 December 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)**

Other reconciling items represent corporate costs that are not allocated to the operating segments. These corporate costs mainly consist of personnel costs and IT costs.

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. Other exceptional costs and profits include start-up costs for the segment Germany, costs related to club closures and other costs that can be considered as exceptional based on the facilities agreement[1] with the banks.

Entity-wide information

The Group operates in six 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:

	2022	**2021**
The Netherlands (country of domicile)	620,619	560,277
Belgium	426,417	402,022
Luxembourg	37,746	36,299
France	1,300,976	1,167,343
Spain	218,304	124,581
Germany	15,276	-
Total	**2,619,338**	**2,290,522**

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 €145 million, the France, Spain & Germany segment €403 million) are directly related to the investments in new club openings in 2022.

[1] The facilities agreement is further disclosed in note 6.3 Borrowings and note 6.6 Capital management

3.2 Revenue

In the first months of 2022, Basic-Fit was still confronted with COVID-19 related government measures in all countries, including two weeks of lockdown in the Netherlands in early January 2022. In April 2022, the last government restrictions were lifted and members were once again free to enter all clubs without limitations. At that point, the Group reverted to regular 'pre-COVID' revenue accounting.

COVID-19 had a significant impact on revenue recognition since 2020. Memberships were frozen for several months in 2020 and 2021 during the forced club closures. This freeze meant that memberships were put on hold and members were not direct debited. After the freeze period, members were direct debited again. For periods that membership dues were received but the clubs were closed, Basic-Fit offered several compensation options. These options 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.

Basic-Fit only recognised revenues during the aforementioned freeze periods for the access that members have to the online Basic-Fit platform via the app. Therefore, Basic-Fit determined a standalone selling price of the app. Such revenue was only recognised for members who have to make future payments. Hence, revenue was only recognised during the freeze period for members who were inside the non-cancellable membership period.

With regard to the members who failed to inform Basic-Fit before 31 December 2020 regarding the compensation option they preferred, Basic-Fit did not know whether they had to offer one of the compensation options. Recognising revenue in 2020 for 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 for 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 was recognised in 2021. This situation was not applicable at the end of 2021 nor 2022 as no similar compensation options were offered in these years.

Disaggregation of revenue

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

	2022	2021
Type of goods or service		
Fitness membership revenue	764,398	330,642
Other club revenue	24,264	7,577
Other non-club revenue	5,909	2,527
Total	**794,571**	**340,746**
Geographical markets		
The Netherlands	191,012	87,447
Belgium	160,838	74,300
Luxembourg	12,639	7,262
France	394,533	150,497
Spain	34,912	21,240
Germany	637	-
Total	**794,571**	**340,746**
Timing of revenue recognition		
Products and services recognised over time	722,448	313,064
Products recognised at a point in time	72,123	27,682
Total	**794,571**	**340,746**

The increase in revenues is directly related to the fact that during 2021, Basic-Fit faced several measures by local governments in all countries, such as temporary club closures. During these club closures, Basic-Fit only recognised revenues for the access that members had to the online Basic-Fit platform via the app. Furthermore the increase in revenues is directly related to opening of new clubs (Basic-Fit added 185 clubs to its network), more members per club and on average more revenue per member. Revenues from the 'All-in' membership' that was gradually introduced in the second half of 2022, were not material in 2022.

Other club revenue includes revenue from personal trainer services, day passes, promotional revenue and rental income from physiotherapists and other third parties. Furthermore this includes other club related revenues, such as revenue from sales via vending machines. The increase in other club revenues is directly related to temporary club closures in 2021, the increase in clubs and members in 2022 as well as an increase in promotional revenue.

Other non-club revenue relates to revenue from sales via the online store.

Contract balances and remaining performance period

Basic-Fit receives considerations before revenues are recognised (e.g. collected membership fees for future periods), but also recognises revenues before considerations are received (e.g. access to the clubs during a 'free' period). A combination of timing differences between receipts and revenue recognition per member is possible. In the event that the revenues recognised exceed the received considerations, this is recognised as part of receivables. In the event that the received considerations exceed the revenues recognised, this is recognised as deferred revenues.

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

	31 December 2022	31 December 2021	1 January 2021
Receivables, included in 'Trade and other receivables'	35,646	9,417	16,022
Deferred revenues, included in 'Trade and other payables'	17,435	18,688	46,570

The receivables relate to amounts due from customers for services performed in the past period(s), less any provision for impairment. Furthermore, receivables include amounts related to timing differences for situations where the revenues recognised exceed the received considerations. The increase in receivables is the result of the strong increase in members in 2022, resulting in more member receivables (unpaid membership fees) and more situations in which revenues recognised exceed the received considerations.

The contract liabilities relate to the advance consideration received from customers, for which revenue is recognised over time in situations that the received considerations exceeds the revenues recognised. The decline in deferred revenues in 2022 resulted from a decreasing number of situations in which the received considerations exceeded the revenues recognised.

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, in 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 club 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 statement of profit or loss. 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 discount voucher for the online store, or a combination of these. 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 to the performance obligations as described above (access to fitness clubs, joining fees, promotional items/vouchers and add-ons), there are multiple other performance obligations such as access to the Basic-Fit app, use of massage chairs and discounts on the add-on for drinks. These performance obligations have the same revenue recognition pattern as the access to the fitness club, together considered as providing fitness club services for members. In addition, Basic-Fit may recognise revenue related to access to the Basic-Fit app during a freeze period before membership fees are collected. A combination per member of 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.

Up until August 2022, Basic-Fit sold 'Comfort' and 'Premium' contracts[1] to its members. The main 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. As of August 2022, the 'Comfort' contract was replaced by a 'Basic' contract. With a 'Basic' contract, a member can only workout in one club, while with a 'Premium' contract, members have access to all clubs in all countries. Furthermore in the last months of 2022, Basic-Fit introduced an 'All-in' membership option. This membership is a combination of a 'Premium' one-year membership and the two or three-year rental of a bike. Since August 2022, live group lessons are included in the Basic and Premium contracts and this is no longer sold as an add-on to new members.

Members with an existing 'Comfort' contract (until August 2022) can continue to make use of the privileges of that contract until they cancel their contract, downgrade their contract to 'Basic' or upgrade their contract to 'Premium'.

Members have the option to upgrade or downgrade their contract. This is not possible for members who have chosen the 'Flex' option. In the event that a member opts to upgrade or downgrade their 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 (three years for the bike rent in the case of the 'All-in' contract). An upgrade or downgrade should be recognised as a contract modification. In the event 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 term. In the event of a downgrade, revenue recognised to date on the original contract 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.

[1] And 'Basic' contracts in Spain.

Sales of goods
The Group sells nutritional and other fitness-related products in its fitness clubs via vending machines, as well as via its 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 identification of performance obligations and the revenue allocation as a result of the performance obligations identified. Furthermore, these 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

	2022	2021
Cost of food and drink	(8,658)	(4,848)
Other cost of sales	(13,740)	(9,054)
Total	**(22,398)**	**(13,902)**

'Cost of food and drink' includes €30 thousand (2021: €873 thousand) related to stocks whose expiration date has passed. 'Other cost of sales' consists primarily of sports apparel and other goods that are sold to members and/or via the online store.

The increase in costs of consumables used is directly related to the increase in revenues as disclosed in note 3.2 Revenue.

Accounting policy

Cost of consumables used are accounted for in the year incurred.

3.4 Employee benefits expense

Employee benefits expense can be broken down as follows:

	2022	2021
Salaries and wages (including share-based payments)[1]	(120,998)	(64,804)
Social security contributions	(24,527)	(15,112)
Pension costs – defined contribution plans	(2,254)	(1,590)
Total	**(147,779)**	**(81,506)**

1 Share-based payments disclosed in note 3.5 Share-based payments

Salaries and wages include €29 thousand government grants (2021: €30.3 million) and social security contributions include €774 thousand government grants (2021: €877 thousand) as further disclosed in note 3.10 Government grants.

The increase in employee benefits expense is directly related to the increasing number of clubs and the decrease in government grants.

In the year under review, the average number of employees calculated on a full-time equivalent ('FTE')basis was 4,145 (2021: 3,373).

Average number FTE during the year	2022	2021
Benelux	1,867	1,697
France, Spain & Germany	2,278	1,676
Total	**4,145**	**3,373**
Club	3,539	2,849
Headquarters	606	524
Total	**4,145**	**3,373**

Accounting policy

Salaries, wages and social security contributions are charged to statement of profit or loss 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. Performance shares are awarded on an annual basis under the long-term incentive plan (LTIP) and will vest three years after the award date, subject to continued employment and based on achievement of a target revenue growth per annum and a target debt / EBITDA ratio over the three-year performance period. Linear vesting applies between threshold (50%), target (100%) and maximum (150%) vesting levels.

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. The Supervisory Board and Management Board have exercised their discretionary competence and decided in 2022 that the LTIP 2018 (covering the year 2020) would vest on a pro rata basis, but that the overperformance for the years 2018 and 2019 would be ignored. As a result, LTIP 2018, which originally should have vested in June 2021, now vested in June 2022 based on 66.67% 'at target' performance basis, not considering threshold performance or overperformance.

LTIP 2019, which originally should have vested in May 2022, did not vest as targets were not met and the Supervisory Board and Management Board did not exercise their discretionary competence. As a result, the granted shares were forfeited in the reporting period.

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:

	2022	2021
At 1 January	262,576	228,072
Awarded during the year	54,966	35,857
Performance adjustment	(20,087)	-
Exercised during the year	(40,191)	-
Forfeited during the year	(56,145)	(1,353)
At 31 December	**201,119**	**262,576**

The fair value of the performance shares awarded in 2022 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 2022 is equal to the share price at the date of granting of €37.60 (2021: €38.20).

The share-based payment expenses recognised in 2022, with a corresponding entry directly in equity, amount to €28 thousand (2021: €347 thousand). Exercised share-based payments amounted to €1,085 thousand (2021: nil).

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 €1.1 million (2021: €2.8 million) and pay this to the relevant tax authorities with respect to the vesting of outstanding share-based payment awards, with nil (2021: €1.2 million) of this within one year.

Accounting policy

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

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

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

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

3.6 Depreciation, amortisation and impairment charges

	2022	2021
Depreciation of property, plant and equipment	(151,134)	(125,186)
Depreciation of right-of-use assets	(171,566)	(147,737)
Amortisation of other intangible assets	(8,689)	(10,846)
Impairment of property, plant and equipment	-	(112)
Total	**(331,389)**	**(283,881)**

The increase in depreciation charges is directly related to the increasing number of clubs.

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

	2022	2021
Net gain on disposal of property, plant and equipment and right-of-use assets	2,941	700
Insurance reimbursements	680	105
Government grants[1]	330	35,502
Other operating income	300	1,191
Total	**4,251**	**37,498**

1 Note 3.10 Government grants

The gain on disposal of property, plant and equipment mainly relates to the disposal of fitness equipment.

Accounting policy

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

3.8 Other operating expenses

	2022	2021
Other personnel expenses	(21,849)	(12,409)
Housing expenses	(122,176)	(86,755)
Net marketing expenses	(47,162)	(16,982)
Write-off of bad debts, incl. collection agency costs	(13,827)	(19,742)
Short-term and low-value lease expenses and other lease adjustments[1]	(1,649)	(1,079)
Other car expenses	(1,596)	(992)
Overhead and administrative expenses	(35,920)	(28,736)
Total	**(244,179)**	**(166,695)**

1 Related to buildings, parkings, car and other equipment

The increase in other operating expenses is directly related to the increasing number of clubs.

