ANNUAL REPORT

2023

BASIC-FIT

FORWARD LOOKING STATEMENTS & IMPORTANT NOTICE

This document is the PDF/printed version of the 2023 Annual Report of Basic-Fit N.V. in the European single electronic reporting format (ESEF) and has been prepared for ease of use. The 2023 Annual Report was made publicly available pursuant to section 5:25c of the Dutch Financial Supervision Act (Wet op het financieel toezicht), and was filed with the Dutch Authority for the Financial Markets in European single electronic reporting format (the ESEF package). The ESEF reporting package is available on the corporate website. In case of discrepancies between this PDF/printed version and the ESEF reporting package, the latter prevails.

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.

TABLE OF CONTENTS

BASIC-FIT AT A GLANCE

1,402
clubs
+17% year-on-year

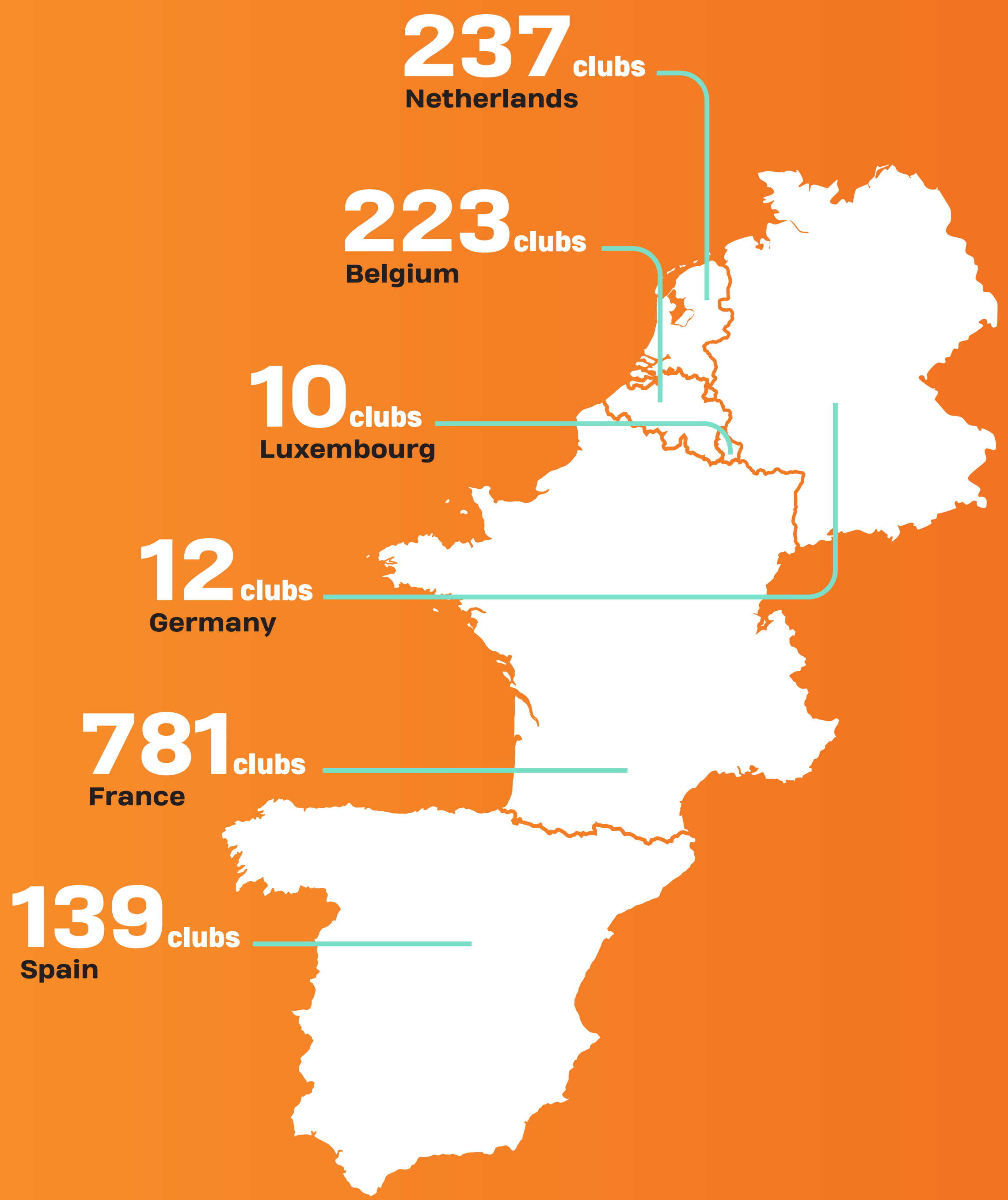
3.8 million
memberships
+13% year-on-year

€1,047 million
revenue
+32% year-on-year

€261 million
underlying EBITDA less rent
+28% year-on-year

€131 million
free cash flow before new club capex
+34% year-on-year

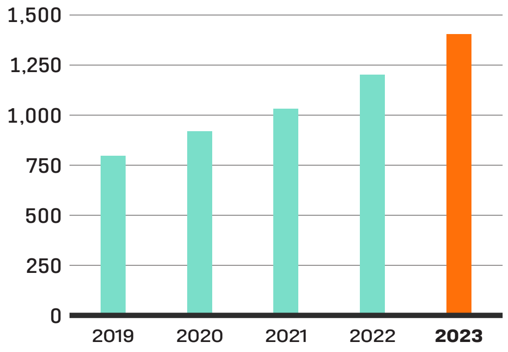
€27.5 million
underlying net result
+55% year-on-year



See page 235 for alternative performance measures

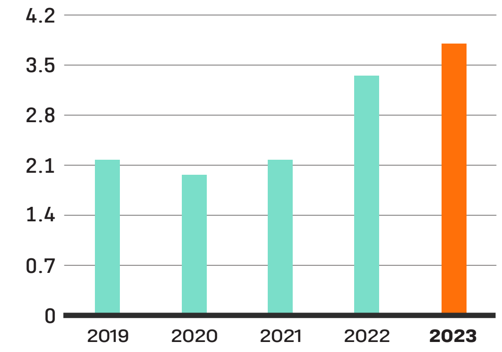
BASIC-FIT
KEY FIGURES

clubs



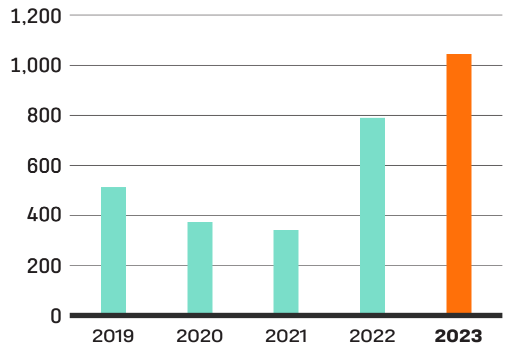
memberships

millions



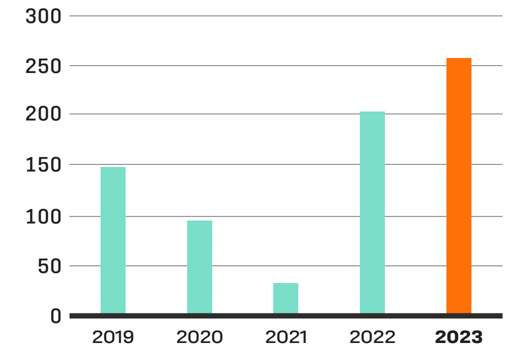
revenue

€ millions



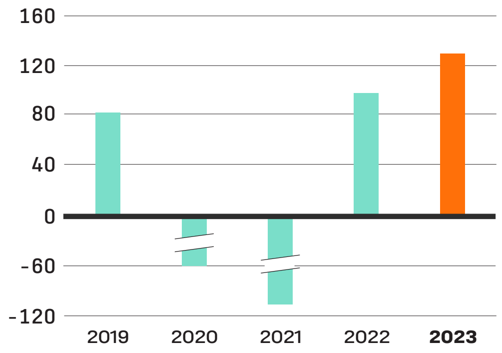
underlying EBITDA less rent

€ millions



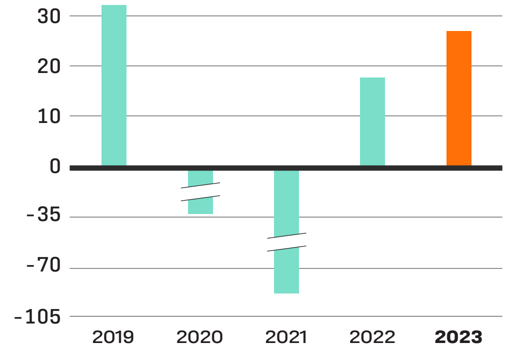
free cash flow before new club capex

€ millions



underlying net result

€ millions



In 2020 and 2021, clubs were temporarily closed 41% and 38% of the time, respectively, due to COVID-19-related government measures.