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 statement of profit or loss, 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 2022 and 2021 are as follows:

	2022	2021
Current income tax:		
Current income tax charge	(2,900)	(963)
	(2,900)	**(963)**
Deferred income tax:		
Change in deferred tax asset for carry-forward losses available for offsetting against future taxable income	158	51,022
Changes in other deferred tax assets and liabilities recognised in profit or loss	2,196	1,245
	2,354	**52,267**
Total income tax	**(546)**	**51,304**

Amounts recognised directly in equity

In 2022, all aggregate current and deferred taxes arising in the reporting period have been recognised in the consolidated statement of profit or loss.

In 2021, 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 taxes arising in the reporting period have 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.

	2022	%	2021	%
Profit (loss) before income tax	(3,141)		(201,352)	
Income tax based on Basic-Fit's domestic rate	**810**	**25.8%**	**50,338**	**25.0%**
Effects of tax rates in foreign jurisdictions	210	6.7%	818	0.4%
Adjustments in respect of prior years' current and deferred taxes	81	2.6%	(30)	0.0%
Remeasurement of deferred tax assets and liabilities	11	0.4%	(935)	(0.5)%
Impact CVAE tax France	(1,712)	(54.5)%	(684)	(0.3)%
Recognition of previously unrecognised deferred tax assets and liabilities	357	11.4%	-	0.0%
Future tax rate adjustments	-	0.0%	1,483	0.7%
Impact of tax incentives	98	3.1%	137	0.1%
Impact of non-taxable government grants	-	0.0%	409	0.2%
Non-deductible expenses for tax purposes:		0.0%		0.0%
Share-based payments	(7)	(0.2)%	(87)	0.0%
Other non-deductible expenses	(394)	(12.5)%	(145)	(0.1)%
At the effective income tax rate	**(546)**	**(17.4)%**	**51,304**	**25.5%**

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 25.8% (2021: 25.0%). This reflects the income tax that would have been applicable assuming that all its result were to be taxable at 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 and deferred taxes
The movements in the adjustments in respect of prior years' current and deferred taxes for the years 2021 and 2022 relate to differences between the estimated income taxes and final corporate income tax returns.

Remeasurement of deferred tax assets and liabilities
These remeasurement of deferred tax assets and liabilities relates 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 (in 2021) and other minor remeasurements (in 2021 and 2022).

Impact CVAE tax France

CVAE ('Cotisation sur la Valeur Ajoutée des Entreprises') is a corporate value-added contribution in France that meets, based on the Group's analysis, the definition of an income tax as established under IAS 12. The current income tax charge includes an amount of €2,262 thousand (2021: €931 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 €1,712 thousand (2021: €684 thousand)

Recognition of previously unrecognised deferred tax assets and liabilities

Basic-Fit succesfully reached an agreement with the French tax authorities related to €1.4 million in carry-forward losses as part of an acquisition in 2019. As a result of this agreement, these losses can be used to offset against future taxable profits.

Future tax rate adjustments

As a result of tax reforms in the Netherlands, Basic-Fit remeasured deferred tax assets and liabilities in 2021. 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 25.0 % 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.

Income tax receivable/payable

A breakdown of current income tax receivable and current income tax payable per country is as follows:

	2022	**2021**
Belgium	12	-
Luxembourg	116	112
France[1]	-	75
Total Income tax receivable	**128**	**187**

	2022	2021
Belgium	40	19
France[1]	1,822	-
Spain	-	3
Total Income tax payable	**1,862**	**22**

1 Including CVAE

Deferred taxes

Deferred taxes relate to the following:

	Consolidated statement of financial position at 31 December		Consolidated statement of comprehensive income	
	2022	**2021**	**2022**	**2021**
Losses available for offsetting against future taxable income	94,090	93,932	158	51,022
Tax incentives (investment allowance)	779	717	62	71
Purchase price allocation	(6,106)	(6,777)	700	846
Goodwill amortisation for tax purposes	(13,327)	(11,999)	(1,328)	(1,888)
Leases	17,085	15,185	1,900	2,553
Convertible bonds	(13,644)	(15,704)	2,060	536
Valuation of property, plant and equipment	241	817	(526)	(332)
Timing of expense recognition	154	(130)	284	(105)
Derivative financial instruments	(528)	428	(956)	(436)
Deferred tax benefit/(expense)			**2,354**	**52,267**
Net deferred tax assets/(liabilities)	**78,744**	**76,469**		

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

	2022	**2021**
Statement of profit or loss	2,354	52,267
Statement of other comprehensive income	-	-
Total	**2,354**	**52,267**

After netting deferred tax assets and deferred tax liabilities within the same tax entity for an amount of €34.7 million (2021: €35.3 million), these positions are as follows:

	2022	**2021**
Deferred tax assets	78,744	76,469
Deferred tax liabilities	-	-
Net deferred tax assets (liabilities)	**78,744**	**76,469**

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

	2022	2021
To be recovered within 12 months	7,786	1,681
To be recovered after more than 12 months	70,958	74,788
Total	**78,744**	**76,469**

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

	2022	2021
Opening balance as at 1 January	76,469	39,396
Income tax benefit during the period recognised in profit or loss	2,354	52,267
Deferred taxes acquired in business combinations	(79)	-
Deferred taxes recognised directly in equity	-	(15,194)
Closing balance as at 31 December	**78,744**	**76,469**

Tax losses

As at 31 December 2022, Basic-Fit recognised €94.1 million (2021: €93.9 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.

The Group took into account examples of positive evidence to support an assertion that it is probable that taxable profits will be available:

- Losses occurred due to identifiable one-time/non-recurring events (COVID-19);
- A strong earnings history exclusive of the loss that created the unused tax loss carried forward;
- Convincing tax planning strategies;
- The business generates sustainable profit margins which are sufficient to enable the Group to utilise existing tax losses carried forward and which can be utilised for that purpose (e.g. in the same tax jurisdiction).

Conversely, the following examples of negative evidence that may indicate that it is not probable that future taxable profits will be available are not applicable to Basic-Fit:

- A recent history of operating losses for tax purposes;
- The taxable entity is a start-up business;
- History of significant variances of actual outcomes against business plans;
- Losses of major customers and/or of significant contracts;
- Uncertainty regarding the company's going concern status;
- History of restructuring without returning to profitability or emerging from a bankruptcy;
- The taxable entity expects losses in early future years;
- The taxable entity has a history of unused tax losses and/or credits expiring; and
- The losses relate to the core activity of the company and thus may reoccur in the future.

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., Basic-Fit Germany GmbH 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 2023 onwards for these jurisdictions, and with reference to the assumptions and significant judgements as described above, it is considered more likely than not that these entities will be able to offset the loss carry-forwards in the coming eight years, taking into account temporary differences. In assessing whether it is probable that sufficient future taxable profits will be available, it has been taken into account that the entities have a track record of taxable income in 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, or due to start-up losses related to Basic-Fit Germany GmbH.

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 2023 onwards and with reference to the sections 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 has been taken into account that Basic-Fit Spain S.A. has a track record of taxable income in past years (before COVID-19, but also in 2022). 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 tax 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 tax carry-forwards amounting to €43.2 million (2021: €43.2 million), mainly related to Basic-Fit Spain S.A. There are no restrictions on the expiration of these tax 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 amends tax assets and liabilities where appropriate.

Current tax assets and tax liabilities are offset when the entity has a legally enforceable right to offset and intends either to settle on a net basis or 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 on 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

Wage subsidy and other support programmes are accounted for in accordance with IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance'. In 2022, Basic-Fit received €803 thousand (2021: €31.2 million, reducing employees benefits expense as disclosed in note 3.4 Employee benefits expense).

General state aid

Other operating income includes €403 thousand (2021: €1.1 million) related to cost compensation programmes offered by the Dutch, Belgian, German and Spanish governments.

Furthermore, in 2022, Basic-Fit recognised a (negative) correction of €74 thousand related government grants as part of financial rescue packages offered by the French government in response to the outbreak of the COVID-19 pandemic (2021: €34.4 million recognised as 'Other operating income' in note 3.7 Other operating income).

Accounting policy

Government grants are recognised when 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 over the years was as follows:

	2022	2021
As at 1 January	203,604	203,604
Acquired through business combinations[1]	1,239	-
As at 31 December	**204,843**	**203,604**
Accumulated impairment at 31 December	-	-

1 Note 4.5 Business combinations

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:

	2022	2021
The Netherlands	104,021	102,782
Belgium	83,425	83,425
Luxembourg	12,595	12,595
France	1,607	1,607
Spain	3,195	3,195
Total	**204,843**	**203,604**

Fair value less costs of disposal (FVLCD) for the year ended 31 December 2022 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 almost doubles in terms of the number of clubs in the forecast period 2023-2027. Given the track record of the Group (from 338 to 1,200 clubs in the period 2015-2022) and Basic-Fit's growth ambitions, management considers this the most realistic scenario.
- The 'consolidation scenario' is based on the assumption that the Group stops opening new clubs as of 2023.

In both scenarios, the EBITDA-margins are expected to increase 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 in revenues (including an increase in revenue per member) 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 Management Board. The budgets and business plans are updated to reflect the most recent developments as at the reporting date. Management's expectations reflect the performance to the 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 2022 impairment test of the 'growth scenario', there is significant headroom[1] for all CGUs (on average more than 300% of the total carrying amount[2]). The sensitivity analysis conducted, including a terminal growth rate of 0.0% instead of 2.0%, 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 2023, meaning that the total number of clubs remains stable at 1,200. In this more conservative scenario, there is also ample headroom, varying from more than 40% for CGU Spain up to more than 200% for all other CGUs. A similar sensitivity analysis for the the 'consolidation scenario' as conducted for the 'growth scenario' 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 the acquisition 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 statement of profit or loss. 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 forecast 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.

[1] Headroom calculated as FVLCD minus carrying amount as a percentage of the carrying amount
[2] Including goodwill

Significant estimates

Calculation of the recoverable amount

The recoverable amount as at 31 December 2021 and 2022 was determined based on fair value less cost of disposal calculations, based on a market participant's perspective, using cash flow projections based on the financial forecast, covering a five-year period. These cash flow projections include both existing clubs and new club openings.

Discount rates used are post-tax and reflect specific risks relating to the relevant operating segments and market uncertainties in general. Management considered the effects of applying a pre-tax approach and concluded that this will not materially change the outcome of the impairment test.

The post-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 2.0% (2021: 0.5%) for all CGUs, which is the lowest of the current risk free rate and the long term inflation expectation.

Post-tax WACC discount rate

	Netherlands	Belgium	Luxembourg	France	Spain	Germany
2022	10.2%	10.9%	10.2%	10.8%	12.1%	10.2%
2021	7.1%	7.6%	7.1%	7.5%	8.3%	-

Pre-tax WACC discount rate

	Netherlands	Belgium	Luxembourg	France	Spain	Germany
2022	12.7%	13.7%	13.0%	13.0%	15.1%	12.2%
2021	9.1%	9.5%	9.3%	9.2%	10.0%	-

Risks in relation to climate-related matters have been considered in determining the values of the key assumptions, but did not materially impact the measurement of the recoverable amount.