See page 235 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.

2023

Reaching the €1 billion revenue milestone

With net club growth of 202 to 1,402 clubs, Basic-Fit further extended its market leadership across Europe. At its Capital Markets Day, it was unveiled that the Company is exploring franchise opportunities in new markets.

COMPANY PROFILE

Making fitness a Basic of life

With 1,402 clubs and 3.8 million memberships, Basic-Fit is Europe's largest and fastest-growing fitness chain. 8,000+ employees across six countries embrace its mission to make fitness accessible to everyone and a habit people love. Our community is guided by our BASIC values, these being Be, Accessible, Smart, Inclusive, and Committed. Every day we have a positive impact on the lives of millions of people across Europe by offering affordable and high-value fitness solutions. As a technology-driven company, our products and services are accessible, scalable and personalised.

Our inclusive model

As a market leader, we are here for everyone. We offer a variety of membership options, tailored to individual needs. Our subscriptions grant access to our club facilities, as well as all the advantages of the Basic-Fit app. Our self-developed and maintained app offers nutrition advice, virtual group lessons, and hundreds of training programmes for various needs or populations. Our customer-centric approach enables everyone to make the best use of our products and services. Members can track their progress, check a club's popular times, search for a personal trainer or give feedback, all at their fingertips. By combining an extensive club network and an exhaustive digital app, Basic-Fit offers everyone the opportunity to exercise close to where they live or work, at home or outside, no matter their fitness goals or level.

MESSAGE FROM THE CEO

Dear reader,

In 2023, Basic-Fit lived up to its purpose by offering high quality fitness at very affordable prices in more locations and to more people in Europe. With a net growth of 202 clubs to 1,402, Basic-Fit further extended its market leadership in Europe. In our growth countries, France and Spain, we expanded our network by 134 and 49 clubs respectively, and in our new growth country Germany we increased our presence by nine clubs to 12.

At the start of 2023, as a result of high inflation, we faced substantial increases in operating expenses. Personnel, property rent and overhead costs increased beyond the levels we had seen in the past decades. The increase in energy costs were at another level, nearly doubling for an average club compared with 2022. In 2022, as a result of several geopolitical developments, we had already anticipated these cost increases. This is why we made the decision to focus our sales efforts on selling new members the higher-priced Premium membership and increase the price of our entry level membership for new members by €5 per four weeks. As a result we saw a gradual increase of the average revenue per member per month. This should eventually mitigate the aforementioned cost increases. In the course of the year the average revenue per membership per month increased to €23.53 from €22.86. Without any further significant changes in membership structures and pricing, we foresee a further gradual increase to more than €24.50 in 2024.

In 2023, we increased the number of memberships by 450 thousand, reaching a record of 3.80 million. This increase could have been even higher if we had not raised the entry-level membership price for joiners and had not seen such a strong increase in the uptake of the more expensive Premium membership. This is because we prioritised revenue and profits overachieving the maximum number of memberships. Going forward, we will continue to navigate in the most optimal way between these two variables.

Strategy update

At our Capital Markets Day in November 2023, the fourth since our 2016 IPO, we updated our stakeholders on our growth plans and other initiatives for the period through 2030.

We remain committed to our previously communicated 2030 goal of operating between 3,000 and 3,500 own clubs in our existing markets. In addition to this target, we will be exploring how franchise opportunities could be taken to maximise our future growth and returns. We have a unique technology stack that we could leverage on a franchise platform. From the automated member administration and customer journey to site selection and construction capabilities, we have all the tools available to help our franchisees be as successful as possible. Franchising would enable us to become active in countries that our company-owned model might not be optimally suitable for, possibly also on continents other than Europe. We are currently in the process of determining which, of several franchise options, we consider most suitable.

While our primary focus on organic growth remains unchanged, we continuously explore potential acquisition opportunities. Towards the end of 2023, we successfully announced the acquisition of a total of 47 club locations in Spain from a multi-brand European fitness group. 42 of these locations operate under a comparable value-for-money concept, which I believe will allow for easy integration into the Basic-Fit brand in 2024.

At our Capital Markets Day, we also announced a new method for refurbishing our fitness equipment. We are developing Smart refurbishing in close cooperation with one of our key suppliers. When succesful, we expect to be able to significantly increase the economic life of our fitness equipment. Instead of the typical lifespan of six years for cardio fitness equipment and approximately eight years for strength fitness equipment, all applicable fitness equipment will undergo proactive servicing under this initiative, thereby extending their lifespan to 12 years. I see this initiative as a real game-changer, offering financial and operational benefits to Basic-Fit and having a positive impact on the planet thanks to its lower environmental impact.

Highly cash generative before expansion

Our strategy to expand our network to over 3,000 own clubs by 2030 coincides with our aim to maintain healthy balance sheet ratios. Our business model is highly cash generative when looking at the free cash flow generated before investments in expansion.

Thank you

I would like to express my gratitude to all our stakeholders for their continuous support over the past year. I would like to thank our 3.8 million members for choosing Basic-Fit as their partner to work on their physical and mental well-being. Once again, our people in the clubs and different head offices who have done an outstanding job. Our building partners and suppliers have been instrumental in helping us to open more clubs than ever before, and our dedicated syndicate banks provided us with the additional financial support to execute our growth strategy. Lastly, I would like to thank my colleagues in the senior management team and the members of the Supervisory Board for their dedication and contribution.

René Moos
CEO and founder
Basic-Fit

OUR STRATEGY

Empowering everyone to stay mentally and physically fit

We believe that everyone deserves to be fit and feel great. By removing the barriers that are keeping people away from exercising, we encourage everyone to move towards a healthy lifestyle. We aim to live up to our mission to make fitness accessible to all and make everyone feel comfortable and be themselves in our clubs. We do this by being conscious of our environment and our communities, even beyond our members.

Our Sustainable vision

At Basic-Fit, we aim to have a positive impact on people, our planet and communities. Our ambition to achieve a fitter world by 2030 is reflected in the dedicated programme we launched in 2021. We refreshed this programme slightly this year, making it an even better reflection of our core business and role in society. Our strategic approach is based on these three key pillars and our programme covers various focus areas related to each one of these pillars. Our sustainability roadmap goes from offering both our members and employees a healthy and safe environment to reducing the impact of our business on the environment to the way we give back to our communities.

People move less and less and this is having a major impact on individuals and society as a whole (source WHO report). Our overarching goal, linked to our fitter people pillar, is to help 15 million people move towards a healthy lifestyle by 2030. 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 become carbon neutral and further reduce our global environmental footprint by 2030. Our third main goal is to invest, in addition to our contributions in kind, at least €5 million in meaningful partnerships between 2020 and 2030 to support our communities to arrive at a fitter life and a more inclusive place.

GO FOR A FITTER WORLD PROGRAMME 2030

Fitter people

Help 15 million people* move towards a healthy lifestyle

3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

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

People development and healthy lifestyle
Attract, retain and engage both our members and employees. Improve member satisfaction and give our employees the opportunity to have an impact every day.

Fitter planet

Become carbon neutral and further reduce our global environmental footprint

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

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

Enviromental footprint
Reduce our energy consumption and minimise environmental impact.

Fitter communities

Support our communities towards a fitter life and more inclusive place through social responsible behaviour and by investing at least €5 million in partnerships**

4 QUALITY EDUCATION

5 GENDER EQUALITY

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

Awareness and accessibility
Increase awareness beyond our members 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

** Between 2020 and 2030

Fitter people, planet, and communities

Exercise and vitality are essential for a well-functioning society. In its 2022 report, the World Health Organization stated that almost 500 million people will develop heart disease, obesity, diabetes or other noncommunicable diseases attributable to physical inactivity between 2020 and 2030, and emphasised the high related cost of physical inactivity if people are not encouraged to take up more physical activity. The health and fitness industry has a crucial role to play in promoting the benefits of staying active and increasing the population's overall fitness.