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 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 historical experience of membership developments taking into consideration the maturity of existing clubs. 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 2023-2027 of 9% (2021: 13%) for the Netherlands, 11% (2021: 15%) for Belgium, 4% (2021: 9%) for

Luxembourg, 18% (2021: 27%) for France, 40% (2021: 58%) for Spain and 159% for Germany. In the 'consolidation scenario', the average annual growth rate of revenues for all CGUs is 4.9% (2021: 8.5%). After the forecast period, revenues are expected to increase by 2.0% 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' and an increase in revenue per member.

4.2 Other intangible assets

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

	Trademark	Customer relationships	Other intangible assets	Total
As at 1 January 2021				
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**
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**

	Trademark	Customer relationships	Other intangible assets	Total
Year ended 31 December 2022				
Opening net book value	26,951	2,259	14,433	43,643
Additions	-	-	7,341	7,341
Acquired through business combinations[1]	-	293	-	293
Cost of disposals	-	-	(8,508)	(8,508)
Amortisation for the year	(2,246)	(1,319)	(5,124)	(8,689)
Accumulated depreciation of disposals	-	-	8,495	8,495
Closing net book value	**24,705**	**1,233**	**16,637**	**42,575**
As at 31 December 2022				
Cost	44,918	63,809	31,521	140,248
Accumulated impairments and amortisation	(20,213)	(62,576)	(14,884)	(97,673)
Net book value	**24,705**	**1,233**	**16,637**	**42,575**

1 Note 4.5 Business combinations

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 the years reported.

Determination whether configuration and customisation services are distinct from 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 under which 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. At 31 December 2022, the Group recognised no prepayments (2021: €249 thousand) in respect of customisation and configuration activities undertaken in implementing SaaS arrangements that 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 2021				
Cost	2,000	735,113	421,573	1,158,686
Accumulated impairments and depreciation	(500)	(202,292)	(208,779)	(411,571)
Net book value	**1,500**	**532,821**	**212,794**	**747,115**
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**

	Land and building	Building improvement	Other fixed assets	Total
Year ended 31 December 2022				
Opening net book value	1,450	601,417	234,329	837,196
Additions	-	194,321	124,965	319,286
Acquired through business combinations[1]	-	2,198	130	2,328
Cost of disposals	-	(13,567)	(53,484)	(67,051)
Depreciation for the year	(25)	(80,329)	(70,780)	(151,134)
Accumulated depreciation of disposals	-	13,447	35,487	48,934
Closing net book value	**1,425**	**717,487**	**270,647**	**989,559**
As at 31 December 2022				
Cost	2,000	1,040,000	583,846	1,625,846
Accumulated impairments and depreciation	(575)	(322,513)	(313,199)	(636,287)
Closing net book value	**1,425**	**717,487**	**270,647**	**989,559**

1 Note 4.5 Business combinations

As at 31 December 2022, the carrying amount of 'Other fixed assets' includes assets under construction of €20.4 million (2021: €7.4 million) and fitness equipment leased out or available to be leased out as part of the All-in membership for a total of €21.2 million (2021: nil). In 2021, transfers between building improvement and other fixed assets of €15.3 million (less €13.8 million accumulated depreciation) related to equipment items, previously recognised as part of building improvement.

In 2022, no impairment losses were recognised, In 2021, the impairment loss of €112 thousand represented the write-down of certain property, plant and equipment in Luxembourg.

Additions to other fixed assets include a €44 million transfer from inventories related to fitness equipment in July 2022. Part of this equipment, with a book value of €18 million, was acquired by a fitness equipment supplier in December 2022. This disposal is partly settled with purchase invoices in 2022 and will, for the remaining outstanding balance, be settled with purchase invoices in 2023. As both the transfer and the sale are non-cash transactions, these are adjusted in the consolidated statement of cash flows.

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: 4–8 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

Group as a lessee

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 of 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 low-value office equipment. 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 over the years:

	Leased buildings	Leased vehicles	Other equipment	Total
As at 1 January 2021	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**
Additions	230,312	-	-	230,312
Acquired through business combinations[1]	510	-	-	510
Remeasurements	115,531	1,514	(19)	117,026
Depreciation	(169,410)	(2,099)	(57)	(171,566)
As at 31 December 2022	**1,379,568**	**2,659**	**134**	**1,382,361**

1 Note 4.5 Business combinations

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

	2022	2021
As at 1 January	1,305,159	1,187,663
Additions	231,285	190,319
Remeasurements	117,045	60,890
Accretion of interest	32,573	32,922
COVID-19 rent credits received	(2,415)	(23,143)
Payment of lease instalments	(202,108)	(143,492)
As at 31 December	**1,481,539**	**1,305,159**
Of which:		
Non-current lease liabilities	1,265,086	1,109,022
Current lease liabilities	216,453	196,137

Remeasurements to right-of-use assets and lease liabilities are related the (periodical) indexation of leasepayments, renewals of lease contracts, as well as changes in the assumptions related to renewal options.

As a result of the deferral of lease payments and rent credits received, the lease payments in 2022 as reported in the overview above (€202.1 million), are recognised in the statement of cash flows as lease liabilities interest paid (€33.4 million) and repayment of lease liability principal (€168.7 million) respectively. Lease payments in 2021 (€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.

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

As part of its response to COVID-19, Basic-Fit negotiated rent waivers with landlords for a total amount of €2.4 million (2021: €23.1 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:

	2022	2021
Depreciation expense of right-of-use assets	(171,566)	(147,737)
Interest expense on lease liabilities	(32,573)	(32,922)
COVID-19 rent credits	2,415	23,143
Expense relating to short-term leases[1]	(1,156)	(391)
Expense relating to leases of low-value assets[1]	(576)	(670)
Expense relating to lease recalculations and other lease related cost[1]	83	(18)
Total amounts recognised in profit or loss	**(203,373)**	**(158,595)**

1 Included in Other operating expenses

The Group had total lease-related cash outflows of €203.8 million in 2022 (2021: €144.6 million). The Group also had non-cash additions to right-of-use assets and lease liabilities of €348.3 million in 2022 (2021: €251.2 million). The future cash outflows relating to leases that have not yet commenced are disclosed in note 7.2 Contingencies and commitments.

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. 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 an 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). The IBRs range from 1.3% to 5.4% in 2022 (2021: 0.4% to 2.7%).

4.5 Business combinations

Acquisitions in 2022

In 2022, the Group acquired four fitness clubs in the Netherlands through asset deals and one fitness club in Germany through a share deal:

Acquiree/ Club location	Country	Deal type	Month
Cologne (DE)	Germany	Sharedeal[1]	March 2022
Veldhoven (NL)	The Netherlands	Assetdeal	April 2022
Amstelveen (NL)	The Netherlands	Assetdeal	July 2022
Rotterdam (NL)	The Netherlands	Assetdeal	July 2022
Waalwijk (NL)	The Netherlands	Assetdeal	July 2022

1 HealthCity Germany GmbH

All acquisitions are considered good opportunities for further growth and with the acquisition in Germany, this meant the start for Basic-Fit in a sixth country. The total purchase price net of cash was €5.3 million, which was mostly allocated to property, plant and equipment, receivables, customer relationships and a favourable lease contract (included in right-of-use assets). The goodwill of €1.2 million represents the excess of the consideration transferred after the recognition of newly acquired net identifiable assets and liabilities totalling €4.1 million and relates to the fact that Basic-Fit foresees good opportunities on the locations and these locations fit well within the cluster strategy of the Group.

Of these acquisitions, three clubs were acquired from a party related to the CEO of the Company at an acquisition price of €4.1 million (see note 8.3 Related party transactions). These transactions were made at terms equivalent to those that prevail in arm's length transactions.

Acquisitions in 2021

There were no acquisitions in the year 2021.

The following tables summarise the considerations paid for the acquisitions in 2022 and 2021, the fair value of assets acquired and the liabilities assumed at the acquisition date.

Fair value recognised on acquisition	2022	2021
Assets		
Property, plant and equipment	2,328	-
Customer relationships	293	-
Favourable lease contract (right-of-use assets)	510	-
Non-current financial assets	5	-
Inventories and receivables	1,361	-
Cash and cash equivalents	22	-
Liabilities		
Other provisions	(166)	-
Accrued expenses and deferred income	(239)	-
Deferred income tax assets and liabilities	(79)	-
Total identifiable net assets acquired at fair value	**4,035**	**-**
Goodwill arising on acquisition	1,239	-
Purchase consideration transferred	**5,274**	**-**
Less: cash acquired	(22)	-
Net outflow of cash - investing activities	**5,252**	**-**

From the date of acquisition, the revenue and net income of the business combinations acquired in 2022 for the period 2022 amounts to €1.5 million and a loss of €1.1 million respectively. If the business combinations had been acquired at the start of the annual reporting period, the revenue and net income of the acquired business combinations would have been €4.1 million and a loss of €0.4 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 was as follows:

	2022	2021
Food and drinks	3,621	3,288
Fitness equipment	755	20,144
Other goods	16,517	8,280
Total	**20,893**	**31,712**

'Food and drinks' consist primarily of sportswater that members with a (paid) 'sportswater add-on' can drink in the clubs. 'Fitness equipment' relates to equipment that is held for sale to members and third parties. The decrease in 2022, can be explained by a transfer to fixed assets as this fitness equipment is no longer held for sale but is leased out or available to be leased out to members as part of the All-in membership, as further disclosed in note 4.3 Property, plant and equipment.

'Other goods' includes goods that are sold via the online store and vending machines and to third parties, which increased due to a high volume of purchases in December 2022.

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

	2022	2021
Member and trade receivables	54,082	28,011
Less: allowance for expected credit losses	(18,436)	(18,594)
Receivables – net	**35,646**	**9,417**
Security deposits	8,912	6,740
Loan receivable	29	40
Taxes and social charges (mainly VAT)	17,709	18,477
Prepayments	5,236	9,543
Other receivables and accrued income	18,213	34,642
Total receivables	**85,745**	**78,859**
Less: non-current portion of security deposits	8,912	6,740
Less: non-current loans receivable	29	40
Total non-current portion	**8,941**	**6,780**
Total current portion	**76,804**	**72,079**

The decrease 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 and the economic uncertainty.

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:

	2022	2021
As at 1 January	(18,594)	(15,418)
Provision for impairment recognised during the year	(14,647)	(19,468)
Receivables written off during the year as uncollectable	14,805	16,292
As at 31 December	**(18,436)**	**(18,594)**

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 Other operating expenses). 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 Financial risk management 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:

	2022	2021
Cash in bank and on hand	42,165	69,712
Cash in transit	1,345	392
Total	**43,510**	**70,104**

All cash and cash equivalents are available for immediate use by the Group, except for an amount of €205 thousand (2021: €205 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 was as follows:

	2022	2021
Trade payables	149,167	121,433
Deferred revenues	17,435	18,688
Holiday allowance and vacation days accrual	11,274	9,416
VAT payable	3,303	685
Payroll tax payable	7,012	6,248
Interest payable	1,705	516
Investment obligations	10,894	31,586
Housing cost payable	12,608	13,676
Other liabilities and accrued expenses	9,418	8,955
Total	**222,816**	**211,203**

All current liabilities fall due in less than one year. Investment obligations are related to investments in opened clubs, for which no invoice is received yet.

The fair value of the current liabilities approximates the carrying amount due to their short-term nature. The decrease in deferred revenues is disclosed in more detail in note 3.2 Revenue. The increase in other lines in the table above are mostly directly related to the growth in members and clubs.