We at Basic-Fit contribute to this by aiming to have a positive impact on as many people as possible across Europe, through our products and services. Our holistic approach includes training options in our clubs, which are built near where people live or work, outside or at home. Accessibility remains a key criterion for people to join a fitness club, which is why we have increased our network of clubs across Europe, as well as the number of 24/7 facilities. In addition to being accessible, our clubs must also offer a safe and comfortable environment. An acknowledgment of our dedication to quality, safety and professionalism to give our members the best high-quality experience is reflected in our certification with the FITcert® scheme, which independently checks that clubs are compliant with the European Standard EN 17229. This standard covers management, operations, supervision, and fitness trainer qualifications. Our priority is to make our members feel safe but also welcome. We want to remove internal and external emotional barriers that prevent people from going to the gym. The introduction of our new Be Comfortable concept the last quarter of 2023 illustrates this ambition.
We also aim 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). We are looking further into scope 3 emissions, and will share more details on our approach in the upcoming year. Over the past year, our dedicated Energy department, together with our Sustainability team, focused on the implementation of energy reduction initiatives, including new solar panels, more electric car charging stations or gas transformation opportunities. We also aim to create more awareness internally and invite our employees to join us in our efforts.

Recognising our influence on the environment leads us to consider our role and impact on the local communities in the countries where we operate and beyond. Advocating for diversity, promoting the benefits of sports activities and fostering responsible behaviour are key drivers in our ambition to make the world a fitter and more inclusive place. We believe that fitness has a positive impact on society. Our contribution is particularly focused on youngsters and young adults who lack the opportunity to exercise, whatever their background or ability. Doing sports from an early age encourages young people to develop good habits and to acquire skills that will benefit them socially and professionally and help them work towards a healthier future. Since 2020 we have been partnering with well-established organisations that develop specific sports or job programmes to support their community: the Cruyff Foundation and Klabu in the Netherlands, Sport dans la Ville in France and Sport2be in Belgium. In the years through 2030, we aim to increase our contribution, both financial and in kind, and invest a total of €5million 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.

Our contribution to the United Nations' 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 six of these SDGs: good health and well-being, quality education, gender equality, decent work and economic growth, responsible consumption and production and climate action.

3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION
Target					
Ensure healthy lives and promote well-being for all at all ages	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Achieve gender equality and empower all women and girls	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Ensure sustainable consumption and production patterns	Take urgent action to combat climate change and its impacts
Sub-target focus					
Sub-target 3.4	Sub-target 4.7	Sub-target 5.5	Sub-target 8.5	Sub-target 12.2	Sub-target 13.2
Illustration of our support					
We promote regular physical activity for all people on our communications channels, including our blog.	By supporting NGO's across Europe we encourage young people to develop good habits and to acquire skills that will benefit them socially, professionally and help them work towards a healthier future.	At Basic-Fit, we celebrate everyone, from our clubs to our Boardroom, and are proud of our success stories.	Basic-Fit is promoting equality. In France, Basic-Fit scored 93/100 on the women-man equality index.	Our Smart refurbishing reflects our commitment to optimise the use of resources in our supply chain. See page 20 of this report.	Our roadmap to carbon neutrality guides us in reaching our ambitions
Indicators					
More information on the NFI section					

To find out more, please see Fitter people, planet and communities in the Non-financial information section of this annual report.

Sustainable long-term 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 habits. 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, financial and sustainability goals: affordable, innovative and high-quality fitness that is available to everyone, resulting in cycles of strong returns and sustainable growth in a way that is responsible towards environment and society.

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

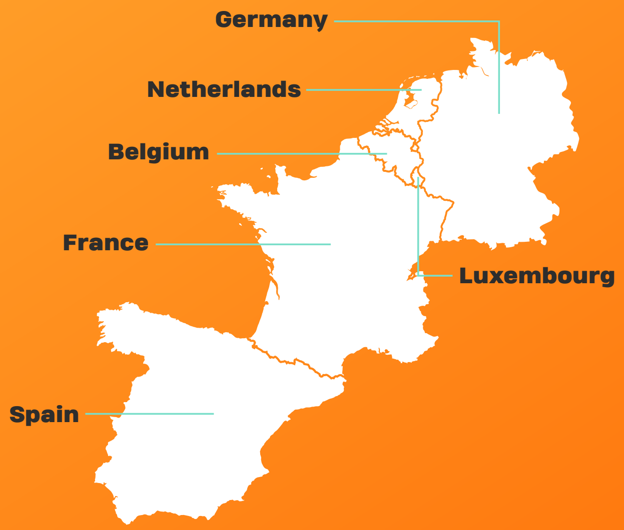
Suppliers

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
- Responsible towards environment and society

OUTPUT

Market leader in Europe

Growing number of clubs

Members working on their health & fitness

Healthy & safe environment

Sustainable environment

Employee development & diversity

Sport awareness & accessibility

IMPACT

Healthy people

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

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

Healthy planet

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

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

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.

4 QUALITY EDUCATION
5 GENDER EQUALITY
3 GOOD HEALTH AND WELL-BEING

Driving 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 sports 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 a long term-trend of growing penetration rates. But in the Netherlands, too, there is room for further fitness penetration growth from the current 17%, 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. We believe there still is immense potential for value-for-money fitness growth in our current markets, but also in potential new European markets. Our efficient and highly automated 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 our regular proprietary analyses, we believe there is an opportunity to expand our network to 3,000-3,500 own clubs in our current six geographies. Our updated 2023 market analysis suggests there is potential to expand our network to 350 clubs in the Netherlands, to 350 clubs in Belgium and Luxembourg combined, to 1,200 clubs in France, 450-700 clubs in Spain and to 650 to 900 clubs in Germany. 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. The Board will only approve a new rental contract if a site analysis points to a minimum return on invested capital[1] (ROIC) of at least 30% at maturity. The average building costs of a new club and average rental costs can differ between city centre and cluster clubs on the one hand and regional clubs on the other hand. Most other club 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 or cluster club typically requires more memberships at maturity than a regional club.

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. During our November 2023 Capital Markets Day, we demonstrated our site selection abilities and highlighted the development of new AI infused technology that can help to further reduce club development costs.

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

Profit growth through maturation of existing network

According to our definition, a club is considered mature[1], and included in the mature club count, when it is at least 24 months old at the start of the calendar year. With clubs being opened throughout the year, this means that on average a club is first included in our mature club count after being open for on average approximately 30 months. In the period after opening until it reaches maturity, the club ramps up its membership numbers to an estimated[2] average of 3,250. 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 contract. A club is expected to reach the required minimum 30% ROIC threshold in its first year of maturity.

Our mature clubs are the main profit generators within the group. That is because the costs of a club are comparable within a country, regardless of whether a club is considered mature or immature. Once a club surpasses the membership threshold required to achieve cash flow break-even, which currently stands at around 1,500 memberships, nearly all additional membership growth directly contributes to increased cash flow. This is because the vast majority of a club's costs are fixed. Basic-Fit operated 882 mature clubs in 2023. With a total club network of 1,402 at year-end, this indicates that 520 clubs are still in the process of maturing over the next few years. We aim to highlight the embedded underlying club EBITDA less rent potential within our network of clubs. Even without opening a single new club, our underlying club EBITDA less rent, calculated from 1,402 clubs, has the potential to increase to €547 million, based on the average mature club's underlying EBITDA less rent in 2023[3].

A variety of membership structures

In all our countries, we offer a limited selection of membership types consisting of an entry level 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. In a number of countries where we do not offer the selection of Basic, Comfort and Premium memberships, we can offer the All-In membership, which includes the rent of a home bike.

We determine the available membership selections in a country by considering its specific structures, preferences, and our go-to-market strategies. We carefully assess these factors to manage the optimal combination of number of memberships and the average revenue per membership. This approach allows us to strive for an optimal outcome in terms of the average revenue per club.

2023 marked the first full year in which we launched what we call the Founding Member initiative. The aim of this initiative is to boost the membership in-growth of our newly-opened clubs. Members who join in the period up to the first week after opening pay a lower four-weekly membership fee than the prevailing entry level price, for as long as they stay a member. The offer applies only to the club where they become a member. For this initiative, we use an automated process that starts a few weeks before the club opens. Thanks to this initiative, which boosts membership in-growth, new clubs start with a higher number of memberships than without this initiative. Additional benefits include a livelier customer environment post-opening, coupled with reduced start-up losses.