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 Revenue.

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 2022 amounted to €3.96 million (2021: €3.96 million) and was divided into 66,000,000 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.

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

	2022	2021
As at 1 January	3,960	3,600
Issued ordinary shares	-	360
As at 31 December	**3,960**	**3,960**

Share premium

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

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

	2022	2021
As at 1 January	690,526	490,025
Issued ordinary shares (net of transaction costs)	-	200,501
As at 31 December	**690,526**	**690,526**

Treasury shares

In 2022, the Company purchased 22,263 shares for a total amount of €878 thousand 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:

	2022	2021
As at 1 January	1,937	1,590
Share-based payments expense during the year	28	347
Exercised share-based payments during the year	(1,085)	-
As at 31 December	**880**	**1,937**

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 Share-based payments for further details.

Equity component of convertible bonds

The movement over the past two years was as follows:

	2022	2021
As at 1 January	48,720	-
Issuance of convertible bonds (net of tax)	-	48,720
As at 31 December	**48,720**	**48,720**

The equity component of convertible bonds reserve is recognised net of tax and relates to the convertible bonds issued by the Group in June 2021. As disclosed in note 3.9 the deferred taxes relating to the issue of these convertible bonds were directly debited to equity.

Reference is made to note 6.3 Borrowings and note 6.5 Financial instruments for the disclosure and accounting policy of the convertible bond.

Retained earnings

The losses for the respective periods 2022 and 2021 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 Financial instruments 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:

	2022	2021
Earnings		
Profit (loss) for the period attributable to the ordinary equity holders of the Company	(3,687)	(150,048)
Interest on convertible bonds (net of tax)	9,811	5,177
Profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	6,124	(144,871)
Number of shares		
Weighted average number of ordinary shares for basic earnings per share	66,000,000	64,076,712
Effect of dilutive potential ordinary shares	5,999,012	3,273,823
Weighted average number of ordinary shares for diluted earnings per share	**71,999,012**	**67,350,535**
Earnings per share (in €)		
Basic earnings per share	(0.06)	(2.34)
Diluted earnings per share	(0.06)	(2.34)

The number of potential dilutive weighted-average shares not taken into consideration above, due to their antidilutive effect, amount to 5,999,012 ordinary shares (2021: 3,237,823). 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 are calculated by dividing the net result 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 are calculated by dividing the net result for the year attributable to ordinary equity holders of the parent company 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 2022 and 31 December 2021, including the movements during 2022 and 2021, are summarised in the following tables:

2022	Balance as at 1 January 2022	Cash settled: New loans	Cash settled: Repayments	Cash settled: Transaction costs	Other changes (non-cash): Amortisation	Other changes (non-cash): Additions (lease liabilities)	Other changes (non-cash): COVID-19 rent credits	Other changes (non-cash): Accretion of interest	Balance as at 31 December 2022
Floating rate borrowings (non-current and current)									
Bank borrowings	250,000	-	-	-	-	-	-	-	250,000
Drawn revolving credit facility	-	210,000	-	-	-	-	-	-	210,000
GO-C facility	40,000	-	(26,667)	-	-	-	-	-	13,333
Schuldschein	83,500	-	(73,500)	-	-	-	-	-	10,000
Borrowing costs	(2,185)	-	-	-	715	-	-	-	(1,470)
	371,315	**210,000**	**(100,167)**	**-**	**715**	**-**	**-**	**-**	**481,863**
Fixed rate borrowings and lease liabilities (non-current and current)									
Convertible bonds – liability component	238,581	-	-	-	-	-	-	8,667	247,248
Schuldschein	8,000	-	-	-	-	-	-	-	8,000
Lease liabilities	1,305,159	-	(202,108)	-	-	348,330	(2,415)	32,573	1,481,539
Other bank borrowings	60	-	(60)	-	-	-	-	-	-
	1,551,800	**-**	**(202,168)**	**-**	**-**	**348,330**	**(2,415)**	**41,240**	**1,736,787**
	1,923,115	**210,000**	**(302,335)**	**-**	**715**	**348,330**	**(2,415)**	**41,240**	**2,218,650**
Of which:									
Non-current lease liabilities	1,109,022								1,265,086
Non-current borrowings	517,729								723,778
Current lease liabilities	196,137								216,453
Current borrowings	100,227								13,333

		Cash settled			Other changes (non-cash)				
2021	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)									
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

The revolving credit facility is presented as non-current borrowings, as the Group expects and has an unconditional right to renew the revolving credit facility every three months until the maturity date.

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 seven 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 the event of a change of control as defined in the terms and conditions.

	2022	**2021**
Carrying amount of liability at 1 January	238,581	-
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)[1]	-	(64,960)
Amount classified as liability (net of transaction costs of €3.8 million)	**-**	**233,957**
Accrued interest	13,222	6,902
Interest paid	(4,555)	(2,278)
Carrying amount of liability at 31 December 2022	**247,248**	**238,581**

1 Pre-tax

Bank borrowings: senior debt loans and drawn revolving credit facility (RCF)

The facility agreement consists of a €250 million term loan and a €200 million revolving facility, expiring in June 2025.

The agreement includes an additional €150-million accordion facility of which €120 million (2021: €100 million) is available to be drawn at the date of publication of these financial statements. Basic-Fit can request the syndicated banks to make the remaining €30 million (2021: €50 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 (Euribor plus margin were 4.40% as at 31 December 2022 and 2.45% as at 31 December 2021). The term loan and RCF are unsecured.

As at 31 December 2022, an amount of €10.1 million (2021: €9.1 million) of the revolving facility of €320 million (including €120 million from the accordion) had been used for bank guarantees and €210.0 million had been drawn in cash (2021: the remaining part was not drawn).

GO-C facility

In May 2020, the Company entered into a €60 million GO-C facility agreement, repayable quarterly on a straight line basis 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 (Euribor plus margin were 5.20% as at 31 December 2022 and 2.71% as at 31 December 2021). 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 required by the GO-C regulation. Therefore, IAS 20 related to accounting for government grants is not applicable. As at 31 December 2022, the remaining debt of €13.3 million (2021: €26.7 million) related to repayments within twelve months after the reporting period is classified as current borrowings.

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 2022, the outstanding amount was €18.0 million (2021: €91.5 million). For an amount of €8.0 million, the interest is fixed at 1.55% (2021: 2.05%) and for the remaining part, the interest is variable and based on Euribor plus a margin, together 3.45% (2021: 1.96%). 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 was classified as current borrowings.

Borrowing costs

The carrying amount of the borrowings is presented net of finance costs (2022: €1.5 million; 2021: €2.2 million). Finance costs are charged to the statement of profit or loss based on the effective interest rate method over the period to maturity of the loans.

Other bank borrowings

This loan was 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 related to the right to use the underlying assets. Reference is made to note 4.4 Right-of-use assets and lease liabilities 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 Trade and other receivables and 5.3 Cash and cash equivalents 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 (including provision for expected credit losses) is as follows:

	2022	2021
Overdue <30 days	19,265	3,420
Overdue 31-60 days	2,470	3,829
Overdue 61-90 days	3,632	1,149
Overdue >90 days	10,279	1,019
Balance incl. provision	**35,646**	**9,417**

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, and economic uncertainty increasing in 2022, the Group noticed that it was more difficult to collect the outstanding amounts. In determining the expected credit loss allowance the Group considered any change in the risk profile of its members following the COVID-19 pandemic and the economic uncertainty as of 2022. 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 2022, the provision stood at €18.4 million (2021: €18.6 million). The Group avoids the concentration of credit risk on its cash and cash equivalents by spreading them over reputable banks: 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 €320 million (2021: €300 million) has a maturity date of June 2025. Basic-Fit can request the syndicated banks to make the remaining €30 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).

The table below provides an overview of all committed and undrawn facilities as at 31 December 2022:

(In € millions)	Facility (committed)	Undrawn	Covenant applicable
Term loan	250.0	-	Yes
Revolving credit facility[1]	320.0	99.9	Yes
GO-C facility	13.3	-	Yes
Schuldschein	18.0	-	Yes
	601.3	**99.9**	

1 Including €120 million accordion facility. €10.1 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

	2022						
	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	13,666	305,978	328,755	247,248
Borrowings[1]	24,094	10,625	39,126	470,423		544,268	491,333
Lease liabilities	110,643	108,425	216,354	596,115	618,350	1,649,887	1,481,539
Trade payables	149,167	-	-	-	-	149,167	149,167
Total non-derivatives	**286,182**	**121,328**	**260,035**	**1,080,204**	**924,328**	**2,672,077**	**2,369,287**
Derivative financial liability	-	-	-	-	-	-	-
Total derivatives	**-**	**-**	**-**	**-**	**-**	**-**	**-**

1 Excluding capitalised financing costs

	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[1]	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**

1 Excluding capitalised financing costs

(c) Market risk

1 Foreign exchange risk
The Group only operates in the Eurozone, so 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.

2 Price risk
The Group has limited exposure to price risk. The Group's main exposure is to fluctuations in energy costs. Basic-Fit has fixed prices for 75% of the expected energy consumption in 2023. To reduce the energy costs per club, Basic-Fit established an energy savings task force to scrutinise the energy consumption and identify where further efficiencies can be achieved.

3 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. Basic-Fit aims to hedge a minimum of 50% of its variable interest exposure. 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 were as follows:

	2022	2021
Variable rate borrowings	483,333	373,500
Fixed interest rate borrowings (including lease liabilities)	1,736,787	1,551,800
Total	**2,220,120**	**1,925,300**

Financial instruments in use by the Group

Swaps currently in place cover approximately 42.4% (2021: 54.9%) 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 (which are disclosed under 'Derivative financial instruments and hedging activities' in note 6.5 Financial instruments) outstanding:

	31 December 2022			31 December 2021		
	Weighted average interest rate	Balance	% of the total loans	Weighted average interest rate	Balance	% of the total loans
Bank overdrafts and bank loans	4.36%	483,333	21.77%	2.37%	373,500	19.40%
Interest rate swaps (notional amount)		(205,000)			(205,000)	
Net exposure to cash flow interest rate risk		**278,333**	**12.54%**		**168,500**	**8.75%**

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:

	2022	2021
Gain (loss) recognised in profit or loss	3,705	1,796
Reclassified from other comprehensive income to profit or loss	-	-

Sensitivity analysis

According to interest rate sensitivity analyses performed for the years ending 31 December 2022 and 2021, the impact on the consolidated statement of profit or loss (post-tax) due to upward or downward movements in the interest rates of 1% were as follows:

	2022	2021
Increase by 100 basis points (derivative financial instruments)	-	1,796
Decrease by 100 basis points (derivative financial instruments)	-	(1,778)
Increase by 100 basis points (non-derivative financial instruments)	(3,586)	(1,413)
Decrease by 100 basis points (non-derivative financial instruments)	3,586	297

There was 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:

Assets	2022		2021	
	Derivatives at FVPL[1]	Loans and receivables	Derivatives at FVPL[1]	Loans and receivables
Loan receivable	-	29	-	40
Derivative financial instruments (current)	2,045	-	-	-
Trade and other receivables excluding prepayments	-	35,646	-	9,417
Cash and cash equivalents	-	43,510	-	70,104
Total	**2,045**	**79,185**	**-**	**79,561**

1 Fair value through profit and loss

Liabilities	2022		2021	
	Derivatives at FVPL[1]	Other financial liabilities at amortised cost	Derivatives at FVPL[1]	Other financial liabilities at amortised cost
Borrowings (excluding lease liabilities)	-	737,111	-	617,956
Lease liabilities	-	1,481,539	-	1,305,159
Derivative financial instruments	-	-	1,660	-
Trade and other payables excluding non-financial liabilities	-	149,167	-	121,433
Total	**-**	**2,367,817**	**1,660**	**2,044,548**

1 Fair value through profit and loss

The carrying amount of the above financial instruments under 'Assets' represents the maximum exposure to credit risk, with the exception of derivative financial instruments. The Group's maximum exposure related to financial derivative instruments is disclosed in the maturities table as part of the liquidity risk disclosure in note 6.4 Financial risk management.