1 Clubs that were not yet considered mature according to the definition before the start of the pandemic in March 2020, or clubs that were opened during the pandemic years 2020 and 2021, may require a longer period to mature, i.e. reach their required target membership base.
2 Mid-term guidance based on mix of mature clubs that fully recovered from the COVID period, younger mature clubs whose performance was hampered by the COVID period and future mature clubs, that include more regional clubs than we have opened in the past. Additional information can be found in the CFO update presentation given at our 2023 Capital Markets Day on 9 November 2023.
3 This calculation, based on the 882 mature clubs that we reported on in 2023, should not be considered as guidance for underlying club EBITDA less rent for mature clubs in 2024 or beyond.

Membership add-ons and other revenue streams

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 revenue from 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 is seeing strong demand among advertisers, as these target groups are difficult to reach via traditional media channels, such as live TV, radio and print.

The company also generates non-club revenue, which is mainly derived from the online sale of home tools and other fitness-related products via our webshop and our in-house NXT Level nutrition brand via online and other distribution channels, including wholesale outlets, supermarkets and drug stores.

Unparalleled scale benefits

With a record net growth of 202 clubs, which took our network to 1,402 clubs, and with 3.8 million memberships at year-end, Basic-Fit remained the largest and fastest-growing value-for-money fitness chain in Europe measured by the number of clubs and memberships.

Our strong growth profile, combined with our fitness equipment refurbishment and replacement cycle, also makes us by far the largest buyer of new fitness equipment and parts in Europe. This position helps us to negotiate favourable terms for fitness equipment. 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 efficiencies should also help us to reduce the average energy consumption of our clubs. 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 well over 300 clubs in the Benelux 24/7. During the off-peak night hours, these clubs are run with no staff. 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, currently put us in a positive cash flow (underlying club EBITDA less rent) position at club level, once we reach an average of approximately 1,500 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 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 our 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.

A preference for organic growth, but if the right conditions are met we seize M&A opportunities

Over the past few years, we have received many offers to buy medium-sized to larger chains, but we have set strict internal guidelines and we will only consider a deal if the price is right. Equally important when it comes to deals are the terms of the existing rental contracts and the number of locations that have to be sold or closed over time.

In December 2023, we announced that we had reached agreement with the German RSG Group for the acquisition of RSG Spain, encompassing all 47 clubs in Spain. Upon approval by the local authorities, this acquisition would represent our first significant deal since the Fitland acquisition in 2019.

The RSG Spain acquisition does not rule out more transactions in the foreseeable future, as we will continue to be open to M&A opportunities. We conclude asset deals involving a single or a few club locations on a regular basis. This serves as a method to obtain favourable locations without necessarily undergoing a potentially lengthy permit process.

Any acquisitions we pursue will be opportunistic, aimed at achieving clear revenue and cost synergies, while maintaining a minimum ROIC of 30% at maturity. At the same time, we are confident we will achieve our expansion goal of establishing a network of 3,000 to 3,500 own clubs in our existing six markets by building our own clubs, given the ample opportunities available.

Exploring franchise opportunities

At our November 2023 Capital Markets Day, we announced that we have started to explore opportunities in the franchise model. We believe that our scale, operational expertise, and fully automated processes and technology, will enable us to leverage a franchise model effectively. While we previously prioritised organic growth, we have now attained a size with a proven model, and we believe franchising can provide additional growth and returns. Franchising requires limited capital investments from Basic-Fit and presents opportunities for expansion into other countries and continents.

We are studying three possible outcomes; 1) we could start our own franchise business, 2) we could acquire a franchise operator or 3) we could collaborate with an existing franchise chain or master franchisee(s). In the course of 2024, we expect to gain a clear understanding of our strategy for moving forward with the adoption of a franchise model.

We believe we can provide future franchisees with a strong product that will enable them to make a good return on their investment. Elements that we can bring to the table include technology that will help the franchisee to build and operate clubs at low cost. Such elements are likely to include favourable conditions for fitness equipment purchases, low club staff numbers, a fully automated sales funnel, app technology, including QR code club access, and much more. Basic-Fit has developed and owns all the software needed to run a club.

Refurbishment

At our November 2023 Capital Markets Day, we also announced that we are developing a new way to maintain our fitness equipment in our clubs. Together with a partner, we are developing Smart refurbishing. Instead of fully replacing all of our fitness equipment at the end of its useful life, which is typically somewhere between six and eight years, we expect, when successful, to be able to extend the economic life of our fitness equipment. After year six, our fitness equipment partner will pay regular visits to the club concerned and maintain all of its fitness equipment. In a limited number of cases, equipment will be replaced for economic reasons.

With this new cooperation, Basic-Fit's equipment warranties will be extended to 12 years. As a result, over time, we expect to spend significantly less capital on buying and maintaining fitness equipment for our existing club network. With that in mind, we now expect the average maintenance capex to remain at €55 thousand a club per year until the end of 2030. We previously expected this amount to remain at the same level until the end of 2026. In addition to the financial benefits for Basic-Fit, this new cooperation is also good for our members, as pro-active maintenance should improve equipment availability. Last but not least, the new cooperation is also good for the planet, as we have to order less new equipment that has to be shipped from other parts of the world.

Financing

We finance our growth by reinvesting the cash flows we generate and by drawing on our available credit 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 2023, our available liquidity amounted to €215 million.

Update on Germany

In 2022, we opened our first three clubs in Germany. In the course of 2023, we added another nine clubs to our network, to reach 12 clubs by year end. With the focus on club openings in 2024 and 2025 still predominantly on France and Spain, the number of club openings in Germany is expected to grow steadily. We see many similarities to our club opening programme during our first years of operation in France. Between the years 2013 and 2015, we expanded our French network from nine to 25 clubs. It was only from 2016 onwards that we started to accelerate the number of yearly club openings.

For Germany, this material acceleration could start as from 2026. After France and increasingly Spain, Germany should become our third main growth driver towards our target of operating between 3,000 and 3,500 own clubs by 2030.

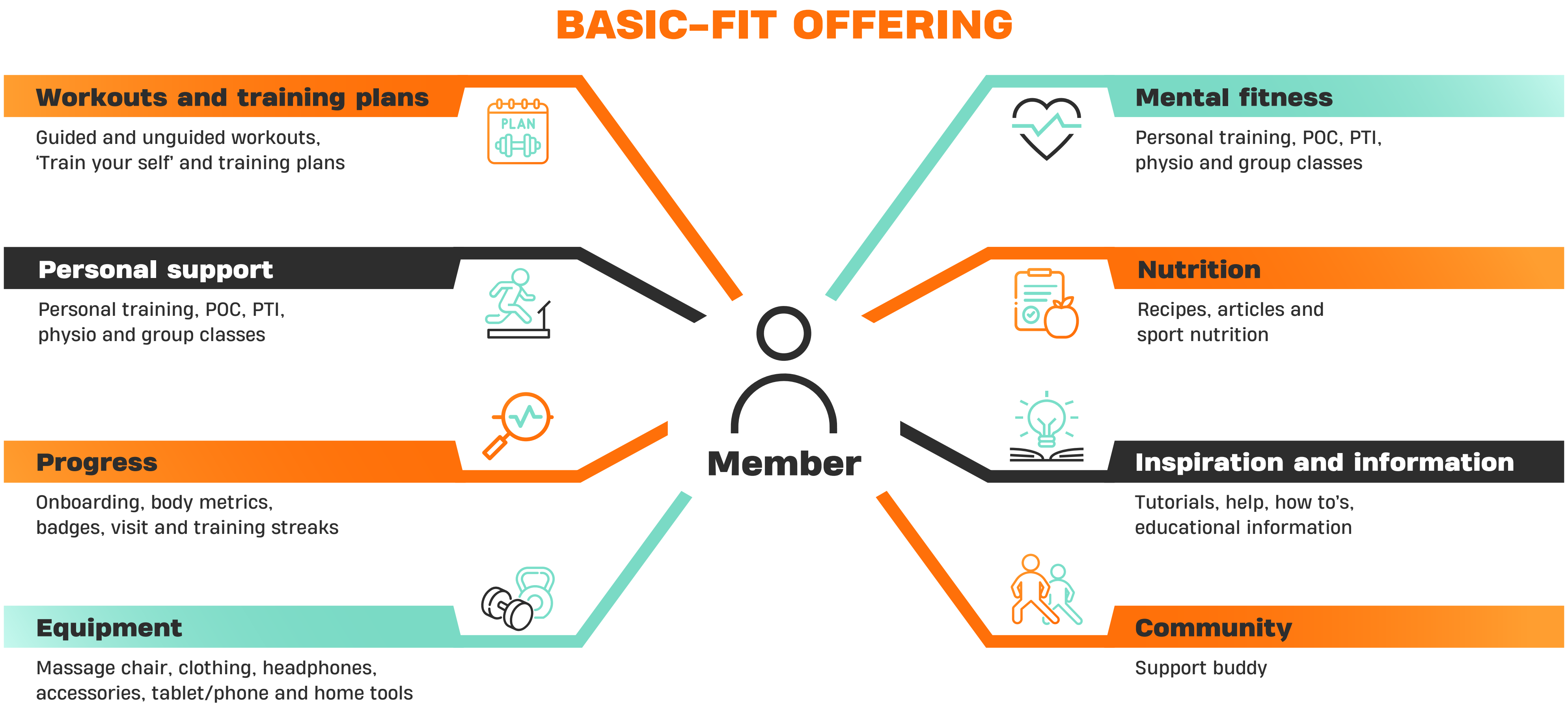
The fitness industry benefits from global trends

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 increasing 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 increasing 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 governments and NGO policies are ever more promoting and attention for healthy and active lifestyles. The fact that more resources are being devoted to informing 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 and close to were people live or work, thereby maximising the potential number of Basic-Fit memberships.



BUSINESS AND FINANCIAL REVIEW

Key figures

In € millions	2023	2022	Change
Total revenue	**1,047,2**	**794.6**	**32%**
of which club revenue	1,039.5	788.7	32%
of which non-club revenue	7.8	5.9	31%
Personnel costs	(157.6)	(122.8)	28%
Other operating expenses	(262.9)	(169.3)	55%
Club EBITDA	**619.0**	**496.5**	25%
Overhead	(137.9)	(112.0)	23%
EBITDA	**481.1**	**384.5**	25%
Depreciation and impairment tangibles	(180.3)	(151.1)	19%
Amortisation and impairment intangibles	(9.7)	(8.7)	12%
Depreciation right-of-use assets	(201.0)	(171.6)	17%
COVID-19 rent credits	0.5	2.4	-78%
Operating profit	**90.7**	**55.5**	**63%**
Finance costs	(51.1)	(26.1)	96%
Interest lease liabilities	(41.3)	(32.6)	27%
Corporate income tax	(1.0)	(0.5)	76%
Net result	**(2.7)**	**(3.7)**	-27%

Underlying key figures

In € millions	2023	2022	Change
Club EBITDA	**619.0**	**496.5**	**25%**
Rent costs (opened clubs)	(223.1)	(187.5)	19%
Exceptional items - clubs	2.5	7.5	-66%
Underlying club EBITDA less rent (opened clubs)	**398.4**	**316.4**	**26%**
EBITDA	**481.1**	**384.5**	**25%**
Rent costs clubs and overhead, incl. car leases	(227.5)	(191.2)	19%
Exceptional items - total	6.9	10.5	-34%
Underlying EBITDA less rent	**260.5**	**203.8**	**28%**
Underlying net result [1]	**27.5**	**17.8**	**55%**
Basic underlying net result per share (in €)	**0.42**	**0.27**	**55%**
Diluted underlying net result per share (in €)	**0.42**	**0.27**	**55%**

1 Adjusted for IFRS 16, PPA related amortisation, IRS valuation differences, exceptional items, one-offs and the related tax effects. Definitions of all APM's used in this overview can be found in the Alternative performance measures section in this report. Totals are based on non-rounded figures

Club network and membership development

Geographic club split

	Year-end 2023	Net openings 2023	Year-end 2022
Netherlands	237	6	231
Belgium	223	4	219
Luxembourg	10	-	10
France	781	134	647
Spain	139	49	90
Germany	12	9	3
Total	**1,402**	**202**	**1,200**

In 2023, our network increased by a record 202 clubs – 213 openings and 11 closures – to 1,402 clubs. This is a year-on-year increase of 17%. Our growth markets France (+134 clubs; +21% year-on-year), Spain (+49 clubs; +54% year-on-year) and Germany (+9 clubs) accounted for over 90% of the growth in our network. In the Netherlands, the number of clubs increased by six to 237 clubs and in Belgium, we expanded our network by four clubs to 223.

Membership development

In millions	2023	2022	change
Start of the year	3.35	2.22	51%
First quarter	3.60	2.63	37%
Second quarter	3.61	2.92	23%
Third quarter	3.71	3.15	18%
Fourth quarter	3.80	3.35	13%

In 2023, we increased our membership base by 450 thousand to 3.80 million (+13% year-on-year). Our best performing markets were in the Benelux and Spain. In France we experienced a somewhat weaker consumer sentiment, especially in the first half of the year. With only 12 clubs at the end of the year, Germany does not yet make a meaningful contribution to membership development. We will gradually increase our presence over the next two years and accelerate the roll-out in 2026.

A club is considered mature when it is at least 24 months old at the start of the calendar year. At the end of 2023, we operated 882 mature clubs with an average of 3,283 memberships per club.

Revenue

Revenue split

In € millions*	2023	2022	change
Club revenue	1,039.5	788.7	32%
of which fitness revenue	1,009.9	764.4	32%
of which other club revenue	29.5	24.3	22%
Non-club revenue	7.8	5.9	31%
Total revenue	**1,047.2**	**794.6**	**32%**

* Totals are based on non-rounded figures

In 2023, group revenue increased by 32% to €1,047 million (2022: €795 million). Fitness revenue increased by a similar percentage to €1,010 million (2022: €764 million). Growth was driven by the expansion of our club network, a continued gradual increase in membership levels at clubs that were in their important in-growth period during the COVID years 2020 and 2021, and an increase in the average revenue per member per month (yield) to €23.53, compared with €22.86 in 2022.

With the aim of mitigating the impact on our club unit economics of higher than usual cost inflation right from the start in 2023, we reintroduced the Comfort membership in France at the start of the year and in February in the Benelux and Spain. Comfort, priced at €24.99 per four weeks, replaced the Basic membership (€19.99 per four weeks). At the same time we continued to encourage joiners to choose the higher priced Premium membership (€29.99 per four weeks). This effort, initially launched in 2022, resulted in an uptake of over 50% by new joiners. By the end of 2023, 44% of our membership base had a premium membership (2022: 34%).

Depending on the country, we offer two or three membership types. The Basic membership allows people to enter their home club, while the Comfort membership provides access to all clubs in a country. The Premium membership provides access to all clubs in the European Basic-Fit network, but the main advantage is that Premium members can bring a friend anytime they visit a club. The increased uptake of the Premium membership is therefore expected to have a cannibalising effect, as some friends will no longer become a member themselves. Despite the negative effect of the Premium membership uptake and the price increases on joiner numbers, we believe that these measures had a positive impact on revenue development in 2023 due to the higher average yield per member. Towards the end of 2023, we reintroduced the Basic membership in France, alongside Comfort and Premium. This will give us more insight into the actual cannibalising effect of the Premium membership, which should enable us to arrive at the optimal balance between the number of memberships and yield to optimise our revenue development.

In the second half of 2022, we started our first tests with offering founding memberships when new clubs opened. Following positive results, we offered a founding membership to the vast majority of the clubs we opened in 2023. The founding membership provides members access to a single club at a life-time discounted price. The founding membership is only offered for a limited time before and in the first weeks of the official opening of a club. The aim is to attract as many new members as possible from the start, as this shortens the time to cash flow break even. Armed with the lessons learned, we have been adjusting the offering and are now using it at a smaller selection of new clubs.

Other club revenue increased to €29.5 million (2022: €24.3 million) and includes income from our personal trainer concepts, physiotherapists, day passes, vending and advertising revenue via the screens in our clubs. The increase in this revenue reflects our growing club network.

Non-club revenue, which includes sales from our webshop and NXT Level nutritional products to retailers, increased to €7.8 million (2022: €5.9 million).

Geographic revenue split

In € millions*	2023	2022	change
Benelux	479.0	364.5	31%
France, Spain & Germany	568.2	430.1	32%
Total revenue	**1,047.2**	**794.6**	**32%**

* Totals are based on non-rounded figures

Our two geographic segments, the Benelux and France, Spain & Germany, recorded strong revenue growth compared with 2022, thanks to the growth of their respective networks, the in-growth of memberships at immature clubs and an increase in yields.

Underlying club EBITDA less rent

Underlying Club EBITDA less rent, which is club EBITDA adjusted for exceptional items and minus the invoiced rent costs of newly opened clubs, increased by 26% to €398 million in 2023 (2022: €316 million).

Profitability was weighted towards the second half of 2023, thanks to a gradual increase in yield throughout the year, which gradually offset the impact of the strong operating cost increases at the start of the year.