See note 6.4 Financial risk management for a description of the credit quality of financial assets that are neither past due nor impaired.

Derivative financial instruments and hedging activities

Derivatives are classified as Level 2 valuation, in accordance with the fair value hierarchy as described in IFRS 13.

As at 31 December 2022, the Group had five (2021: five) derivative financial instruments measured at fair value. These interest rate swaps swap quarterly interest payments, where the Group pays a fixed interest and receives interest based on the three-month Euribor rate. The Group does not apply hedge accounting to these swaps.

	Notional amount	Inception	Termination	Fixed interest	Carrying amount 2022	Carrying amount 2021
Interest rate swaps (five)	205,000	January 2019	May 2023	0.131%	2,045	(1,660)
Total	**205,000**				**2,045**	**(1,660)**

The movements in 2022 and 2021 arising from cash flows and non-cash changes in the Group's derivative financial instruments are summarised in the following table:

	Balance as at 1 January[1]	Cash flows Repayments	Other changes (non-cash) Fair value changes through P&L[2]	Fair value changes through OCI[3]	Balance as at 31 December[1]
2022	(1,660)	-	3,705	-	2,045
2021	(3,456)	-	1,796	-	(1,660)

1 Receivable / (liability)
2 Profit / (loss)
3 Other comprehensive income

Fair values, including valuation methods and assumptions

- As at 31 December 2022 and 31 December 2021, 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 2022 and 31 December 2021, the fair values of other long-term financial assets (security deposits) were not materially different from the carrying amounts.
- As at 31 December 2022, the fair values of the long-term borrowings (excluding lease liabilities) were not materially different from the carrying amounts. 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 2022, the fair values of the convertible bonds amounted to €224 million (carrying amount €247 million. As at 31 December 2021, the fair value of the convertible bonds was not materially different from the carrying amount.

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.

Accounting Policy

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and 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.

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 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 Trade and other receivables.
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 for the calculation of 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.

Accounting Policy

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

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.

Accounting Policy

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.

Accounting Policy

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 2022. Therefore, all changes related to these financial instruments will be recognised in profit or loss.

Accounting Policy

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.

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).

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.

In 2018, the Group closed a multicurrency term loan (€250 million) and revolving credit facilities agreement (€200 million). The agreement includes an additional €150-million accordion facility, of which €120 million is available to be drawn at the date of publication of these financial statements. Basic-Fit can request the syndicated banks to make the remaining €30 million available under the terms of the senior facility agreement, but that amount is not yet committed. In 2019, the Group completed a Schuldschein issuance with a German private placement. At 31 December 2022, an amount of €18.0 million was outstanding (2021: €83.5 million). 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 seven 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 2022 and at 31 December 2021 was as follows (including and excluding lease liabilities related to right-of-use assets):

	2022	2021
Total borrowings (incl. capitalised finance costs)	2,218,650	1,923,115
Less: cash and cash equivalents	(43,510)	(70,104)
Net debt including lease liabilities	**2,175,140**	**1,853,011**
Lease liabilities[1]	1,481,516	1,305,064
Net debt excluding lease liabilities	**693,624**	**547,947**

1 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 2021, Basic-Fit reached an agreement with its syndicate banks on 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 was 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.

Under the terms of the current facilities, the Group is required to comply at any relevant period with certain financial covenants as defined in the facilities agreement (until the expiration date of the agreement):

- The leverage ratio should not be more than 3.50
- The interest cover ratio should be more than 2.00

As at 31 December 2022, the Group complied with these covenants. The leverage ratio was 2.9 and the interest cover ratio was 11.7.

6.7 Finance income and costs

	2022	2021
Finance income:		
Other interest income	2	-
Total finance income	**2**	**-**
Finance costs:		
Interest on convertible bonds	(13,222)	(6,902)
Interest on external debt and borrowings	(15,384)	(16,916)
Lease liabilities interest	(32,573)	(32,922)
Valuation difference derivative financial instruments	3,705	1,796
Other finance costs (including waiver fees)	(1,161)	(1,811)
Total finance costs	**(58,635)**	**(56,755)**
Total finance costs – net	**(58,633)**	**(56,755)**

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 outflows of resources (costs) related to potential legal and other risks;
- 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:

	2022	2021
As at 1 January	1,271	1,825
Charged to profit or loss	540	417
New in consolidation[1]	166	-
Utilised	(103)	(199)
Unused amounts reversed	(194)	(772)
As at 31 December	**1,680**	**1,271**
Of which:		
Non-current portion of provisions (> 1 year)	1,285	846
Current portion of provisions (< 1 year)	395	425

1 Note 4.5 Business combinations

Management is of the opinion that the provision is adequate to resolve all the claims.

Accounting Policy

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.

Restructuring provisions are recognised only when the Group has a constructive obligation, which is when:
(i) there is a detailed formal plan that identifies the business or part of the business concerned, the location and number of employees affected, the detailed estimate of the associated costs, and the timeline; and
(ii) the employees affected have been notified of the plan's main features.

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the obligation, the carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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.

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 lease commitments for new clubs to be opened after balance date, before the end of the reporting period but not recognised as a liability, are as follows:

	2022	2021
Property, plant and equipment	94,630	56,322

(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:

	2022	2021
Within one year	10,842	5,782
After one year but not more than five years	111,547	54,884
More than five years	157,803	81,553
Total	**280,192**	**142,219**

These lease commitments include lease agreements for new clubs that are not effective yet and that can be dissolved on the basis of resolutive conditions, for example if the required permits are not obtained or if the builiding is not delivered by the lessor in the condition as agreed.

No discount factor is used in determining these commitments.

Sub-lease payments

	2022	2021
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases	4,064	5,915

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

Other commitments

As at 31 December 2022, approximately €10.1 million in total had been issued in bank guarantees (31 December 2021: €9.1 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, if 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 2022. For VAT purposes, the aforementioned companies and B-Securité B.V. formed a fiscal unity at year-end 2022. 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 2022. 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 (CEO)		Hans van der Aar (CFO)		Other key management personnel		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Base Salary	729	729	601	562	703	500	2,033	1,791
Pension allowance	109	109	90	84	40	37	239	230
Total fixed compensation	**838**	**838**	**691**	**646**	**743**	**537**	**2,272**	**2,021**
Short-term incentive	182	-	198	-	232	-	612	-
Long-term share-based payments	-22	47	-10	27	21	64	-11	138
Total variable compensation	**160**	**47**	**188**	**27**	**253**	**64**	**601**	**138**
Social charges	17	15	13	13	212	187	242	215
Other	32	36	43	45	44	37	119	118
Total other benefits/expenses	**49**	**51**	**56**	**58**	**256**	**224**	**361**	**333**
Total remuneration	**1,047**	**936**	**935**	**731**	**1,252**	**825**	**3,234**	**2,492**

In 2022, the annual base salaries for René Moos and Hans van der Aar amounted to €729,063 (2021: €729,063) and €601,209 (2021: €561,879) respectively.

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 Share-based payments).

The short-term incentive (STI) achievement for 2022 for the Management Board was approved by the Supervisory Board on 8 February 2023. This resulted in an STI pay-out for 2022 of 25% of the annual base salary for the CEO and 33% for the CFO. The STI amount will be paid in 2023 after the adoption of the Financial Statements for 2022. 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 2021.

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

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 2022	Number of shares granted on target 2022	Performance adjustment / forfeited	Vested in 2022	Outstanding at 31 December 2022	Fair value at grant date	lock-up date
René Moos	2018	14,050	-	(4,683)	(9,367)	-	€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
	2022	-	11,634	-	-	11,634	€37.60	16-5-2027
Total shares		**63,242**	**11,634**	**(17,706)**	**(9,367)**	**47,803**		
Hans van der Aar	2018	10,828	-	(3,609)	(7,219)	-	€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
	2022	-	7,995	-	-	7,995	€37.60	16-5-2027
Total shares		**42,421**	**7,995**	**(11,973)**	**(7,219)**	**31,224**		

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 by 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 the Company to apply these limitations 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 2022, 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 €307 thousand in 2022 (2021: €341 thousand).

	2022	2021
Kees van der Graaf	65	65
Hans Willemse	58	58
Carin Gorter	60	60
Pieter de Jong	13	50
Herman Rutgers	55	55
Rob van der Heijden	56	53
Total	**307**	**341**

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 3,000 shares and Hans Willemse who held 40,029 shares in Basic-Fit on 31 December 2022.

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 and Supervisory Board compensation;
- Purchases from/sales to related parties (mainly leases from related parties); and
- Acquisition of fitness clubs (in 2022).

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 and note 8.2 Remunerations of members of the Supervisory Board.

Purchases from/sales to related parties

The table below provides the total amount of purchases from and sales for the relevant financial year to entities in which Management Board members have an interest. In addition, the table provides an overview of all balances held with these related parties.

	2022	2021
Sales to related parties	48	21
Purchases from related parties	6,408	5,537
Amounts owed by related parties[1]	38	-
Amounts owed to related parties[2]	695	399

1 Included in trade receivables - note 5.2 Trade and other receivables
2 Included in lease liabilities and trade and in other payables - note 4.4 Right-of-use assets and lease liabilities and note 5.4 Trade and other payables

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
In 2022, Basic-Fit acquired three fitness clubs from a company related to the CEO of Basic-Fit N.V. for a total amount of €4.1 million.

Related party leases
Future related party lease obligations (as accounted for as right-of-use assets and lease liabilities) are as follows:

	2022	2021
Within one year	6,072	6,046
After one year but not more than five years	24,148	24,185
More than five years	35,094	40,973
Total	**65,314**	**71,204**

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 incurred during the years 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	
	2022	2021	2022	2021	2022	2021
Audit of the financial statements	842	848	116	113	958	961
Other audit procedures	98	63	2	15	100	78
Total	**940**	**911**	**118**	**128**	**1,058**	**1,039**

8.5 Events after the reporting period

No subsequent events occurred that are significant to the Group that would require adjustment or disclosure in the annual accounts now presented. Subsequent events were evaluated up to 13 March 2023, which is the date the financial statements included in this annual report were approved.