Club operating costs (rent costs opened clubs, club personnel costs and other club operating costs) increased by 34% to €644 million (2022: €480 million). The strong increase in club operating costs was due to our fast-growing club network and higher-than-usual rent and wage increases due to the spike in inflation that started mid-2022 and continued well into 2023. Of other club operating costs, energy costs increased significantly as a result of higher fixed-price energy contracts and higher energy market prices. Compared to past average energy costs per club of around €25 thousand, costs almost doubled to €46 thousand in 2023. For 2024 and 2025, average energy costs per club are expected to drop to €35 thousand. For 2024, over 80% of the expected energy consumption has a fixed unit price.

The underlying club EBITDA less rent has been adjusted for exceptional items in club EBITDA that amounted to €2.5 million (2022: €7.5 million). Exceptional items mainly relate to club closure costs and the rent costs of clubs that have not yet opened.

The year-on-year increase in underlying club EBITDA less rent was driven by our larger network of mature clubs. Our 882 mature clubs recorded underlying club EBITDA less rent of €344 million with an underlying club EBITDA less rent margin of 42% (2022: 50%). The decline in margin reflects the strong increase in club operating costs at the start of the year, notably personnel and energy costs. The latter in particular impacted the profitability of our mature clubs in France. In 2024, the club underlying EBITDA less rent margin of our French clubs is expected to recover thanks to much lower fixed energy prices in France.

With an underlying club EBITDA less rent of €390 thousand per club, our 882 mature clubs recorded a ROIC of 35%.

Underlying EBITDA less rent

Underlying EBITDA less rent, which is EBITDA adjusted for exceptional items and minus invoiced rent costs, increased by 28% to €261 million, compared with €204 million in 2022.

Total overhead expenses increased by 23% to €138 million (2022: €112 million), due to an increase in international overhead to €58 million (2022: €43 million) and an increase in country overhead to €80 million (2022: €69 million). As a percentage of total revenue, overhead decreased by 90 basis points to 13.2%.

International overhead expenses increased on the back of our growing club network and organisation and due to higher wage costs driven by inflation. We continue to invest in our IT capabilities and our Basic-Fit member app. We also further increased our investments in our competencies in legal, marketing, our new energy department and sustainability efforts.

At the Capital Markets Day in November last year, we announced that we expect overhead costs, excluding marketing costs, as a percentage of revenue to decrease to a range of between 6% and 7% in the medium term, compared to 8.2% in 2022. In the course of 2023, we implemented a number of initiatives to realise cost efficiencies to achieve operating leverage. In 2023, overhead costs, excluding marketing expenses, were reduced to 7.8% of revenue and we expect to take another step towards our medium term goal in 2024.

Marketing expenses increased by approximately €10 million compared with 2022. Marketing expenses as a percentage of revenue came in at 5.4% (2022: 5.9%).

The underlying EBITDA less rent has been adjusted for exceptional items that amounted to €6.9 million (2022: €10.5 million). The additional exceptional charges not included in club EBITDA in 2023 consist of various relatively small amounts, such as one-off system implementation costs, new country start-up costs, settlements and reorganisation costs.

Depreciation & amortisation

Depreciation and impairment of tangibles amounted to €180 million, compared with €151 million in 2022. Depreciation of right-of-use assets increased to €201 million from €172 million in 2022. The increase in both line items was driven by the strong growth of our club network in 2022 and 2023. Amortisation and impairment of intangibles amounted to €9.7 million, compared with €8.7 million in 2022.

COVID-19 rent credits

COVID-19 rent credits in the period amounted to €0.5 million (2022: €2.4 million) and are related 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 amount in the period reflects the finalisation of rent negotiations for a number of clubs that were temporarily closed in 2021.

Operating profit

Operating profit increased by 63% to €91 million, compared with €55 million in 2022. Drivers for the strong increase were similar to those behind our higher EBITDA.

Financing costs

Finance costs increased to €51 million in 2023, compared with €26 million in 2022. The strong year-on-year increase reflects higher Euribor interest rates, the higher average level of bank debt than in the previous year and a negative swing in interest rate swap valuation differences.

The non-cash part of finance costs, mainly related to derivative financial instruments and the convertible bond, was €16.5 million (2022: €5.7 million). The main reason for the strong increase is a negative swing in interest rate swap valuation differences to a charge of €6.5 million compared to a benefit of €3.7 million in 2022.

The interest on lease liabilities was €41 million, compared with €33 million in 2022.

Corporate income tax

The corporate income tax expense for the year was €1.0 million (2022: €0.5 million expense). The main element of the charge, €1.4 million in 2023 (2022: €2.3 million charge), 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. Furthermore, corporate income tax included €2.5 million (2022: €0.6 million) current tax charges and €2.9 million (2022: €2.4 million) deferred tax benefits.

Net result and underlying net result

The net result for the full year 2023 amounted to a small loss of €2.7 million (2022: 3.7 million net loss). The underlying net result, which is the reported net result adjusted for IFRS 16 (lease accounting), PPA-related amortisation, interest rate swaps valuation differences and non-cash convertible bond interest charges, exceptional items, one-offs and the related tax effects, was a profit of €27.5 million (2022: €17.8 million). Note that the 2022 underlying net result was restated from €11.3 million. Previously, this was not adjusted for non-cash convertible bond interest charges.

Reconciliation net earnings to underlying net result

In € millions*	2023	2022
Net result	(2.7)	(3.7)
IFRS 16 adjustments	14.8	12.9
PPA amortisation	2.5	2.9
Valuation differences IRS (non-cash)	6.5	(3.7)
Non-cash interest convertible loan	9.1	8.7
Exceptional items	6.9	10.5
One-offs	1.3	-
COVID-19 rent credits	(0.5)	(2.4)
Tax effects (25.8%)	(10.5)	(7.5)
Underlying net result	27.5	17.8

* Totals are based on non-rounded figures.

Net debt and liquidity

Net debt (excluding lease liabilities) was €804 million at year-end 2023, compared with €694 million at year-end 2022. The year-on-year increase reflects our accelerated club openings programme.

Net debt including lease liabilities was €2,464 million, compared with €2,175 million at year-end 2022.

The net debt/adjusted EBITDA[1] leverage ratio was 2.6 at year-end 2023 (year-end 2022: 2.9), which is well below the 3.5 covenant threshold agreed with our lenders.

Including committed, but undrawn facilities, the company had access to cash and cash equivalents of €215 million at year-end 2023. Cash and cash equivalents on the balance sheet amounted to €71 million at year-end 2023.

Capital expenditure

The initial average capex for the newly built clubs we opened in 2023 was €1.18 million per club (2022: €1.17 million). In 2024, we expect the average capex for a newly built club to increase slightly to around €1.25 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 €71.4 million in 2023 (2022: €61.2 million). The average maintenance cost per club was €55 thousand (2022: €55 thousand). Thanks to our Smart refurbishing initiative, which we are developing, we expect the average spend per club per year to remain at around €55 thousand through 2030.

[1] Adjusted EBITDA under the bank covenants is defined as the underlying EBITDA less rent adjusted for permitted pro forma adjustments, which are capped at 15% of the total adjusted EBITDA.

Other capex amounted to €12.8 million (2022: €11.2 million). Other capex consists of investments in innovations and software development. In 2023 it also includes investments made for the energy transition, such as installing solar panels on head offices and replacing gas systems for warm water and heating with fully electric systems in clubs.

Outlook

We maintain a positive outlook on the developments of our expanding industry, despite the continued uncertainties regarding macroeconomic and geopolitical developments.

The club openings pipeline continues to be well filled. In the first ten weeks of the year, we grew our club network by 57 clubs. We expect to end the year with around 1,575 clubs, including the acquisition of the RSG Spain clubs, but excluding potential additional acquisitions. In the next few weeks, we expect to close the RSG Spain transaction, which will lift the total club count to over 1,500 and the total number of memberships to over 4 million.

We continuously evaluate the efforts we make to optimise our product offering and membership structure to enhance our revenue and results development. Without any major changes to the membership structure we expect a further gradual increase in average revenue per member to more than €24.50 in 2024. Barring any unforeseen developments, we expect revenue to increase to between €1.20 billion and €1.25 billion in 2024.

We expect a ROIC on our nearly thousand mature clubs of well over 30% in 2024.

NON-FINANCIAL INFORMATION

In this section, we provide an overview of how Basic-Fit deals with impacts, risks, and opportunities related to sustainability (environmental, social and governance) matters.

Basic-Fit periodically updates its sustainability topics through materiality assessments or reviews. We determine material matters in conjunction with our stakeholders, identifying the issues that are most relevant for both our stakeholders and for Basic-Fit. For this year, we will maintain our focus on the topics highlighted by our most recent materiality review: 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.

Fitter people

Basic-Fit aims to make fitness available to as many people as possible. This means providing a safe environment to work out and promoting a healthy lifestyle. Our employees are vital to achieving this goal, so we also focus on ensuring their safety and giving them the opportunity to grow and be motivated.

Employee overview

Our valued team members serve as our first ambassadors, embodying the spirit of our community. Within this vibrant community, our employees mirror the diversity of our members, hailing from multiple nationalities and varied backgrounds, all united by their passion for fitness. As part of our commitment to fostering a supportive environment, we provide our team with a secure workplace where authenticity is celebrated. Here, they can have a meaningful impact on our members, and in turn find numerous opportunities for personal and professional growth.

At the heart of our organisational culture lie our values: be, accessible, smart, inclusive, and committed. These principles are not just words; we actively infuse them into our internal communications. Whether through engaging onboarding processes for new team members or via our intranet platform, we consistently communicate and reinforce these values, ensuring they resonate across all facets of our collective journey.

At year-end 2023, Basic-Fit's workforce totalled 8,182 individuals, compared with 7,564 at the close of the previous year. This increase was primarily driven by the expansion of our fitness clubs.

Diversity is thriving in our dynamic team, with a breakdown of 4,192 men, 3,984 women, and six individuals identifying as gender-neutral. It is noteworthy that a significant portion, approximately 70%, of our dedicated workforce opts for part-time roles, particularly within our club environment. A substantial 91% of our personnel work in our clubs, highlighting the focal point of our operations.

Moreover, our employees in France, Spain, and Belgium benefit from the protective umbrella of collective bargaining agreements, adhering to standard sector norms. This commitment underscores our dedication to fostering a harmonious and supportive work environment across our international workforce.

Relevant indicators	2023	2022
# employees	8,182	7,564
Men / Women / Neutral	4,192 / 3,984 / 6	3,777 / 3,782 / 5
Average age	30.9	30.8

Employee development

We deeply appreciate the wealth of experience that our employees accumulate throughout their journey with Basic-Fit. We assess the employee lifecycle annually, placing a strong emphasis on integrating comprehensive HR processes across our operational framework. This approach ensures that our workforce experiences continuous improvement within the Basic-Fit cycle.

Central to this is our commitment to the development of our people. Our international training and development team tirelessly endeavours to provide comprehensive training on our latest services and products, delivered in the local language of each employee. In 2023, we introduced our new Learning Management System (LMS) module in Workday, expanding our capacity to offer a diverse range of digital training experiences. Our onboarding programme for new hires aligns with our dedication to fostering a supportive and enriching entry into the Basic-Fit community.

Strategic investments in learning and development programmes for employees in pivotal roles underscore our commitment to professional growth. Our partnership with LinkedIn Learning, alongside continued collaboration with local trainers for our club managers, ensures a well-rounded approach to skill enhancement.

We actively champion internal progression within our organisation. More than 11% of the newly created positions this year were filled through internal promotions, a testament to our belief in cultivating talent from within. These newly promoted individuals not only benefit from ongoing training but also participate in various professional development initiatives, nurturing their growth as integral contributors to the success of Basic-Fit.

Relevant indicators	2023	2022
Quarterly employee turnover*	16.5%	11.0%
Internal promotions	11.2%	16.6%

* Full-timers only.

Fitness accessibility and healthy lifestyle

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 2023, Basic-Fit operated 1,402 clubs in six countries with a membership base of 3.80 million. This represents an increase of 13% in our membership base compared with 2022.

Relevant indicators	2023	2022
Clubs	1.402	1,200
Memberships (millions)	3.80	3.35

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. 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. With our holistic approach, we want to help our members have a healthy lifestyle, so they stay fit both mentally and physically by making fitness a basic part of their daily routine.

We keep working to improve the Basic-Fit app functionalities. Our app is among the top 10 fitness apps in our markets. 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 2023, more than 2,800,000 people visited our clubs by invitation from our Premium members.

Safety at clubs and workplaces

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 to minimise the risk of accidents or injury.

In addition to our employees in the club, we continue to install state-of-the-art remote surveillance systems in our clubs to ensure safety and a swift response in the event of incidents. These systems include smart camera networks (25 cameras per club on average), intercoms and panic buttons, and they are now a standard feature in newly built clubs. A dedicated remote surveillance department operates these systems. At the end of 2023, 88% of our club network was equipped with remote surveillance.

Relevant indicator	2023	2022
Clubs equipped with remote surveillance	88.0%	71.4%

Fitter planet

We recognise that our activities can affect the environment and want to manage our footprint, starting by minimising any negative impacts. With this in mind, we keep working towards making our operational processes more sustainable.

Energy and emissions

We are committed to making our operations carbon neutral by 2030 (focusing on scope 1 and 2 emissions). This guides our efforts to reduce our energy consumption and to move towards using energy sources that generate less GHG emissions. Among these, in 2023 we have started actions to make our clubs fully electric, replacing warm water and heating systems that use natural gas by electric systems.

In the past couple of years we have been developing and testing 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 will further develop and install this system in our clubs in the coming years.

We have also started installing solar panels on our clubs. Not all locations are suitable for having solar panels. Since we are not the owners of the property, we depend on the cooperation of the landlords to get solar panels on the roofs; either to install solar panels on the roofs ourselves or at the initiative of the landlord.

Finally, we are initiating the process of measuring our scope 3 emissions and are also refining 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. The use of water in our clubs is limited, as we do not operate swimming pools, saunas or other services that use or store major quantities of 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

We keep looking for ways to reduce our impact in terms of waste generation. For instance, we work with responsible waste management companies, which sort collected waste and recover materials for recycling and reuse.

With an eye on circularity, we are developing Smart refurbishing. With this, our supplier visits our clubs regularly to repair, refurbish and upgrade our fitness equipment, extending its useful life. When our equipment surpasses its Basic-Fit lifetime, it is sold to third parties such as other fitness operators to keep it in use as much as possible.

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	2022	2021*
Scope 1 emissions	6.379 tCO_2e	6,928 tCO_2e
Scope 2 emissions	9.229 tCO_2e	6,139 tCO_2e
Total scope 1 and 2 emissions	15.608 tCO_2e	13,067 tCO_2e
Water use/visit on average	6.6 liters	10.4 liters

* The most recent dataset for these indicators is 2022 (actuals for 2023 not available at time of publication). Based on the clubs with our own connection.

Fitter communities

This section focuses on the impact we have on communities around our clubs and beyond. Not only do we promote a healthy lifestyle, but we also foster a sense of inclusivity, ensuring a diverse environment where everyone feels welcome. Taking responsible actions in our communities also includes conducting business with integrity and transparency, while also upholding the human rights of all stakeholders.

Diversity and inclusion

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 a range of memberships, as well as the option of training in both our mixed or ladies clubs. We aim to maintain, to the extent that we can, a diverse and balanced membership base in terms of gender and age. Our marketing campaigns strongly reflect our avowed aim to make fitness a basic accessible to everyone and we regularly highlight diverse members and stories, as we believe it is essential that everybody feels comfortable at Basic-Fit.

Diversity, inclusion and belonging (DIB) is one of the main pillars of our HR strategy and we also aim to translate this goal of being accessible to everyone in our workforce. In addition to the various initiatives we have taken over the past few years, we have set up a sounding board with employees from different countries and profiles and - with them - defined a DIB strategy, action plan and created new tools to support our teams. 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. Almost 80% of our staff agree that all Basic-Fit employees are treated equally regardless of race, gender, age, ethnicity, background, sexual orientation, or other differences[1]. More than two-thirds of our employees believe that at Basic-Fit we live up to our values, including Be, Accessible and Inclusive.

Our staff is balanced in terms of both gender and age representation. At the end of 2023, around half of our workforce were women. Our vision is to have a workforce that respect and appreciates diversity in our clubs, and who can understand everyone's needs and demands. At the end of 2023, 46% of our employees in management positions are female. You will find more information on our diversity policy in the Corporate Governance section.

We expect our suppliers to adhere to local laws and regulations. Basic-Fit has also required 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.