COMPANY FINANCIAL STATEMENTS

Company balance sheet

As at 31 December	Note	2022	2021
(before appropriation of profit)		€ 000	€ 000
Assets			
Non-current assets			
Financial fixed assets	B	1,156,374	1,024,685
Total non-current assets		**1,156,374**	**1,024,685**
Current assets			
Trade and other receivables	C	577	3,933
Derivative financial instruments	G	2,045	-
Cash and cash equivalents	D	553	18,151
Total current assets		**3,175**	**22,084**
Total assets		**1,159,549**	**1,046,769**

	Note	2022	2021
		€ 000	€ 000
Shareholders' equity			
Share capital		3,960	3,960
Share premium		690,526	690,526
Legal reserves		2,871	2,516
Equity component of convertible bonds		48,720	48,720
Equity settled share-based payments reserve		880	1,937
Retained earnings		(337,875)	(187,029)
Profit (loss) for the year		(3,687)	(150,048)
Total equity	E	**405,395**	**410,582**
Provisions			
Deferred tax liabilities	H	14,478	15,623
Total provisions		**14,478**	**15,623**
Non-current liabilities			
Borrowings	F	723,778	517,729
Derivative financial instruments	G	-	349
Total non-current liabilities		**723,778**	**518,078**
Current liabilities			
Trade and other payables	I	2,565	1,008
Borrowings	F	13,333	100,167
Derivative financial instruments	G	-	1,311
Total current liabilities		**15,898**	**102,486**
Total equity, provisions and liabilities		**1,159,549**	**1,046,769**

Company statement of profit or loss

For the year ended 31 December	Note	2022	2021
		€ 000	€ 000
Revenue	J	2,402	1,825
		2,402	**1,825**
Salaries and wages	K	(1,482)	(1,529)
Social security charges		(13)	(21)
Depreciation, amortisation and impairment charges		-	-
Other operating expenses	L	(1,471)	(1,249)
Operating profit		**(564)**	**(974)**
Finance income	M	27,692	21,987
Finance costs	M	(25,126)	(23,077)
Finance costs – net		**2,566**	**(1,090)**
Profit (loss) before income tax		**2,002**	**(2,064)**
Income tax	N	(523)	(55)
Profit (loss) after income tax		**1,479**	**(2,119)**
Net income of subsidiaries	B	(5,166)	(147,929)
Profit (loss) for the year		**(3,687)**	**(150,048)**

Notes to the Company financial statements

A. Basis of preparation

The Company financial statements of Basic-Fit N.V. (hereafter 'the Company') have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with article 362 (8), Book 2 of the Dutch Civil Code, the Company's financial statements have been prepared on the basis of the accounting principles for recognition, measurement and determination of profit, as applied in the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities.

All amounts are presented in euros (€ x 1,000) unless stated otherwise.

In addition to these accounting policies in the consolidated financial statements, the following accounting policy applies to the Company financial statements:

Financial fixed assets

Investments in consolidated subsidiaries

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 DAS 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.

Revenue

Revenue comprises recharges of costs that are eligible to be charged to a subsidiary company and is accounted for on accrual basis.

B. Financial fixed assets

	2022	2021
Investment in consolidated subsidiaries	33,878	39,044
Receivables from consolidated subsidiaries	1,122,496	985,641
Balance as at 31 December	**1,156,374**	**1,024,685**

Investment in consolidated subsidiaries

The Company has direct and indirect interests in the subsidiaries listed in note 1.2 Group Information 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:

	2022	2021
Balance as at 1 January	39,044	186,973
Net income of subsidiaries	(5,166)	(147,929)
Balance as at 31 December	**33,878**	**39,044**

Receivables from consolidated subsidiaries

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

	2022	2021
Balance as at 1 January	985,641	717,608
Additions	136,855	268,033
Balance as at 31 December	**1,122,496**	**985,641**

The fair value of receivables from this receivable approximates the carrying amount. The interest is EURIBOR plus a margin of 2.5%. Although no repayment period has been agreed the loan has a long-term nature.

C. Trade and other receivables

	2022	2021
Receivables from Group companies	293	3,698
Other receivables and prepayments	284	235
Total	**577**	**3,933**

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 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**
As at 1 January 2022	**3,960**	**690,526**	**-**	**2,516**	**48,720**	**1,937**	**(187,029)**	**(150,048)**	**410,582**
Prior year result appropriation	-	-	-	-	-	-	(150,048)	150,048	-
Net result for the year	-	-	-	-	-	-	-	(3,687)	(3,687)
Purchase of treasury shares	-	-	(878)	-	-	-	-	-	(878)
Exercised share-based payments	-	-	878	-	-	(1,085)	(443)	-	(650)
Equity-settled share-based payments	-	-	-	-	-	28	-	-	28
Development expenditures	-	-	-	355	-	-	(355)	-	-
Total movements	**-**	**-**	**-**	**355**	**-**	**(1,057)**	**(150,846)**	**146,361**	**(5,187)**
As at 31 December 2022	**3,960**	**690,526**	**-**	**2,871**	**48,720**	**880**	**(337,875)**	**(3,687)**	**405,395**

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. (€2.3 million; 2021: €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; 2021: €0.6 million).

F. Borrowings

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

G. Derivative financial instruments

For the disclosures related to derivative financial instruments, reference is made to note 6.5 Financial instruments 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 €2.8 million within twelve months.

I. Trade and other payables

The composition of Trade and other payables was as follows:

	2022	2021
Trade payables	79	347
Payroll tax payable	90	81
Interest payable	1,704	513
Other liabilities and accrued expenses	692	67
Total	**2,565**	**1,008**

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

	2022	2021
Overhead costs charged on to Group companies	2,402	1,825
Total	**2,402**	**1,825**

K. Salaries and wages

Salaries and wages include an amount of €28 thousand (2021: €347 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 2022 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 Auditor's remuneration in the consolidated financial statements.

M. Finance income and costs

	2022	2021
Finance income:		
Group companies	27,692	21,987
Total finance income	**27,692**	**21,987**
Finance costs:		
Interest on convertible bonds	(13,222)	(6,902)
Interest on external debt and borrowings	(15,083)	(16,405)
Valuation difference derivative financial instruments	3,705	1,796
Other finance costs (including waiver fees)	(526)	(1,566)
Total finance costs	**(25,126)**	**(23,077)**
Total finance costs – net	**2,566**	**(1,090)**

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.

	2022	%	2021	%
Profit (loss) before income tax	2,002		(2,064)	
Income tax based on Basic-Fit N.V.'s domestic rate	**(516)**	**25.8%**	**516**	**25.0%**
Future tax rate adjustments	-	0.0%	(484)	(23.4)%
Non-deductible share-based payment expenses	(7)	0.3%	(87)	(4.2)%
At the effective income tax rate	**(523)**	**26.1%**	**(55)**	**(2.7)%**

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 25.8% (2021: 25.0%) and reflects the income tax that would have been applicable assuming that all taxable result is taxable at 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 2022. 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 corporate income tax at year-end 2022. For VAT purposes, the aforementioned companies and B-Securité B.V. formed a fiscal unity at year-end 2022. As a result, the companies within the fiscal unities 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 Related party transactions 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 2022 (€3,687 thousand) to the retained earnings.

S. Authorisation of the financial statements

Hoofddorp, the Netherlands
13 March 2023

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 the supervisory board of Basic-Fit N.V.

Report on the audit of the financial statements 2022 included in the annual report

Our opinion

We have audited the financial statements 2022 of Basic-Fit N.V. (the Company) 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 2022 and of its result and its cash flows for 2022 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 2022 and of its result for 2022 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 2022
- The following statements for 2022: the consolidated statement of 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 2022
- The company statement of profit or loss for 2022
- 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.

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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 determined materiality and identified and assessed 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.

Materiality

Materiality	€6.0 million (2021: €3.0 million)
Benchmark applied	Approximately 0.8% of consolidated revenue (2021: approximately 0.9% of consolidated revenue)
Explanation	We used revenues as the basis for the materiality, as it is one of the important measures of the Company's performance. We considered a general interest of the users of the financial statements in the realized and potential growth of the Company, measured in number of clubs, number of members and resulting revenues. Also, revenue is the main source of cash (in)flow, another focus area for many users of the financial statements. This benchmark is consistent with prior years.

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 €300,000, 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.

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 a full audit or specific scope audit procedures 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. Furthermore 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

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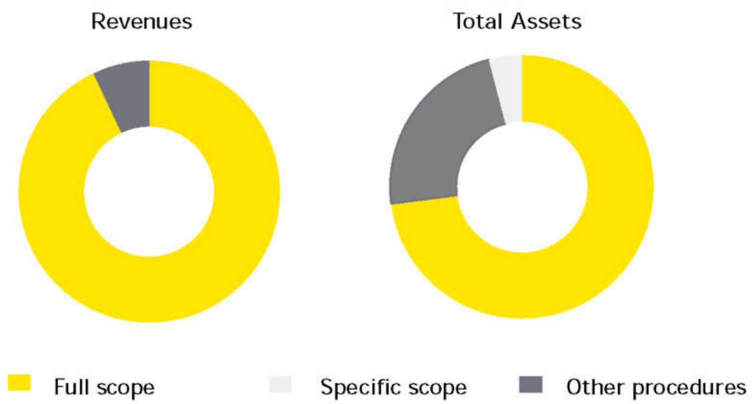
In total these procedures represent 93% of consolidated revenues and 77% of the group's total assets.



We do not include details with respect to the coverage for Profit/(loss) before income tax . In 2022 a positive result is recorded in the operating entities and a loss in the ultimate parent entity. As a result, a combined coverage percentage would not reliably represent the actual coverage for each scope.

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 on the consolidated financial statements.

Teaming and use of specialists

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences needed for the audit of a listed entity in the fitness industry.
We included specialists in the areas of IT audit, forensics, corporate governance reviewers and income tax and have made use of our own specialists in the areas of valuation of the right-of use-assets, lease liabilities and goodwill.

Our focus on climate-related risks and the energy transition

Climate change and the energy transition are high on the public agenda. Issues such as CO2 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 CO2 footprint. Management summarized the Company's commitments and obligations, and reported in section non-financial information of the management report how the Company is addressing climate-related and environmental risks

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the 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. The potential impact is not considered a key audit matter. Furthermore, we read the management report and considered whether there is any material inconsistency between the non-financial information the paragraph Non-financial information 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. 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.

Our audit response related to fraud risks

We identified and assessed 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 report for management's (fraud) risk assessment and section Risk and control framework of the supervisory board report in which the supervisory board reflects on this (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. For these risks 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 and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

The following fraud risks identified did require significant attention during our audit:

- Revenue recognition (as a result of management override) – specifically the cut-off risk resulting from potential incorrect manual entries in December.

For the risk and the audit approach we refer to the section our key audit matters in this report.

We considered available information and made enquiries of relevant executives, directors, internal audit, legal, compliance, human resources, directors and the supervisory board.

The fraud risk we identified, enquiries 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 performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, 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 we have been informed by management that there was no 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

As disclosed in section 'Going concern' in Note 2.1 to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, management made a specific assessment of the Company's ability to continue as a going concern and to continue its operations for the foreseeable future.

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 relevant events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Based on our procedures performed, we did not identify material uncertainties about going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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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 matter Accounting for deferred revenues, which is calculated based on a complex spreadsheet-based model, which increases the risk of management override, which was included in our last year's auditor's report, is not considered a key audit matter for this year. The calculation of the deferred revenues is fully automated per May 2023 and therefore no longer calculated using a complex spreadsheet-based model. Also the impact of COVID-19 on the revenue and lease accounting is removed as key audit matter, since restrictions are relieved and COVID-19 does not have a significant impact on the business.

Revenue recognition (as a result of management override) – specifically the cut-off risk due to manual entries in December Refer to note 3.2 Revenue	
Fraud risk	We presumed that there are risks of fraud in revenue recognition – specifically the cut-off risk due to manual entries in December. Because revenue recognition and the accounting for deferred revenues comprise different components and recognition elements, we consider this topic a key audit matter.
Our audit approach	Our audit strategy included an assessment of the appropriateness of the Company's revenue recognition policies in general, 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. Amongst others we have performed substantive analytical procedures on revenues and data analytics with respect to sources of revenue and the correlation between revenue, accounts receivable and cash receipts. We reconciled the revenue reported in the membership administration to revenue recorded in the financial administration and the cash receipts. We have specifically assessed the accuracy, completeness and proper cut-off of revenues that have been deferred as at 31 December 2022 by recalculation of deferred revenues based on member data and we performed detailed testing on manual entries recorded in the financial administration and the consolidation tool via journal entry testing. Furthermore, we focused on the adequacy of the Company's disclosures in respect of IFRS 15.
Key observations	We did not identify any material misstatements in the revenue recorded in the year, either due to fraud or error. In addition, we assessed that the revenue disclosures (note 3.2) in the financial statements are adequate.

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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. Because of the significant number of new lease contracts in light of ongoing club openings, and the amounts involved, we consider this topic a key audit matter. We note that the right-of-use assets amount to €1,381 million (2021: €1,206 million) and the lease liabilities €1,479 million (2021: €1,305 million).
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 tested the completeness of the population of lease contracts used for the IFRS 16 calculations by reconciling the rental agreements to outgoing lease payments on the suspense account as well as the member administration by club (i.e. confirmed that for each club generating income a property rent contract is included). On a sample basis we tested lease contracts for clubs planned, but not open yet and assessed lease contracts entered into in both 2022 and early 2023 for potential cut-off errors. Furthermore, we focused on the adequacy of the Company's disclosures in respect of IFRS 16.
Key observations	We did not identify material omissions in right-of-use assets and lease liabilities. In addition, we assessed that the right-of-use assets and lease liability 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.

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 of the Dutch Civil Code for the management 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 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.

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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
- 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.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N, "Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument" (assurance engagements relating to compliance with criteria for digital reporting). Our examination included amongst others:

- Obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - 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 the 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 Company'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, 13 March 2023

Ernst & Young Accountants LLP

signed by A.A. Kuijpers

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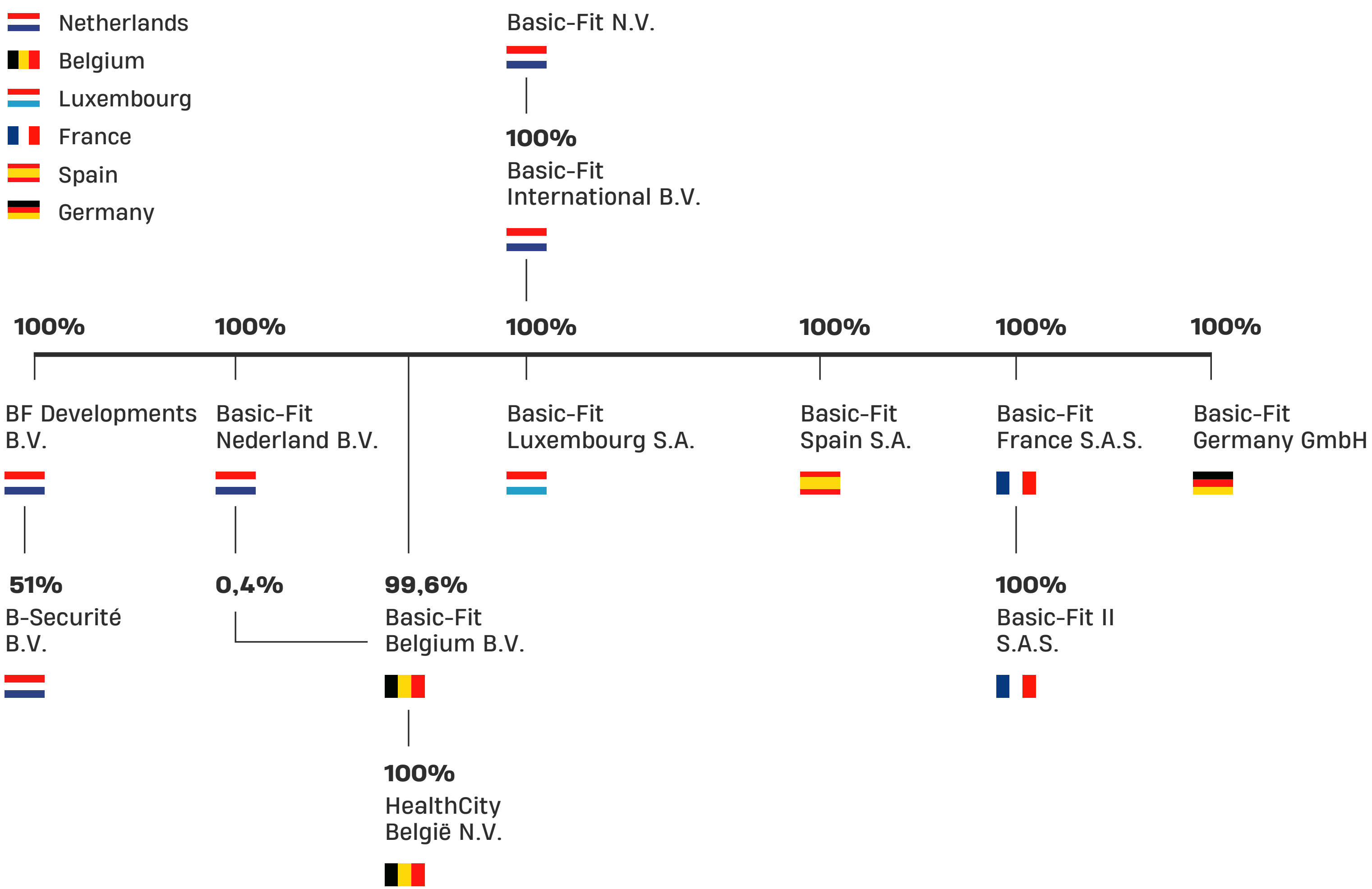
ORGANISATIONAL CHART BASIC-FIT



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. We provide an up-to-date financial calendar with relevant events in the Investor Relations section of the Basic-Fit corporate website.

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). All our press releases and other important information can also be found 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 2022

Source: Euronext

Listing

Basic-Fit has been listed on Euronext Amsterdam since 10 June 2016 and is included in the Midcap Index (AMX). 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 in 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. The bond carries a 1.50% coupon, to be paid semi-annually in arrears in equal instalments in June and December. Prices of the bond can be found on the Frankfurt Stock Exchange under ISIN XS2354329190.

Share price development

The closing price for the Basic-Fit share stood at €24.48 at year-end 2022, 42% lower than the €42.00 closing price at year-end 2021. The average daily traded volume was 149,000 shares in 2022, compared to 178,000 shares the year before.

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 2022, there were three shareholders reportedly owning more than 10% in the company; René Moos, our CEO and founder (14.3%), our new shareholder Impactive Capital LP (10.1%) and North Peak Capital Management, LLC (10.0%). Shareholders reportedly owning between 5% and 10% are OLP Capital Management Limited (6.8%) and 3i Group plc (6.6%). Shareholders reportedly owning between 3% and 5% are JP Morgan Chase & Co (5.0%), Norges Bank (4.1%) and CAS Investment Partners, LCC (3.0%).

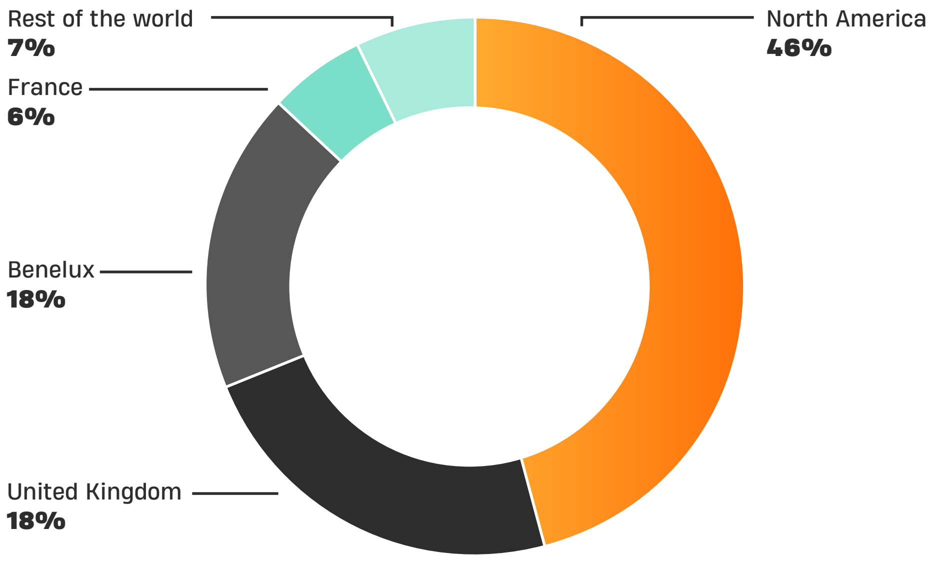
Shareholders holding more than 3%

René Moos, our CEO (directly and indirectly via AM Holding B.V.)	14.3%
Impactive Capital LP	10.1%
North Peak Capital Management, LLC	10.0%
OLP Capital Management Limited	6.8%
3i Group plc	6.6%
JP Morgan Chase & Co	5.0%
Norges Bank	4.1%
CAS Investment Partners, LLC	3.0%

Source: AFM public filings

An indicative 46% of Basic-Fit shares are held by North American investors, up from an indicative 35% a year ago. UK-based investors account for 23% vs. 32% a year ago. Other regions with investors with large holdings are the Benelux (18%) and France (6%). The remaining 7% of the shares are held by investors in the rest of the world.

Indicative geographic spread of ordinary shares



Source: public filings, Basic Fit

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, unless stated otherwise	2022	2021	2020	2019	2018*
Revenue	794.6	340.7	376.8	515.2	401.8
Growth %	133%	(10)%	(27)%	28%	23%
Underlying club EBITDA**	316.4	93.6	153.8	222.9	176.9
Underlying EBITDA**	203.8	31.6	93.8	151.3	124.1
Underlying EBITDA margin %**	26%	9%	25%	29%	31%
Underlying net result**	11.3	(95.2)	(32.9)	33.5	29.4
Diluted underlying EPS (€)**	0.17	(1.49)	(0.57)	0.61	0.54
Maintenance capex	61.2	47.7	35.7	39.1	31.8
Cash flow pre expansion capex (underlying EBITDA minus maintenance capex)	142.6	(16.1)	58.0	112.2	92.3
Expansion capex	216.0	164.3	162.9	229.0	140.1
Shareholders' equity	405.4	410.6	310.7	306.5	327.1
Net debt (excluding lease liabilities)	693.6	547.9	539.1	450.9	333.0
Net debt / adjusted EBITDA***	2.9x	2.1x	4.9x	2.5x	2.3x

* Year 2018 is pre-IFRS 16
** Year 2018 refers to adjusted (club) EBITDA (margin) and adjusted net earnings
***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.

Amounts in € millions, unless stated otherwise	2022	2021	2020	2019	2018
Non-financials (number)					
Total number of clubs	1,200	1,015	905	784	629
o.w. The Netherlands	231	216	211	199	161
o.w. Belgium	219	195	193	183	173
o.w. Luxembourg	10	10	10	9	10
o.w. France	647	528	447	357	252
o.w. Spain	90	56	44	36	33
o.w. Germany	3	-	-	-	-
Total number of members (million)	3,352	2,220	2,001	2,221	1,843
Average revenue per member per month (€)	22.86	13.05	14.50	20.56	19.39
Number of employees (year-end)	7,564	6,964	5,628	5,110	4,135
Market capitalisation, year-end	1,616	2,772	1,800	1,850	1,419
Share price, year-end (€)	24.48	42.00	30.00	33.85	25.95
Share price, high (€)	44.78	49.24	35.75	34.25	33.15
Share price, low (€)	21.66	27.10	10.52	24.05	19.74
Average daily volume ('000)	149	178	329	69	58
Average number of shares outstanding (million)	66.0	64.1	57.6	54.7	54.7
Number of shares outstanding (million)	66.0	66.0	60.0	54.7	54.7

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-term and short-term borrowings and IFRS16 lease liabilities, less cash and cash equivalents
Net debt (excl. lease liabilties)	Total of long-term 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 maintenance costs
Average maintenance costs per club	Total maintenance 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, 2021 and 2022

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 related tax effects
Adjusted EPS	Adjusted net result divided by the weighted average number of diluted shares
Net debt	Total of long-term 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 created sustainable value and had a economic and social impact during the 2022 reporting year, which ran from 1 January 2022 to 31 December 2022 (aligned with financial reporting). This Annual Report was published on 13 March 2023.

The ESG information and data presented relate to our material topics, our main strategic targets and ambitions and our sustainability priorities. The material topics were 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 see the 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. In addition, this report has been drawn up with reference to the new GRI Standards of the Global Reporting Initiative as currently effective. 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, 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. We also report on the EU Taxonomy Regulation when applicable. You will find more information on the ESG regulations in the Non-financial information section.

No external assurance on the non-financial data is provided for 2022.

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 in our strategy, how we assess and mitigate our risks, and how we view business opportunities.

Stakeholder	Relationships	Interactions
Employees	We employ more than 7,000 employees in six 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, employee onboarding.
Members	More than 3.3 million members exercise either in our clubs or at home and outside through our Basic-Fit app. We aim to keep our members engaged and help them to stay active and move towards 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, Basic-Fit app, regular surveys, emails, focus groups, social media, online chats, webforms.
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 and 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, press releases, corporate website.
Public sector	As a leader in its market, Basic-Fit interacts with a wide range of European, national and local government bodies. We are also actively engaged in discussions with the national fitness federations in the countries where we operate. 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 help to encourage our local communities to develop good habits and get an active life and facilitate access to career opportunities.	Collaboration with national and local organisations to support sports, education and job programmes.

Materiality assessment

In 2019, we conducted our first materiality assessment in line with the Global Reporting Initiative (GRI) Standards to better align our strategy and reporting with our stakeholder demands. This assessment is updated periodically, with an initial review in 2020 and a second one in 2022. A new materiality assessment will be performed in line with the CSRD, as required for reporting from 2024 onwards.

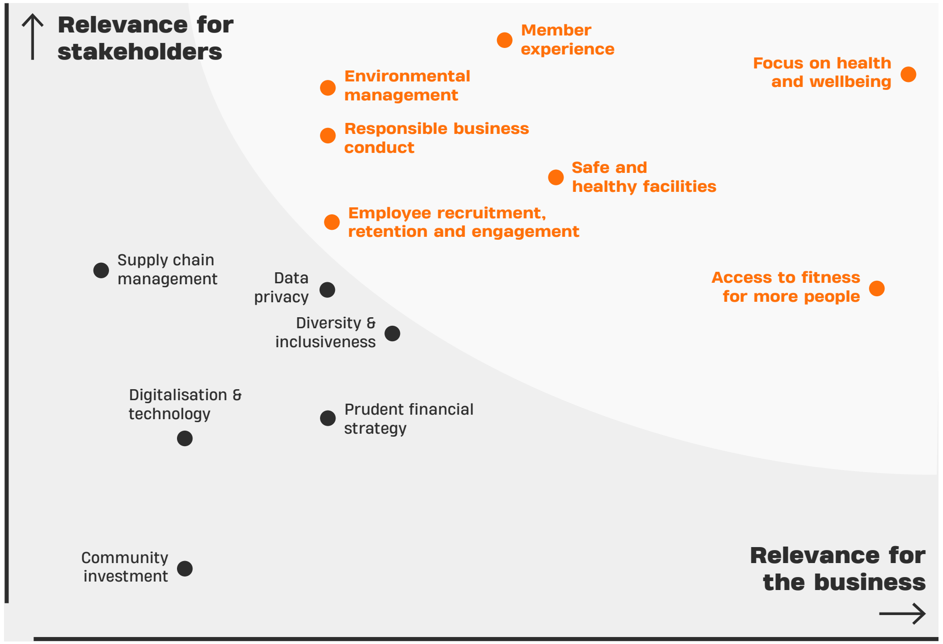
We define material topics as those that reflect significant economic, environmental and social impacts, or that substantively influence the decisions of our stakeholders. We identify these topics with the feedback from our stakeholders. The results are highlighted in a materiality matrix, with a focus on the top material topics.

For the materiality assessment update performed in 2022, we carried out an analysis of current relevant trends, insights from peers, and sustainability reporting frameworks. This led us to an updated list of relevant topics that reflects the present context. We modified the naming and description of certain topics and merged some topics, resulting in a list of 13 topics.

We conducted a survey to collect feedback from our employees, members, suppliers, investors and senior management. This helped us map out their views regarding the updated list of topics, particularly the relative relevance of each topic. In the Non-financial information section, we explain how Basic-Fit addresses the top-ranked topics: Focus on health and well-being, Access to fitness for more people, Member experience, Safe and healthy facilities, Environmental management, Responsible business conduct, and Employee recruitment, retention and engagement.

The materiality analysis and results were presented both to the Management board and the Supervisory board.

The materiality matrix below shows the topics' relevance to stakeholders and their importance to Basic-Fit.



Data collection process

In 2019, to steer decision-making and track progress, we started reporting internally on KPIs related to our impacts on members, gym management, environmental resources, employees, and communities.

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 sources. We will continue to fine-tune these metrics to ensure they are relevant for our stakeholders. We will also continue to work on optimising our data collection process and improving our sustainability report structure.

Data related to members is mostly collected via Power BI. Non-financial data related to our operations is mainly collected via Power BI and Lucanet systems, which are connected to our data warehouse and include sources such as 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. We used the Greenhouse Gas Protocol to calculate our CO_2 emissions. In view of our carbon neutral clubs ambition, our carbon footprint is currently focused on scope 1 (gas consumption) and 2 (electricity consumption).

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
Safe and healthy facilities	Guaranteeing a safe and healthy environment for our members and staff, both in our clubs and offices, such as ensuring indoor climates are optimal and equipment is safe for users.
Member experience	Offering memberships at an affordable price, making it possible for more people to take out a Basic-Fit subscription; and optimising the customer journey of (new) members, helping them enjoy the health benefits of our fitness solutions continuously and for a long time.
Employee recruitment, retention and engagement	Recruiting talented employees, developing their skills and competencies, motivating them, and stimulating internal growth.
Access to fitness for more people	Expanding our club network and memberships, including access for people beyond our members, aiming to make fitness available to as many people as possible.
Environmental management	Minimising the environmental impact of both our offices and clubs by implementing measures such as reducing energy and water usage, using green electricity, reducing and recycling waste, and applying sustainability requirements for new clubs.
Focus on health and wellbeing	Ensuring the products and services we offer inside and outside our clubs have a positive impact on our members' physical and mental health, supporting their wellbeing.
Diversity & inclusiveness	Ensuring a diverse member base and workforce in our clubs and offices, where all people feel included, and where differences are respected and appreciated.
Digitalisation & technology	Incorporating technology to make our services easier to use, to provide members with freedom and flexibility through services such as online fitness and health support, and to ensure safety at our clubs.
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 applying procurement processes that take into account the environmental and social impacts of our suppliers' activities.
Prudent financial strategy	Adopting a prudent financial risk strategy with the intent to limit financial risks and maintain long-term solvency.
Community investment	Creating health and fitness awareness and accessibility in our communities through sponsoring and community investment projects.
Responsible business conduct	Conducting all business responsibly, managing the negative impacts of our activities, communicating transparently with our stakeholders, and enhancing our positive impacts on people, planet and communities.

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GRI CONTENT INDEX

Statement of use	Basic-Fit has reported with reference to the GRI Standards for the period 1 January 2022 to 31 December 2022
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	Restatements of information	Healthy planet - table of indicators	
2-4	External assurance	About this report	
2. Activities and workers			
2-6	Activities, value chain and other business relationships	Our strategy About this report - Relationships and interactions with our 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 Sustainability governance	
2-13	Delegation of responsibility for managing impacts	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	Sustainability governance	
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	Sustainability governance	
2-24	Embedding policy commitments	Sustainability governance	
2-25	Processes to remediate negative impacts	Sustainability governance The Whistleblower policy is available at Corporate Governance (basic-fit.com)	We refer to our Whistleblower policy as well as other policies (such as the Code of Conduct) in the Non-Financial Information chapter, specially in the Sustainability governance section. However, we are aware that this disclosure does not fully cover the disclosure requirement. We are working to ensure a full understanding of Basic-Fit's negative impacts and stakeholders affected, as well as formulating appropriate grievance mechanisms.
2-26	Mechanisms for seeking advice and raising concerns	Sustainability governance The Whistleblower policy is available at Corporate Governance (basic-fit.com)	
2-27	Compliance with laws and regulations	n/a	
2-28	Membership associations	About this report - Relationships and interactions with our stakeholders	
5. Stakeholder engagement			
2-29	Approach to stakeholder engagement	About this report - Relationships and interactions with our stakeholders	
2-30	Collective bargaining agreements	Healthy People - Employee overview	

GRI standard / other source	Disclosure	Location in the report	Omission
Material topics			
3-1	Process to determine material topics	About this report	
3-2	List of material topics	About this report	
Material topic: Safe and healthy facilities			
GRI-3-3	Management approach	Healthy people Healthy people - Health and safety	
Own Indicator	Clubs equipped with RS	Healthy people - Health and safety	
Material topic: Member experience			
GRI-3-3	Management approach	Non-financial information	
Material topic: Employee recruitment, retention & engagement			
GRI-3-3	Management approach	Healthy people - Employee overview Healthy people - Employee development Healthy Communities - Diversity and inclusion	
Own Indicator	% female employees (manager)	Healthy Communities - Diversity and inclusion	
Own Indicator	Internal promotion rate	Healthy people - Employee development	
Material topics: Focus on health and wellbeing; Fitness accesibility for more people			
GRI-3-3	Management approach	Our strategy Healthy people - Health, wellbeing and fitness accesibility	
Own Indicator	# of memberships & increase rate (%)	Business and financial review Healthy people - Health, wellbeing and fitness accesibility	
Own Indicator	# of clubs & increase in clubs (%)	Business and financial review Healthy people - Health, wellbeing and fitness accesibility	

GRI standard / other source	Disclosure	Location in the report	Omission
Material topic: Environmental management			
GRI-3-3	Management approach	Healthy planet	
Own Indicator	CO_2 emissions	Healthy planet	
Material topic: Responsible business conduct			
GRI-3-3	Management approach	Sustainability governance	

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Nopoint Studio's
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BASIC-FIT