Relevant indicators	2023	2022
Female (% of employees)	49%	50%
Female (% of managers)	46%	47%
Preferred construction suppliers with signed Code of Conduct	100%	100%

[1] Source: annual employee survey 2023

Community investment

Basic-Fit promotes education, equality and diversity, in line with United Nations Sustainable Development Goals (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 partner in the Netherlands is The Johan Cruyff Foundation, which focuses on getting people fitter; in Belgium we support Sport2be and in France our partner is 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 regular 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 2023, for instance, we facilitated more than 300 sessions for young adults with our fitness instructors, creating strong relationships with the youngsters on a weekly basis in some clubs in Belgium or France. We aim to involve our employees and fitness partners in building our corporate values and engaging with our communities.

In the course of last year, Basic-Fit also supported several organisations with the aim of helping refugees to gain access to fitness facilities and equipment. In the Netherlands, we provided the Klabu organisation with a number of memberships to give refugees the opportunity to stay fit. In addition, we set up regular workouts for their community in Amsterdam, as well as workouts in the refugee centre in Ter Apel. Making fitness accessible to more people was also one of the goals of our new partnership with the UNHCR in 2023, we offered and delivered a wide range of fitness equipment, including bikes, dumbbells and weights, in three refugee transition centres in Romania and Poland. We also supported the UNHCR when Turkey and Syria were hit by a major earthquake in February 2023, to support people in a very difficult times.

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 of the Amsterdam City Swim in 2023, which raised funds for the Dutch ALS Foundation. We also supported local charity initiatives at club level.

Relevant indicator	2023	2022
Financial contribution to communities (€1,000)	€527	€ 363

© Cruyff Foundation

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.

Important developments and observations concerning human rights, anti-bribery, tax reporting and ESG reporting are escalated through various channels in the organisation to the 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 serious 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.

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

Responsible conduct and integrity

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.

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 speak-up policy (whistleblowing), 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. Currently, the managers responsible for procurement control our supply chain processes, which are subsequently assessed by the compliance officer.

Meeting ESG regulation

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), which will require companies to report disclosures as prescribed in its European Sustainability Reporting Standards (ESRS). In the case of Basic-Fit, these requirements will need to be fulfilled from 2024 onwards. In preparation for this, we have followed closely the evolution of the ESRS (under development since the end of 2022 and adopted in 2023), performed gap analysis to evaluate and improve our ability to report required indicators and organised workshops with different departments to develop an internal understanding of all the disclosure mandates and implications. We performed a preliminary double materiality assessment to identify areas for improvement as we work towards a future assessment that is aligned with the CSRD. We have also begun engaging with external auditors to identify organisational improvements needed to ensure compliance and assurance, as will be mandated for 2024 data. Finally, we are also exploring options for automation of data management processes.

We recognise the importance of tackling the challenges created by climate change, starting with a good understanding of how climate change affects our business. In 2023, we carried out an initial discussion within the company management team, to identify the risks connected to climate-related physical hazards and transition events (as explained in ESRS E1 Climate change). We found that the main hazards for us are related to high temperatures, precipitation and flooding. Regarding climate transition, we found that the most relevant events are expected to be enhanced emission-reporting obligations, mandates on and regulation of existing services and products, costs of transition to lower emissions technology, and increased stakeholder concern. Moreover, we also recognise the need to undertake a more thorough climate and vulnerability assessment (resilience and climate scenario analysis as required by the ESRS), which we plan to perform in 2024, potentially with external technical support.

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.

EU Taxonomy

Basic-Fit is subject to Regulation (EU) 2020/852 on EU Taxonomy. The taxonomy establishes a EU-wide classification framework that sets the criteria for defining "environmentally sustainable" economic activities in relation to six climate and environmental objectives. As a company 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'), Basic-Fit is required to disclose the percentage of Taxonomy-eligible and Taxonomy-aligned economic activities in their total turnover, capital expenditures (capex) and operating expenses (opex)[1], and complementary qualitative information.

The taxonomy environmental objectives are: climate change mitigation, climate change adaptation, sustainable use and protection of waters and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and eco-systems. Delegated acts developed for each environmental objective define the list of applicable economic activities. Taxonomy-eligible economic activity means an economic activity that is listed in the delegated acts, irrespective of whether that economic activity meets any or all of the technical screening criteria laid down in those delegated acts. And Taxonomy-aligned economic activity refers to a Taxonomy-eligible economic activity that complies with the technical screening criteria laid down in the delegated acts, which includes fulfilling the principle of do no significant harm (DNSH) to the other environmental objectives, and complies with minimum safeguards regarding human and labor rights.

[1] The taxonomy regulation defines the turnover denominator as a company's net turnover in the given year (for Basic-Fit this is reported as total revenue). The capex denominator is defined, for IFRS companies, as all costs accounted under IAS 16 Property, Plant, and Equipment, IAS 38 Intangible Assets, IAS 40 Investment Property, IAS 41 Agriculture, IFRS 16 Leases. Finally, the regulation defines opex as costs related to "the research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets."

At a high level, Basic-Fit's main activity - operation of fitness clubs and offering fitness services to its members - does not fall under the activities covered by the EU Taxonomy (as per review of covered activities listed in the EU Taxonomy Navigator[2]). However, some specific activities undertaken in pursuing our business objectives may be covered. Basic-Fit carried out internal discussions to identify these and initiate the corresponding reporting in 2023.

We began with a preliminary mapping of activities that could apply to us and be covered by the regulation, or taxonomy-eligible activities. We reviewed only those described in the Climate Delegated Act ((EU) 2021/2139), as delegated regulation regarding other environmental objectives were still in development or published late in 2023. The scope of our initial discussions has been restricted to facilities located in the Netherlands, yet in the future as the identification of covered activities is expanded to other countries and new delegated regulations, results will be refined.

Basic-Fit is dedicated to the operation of fitness clubs, and this is its main source of revenue. Since this activity is not covered by the EU Taxonomy, as explained above, none of Basic-Fit's turnover will be considered eligible[3]. A small portion of Basic-Fit's opex could be eligible, namely through maintenance and installation operations in the clubs. However, Basic-Fit is still working alongside its stakeholders on a system to reliably collect this data. Therefore, for 2023, the eligible opex will also be nil[3]. Nevertheless, a portion of Basic-Fit's capex is devoted to ensuring its clubs run sustainably, for example, by installing energy efficient components, which became eligible capex numerators, as explained below.

After the above, the following step is to assess whether the Taxonomy-eligible activities are also Taxonomy-aligned. As explained, this includes assessing whether the activity fulfils the principle of DNSH regarding other environmental objectives, as specified in the corresponding technical screening criteria.

Among these criteria, it is required to perform a climate risk and vulnerability assessment of covered activities (including evaluation of climate-related hazards shown in Appendix A of Annexes I and II of Delegated Regulation (EU) 2021/2139). As covered activities may take place in any of our clubs, this assessment connects with a business-wide resilience and climate scenario analysis we plan to undertake in 2024. Broadly speaking, we do not consider these risks to be significant in relation to identified eligible activities; however, this would be validated by conducting such business-wide analysis. Similarly, a thorough assessment of other corresponding DNSH criteria will be possible in the future. Following these considerations and applying a prudential approach, none of the eligible activities identified are deemed to be taxonomy-aligned.

Identified activities

Basic-Fit clubs are located in rented properties. These locations undergo a large transformation to be brought up to the standard of a Basic-Fit club. This entails the implementation of an energy efficient heat, ventilation, and air conditioning (HVAC) system. When possible, HVAC installations are kitted with heat recovery units, allowing for excess heat to be reconverted into cooling air. This applies to EU Taxonomy code **4.25 Production of heat or cool using waste heat**.

Basic-Fit is committed to transition away from the use of natural gas. To achieve this, electric heat pumps are being installed in clubs with gas-powered heating systems. Basic-Fit also ensures that electric heat-pumps become a main source of heating in its clubs. We have concluded thus that EU Taxonomy code **4.16 Installation and operation of electric heat pumps** is relevant to this activity.

To further ensure its clubs run sustainably, Basic-Fit is also rolling out the installation of solar panels where feasible (e.g., pending landlord approval). In 2023, the focus was on facilities located in the Netherlands, but agreements are in the works to install solar panels in clubs in Belgium and Spain in the

[2] Found in: https://ec.europa.eu/sustainable-finance-taxonomy/activities
[3] The tables for turnover and opex are included in this report as required in the Delegated Regulation (EU) 2021/2178, although no amount has been considered eligible.

coming years. As such, Basic-Fit's EU Taxonomy eligible capex in 2023 also relates to code **4.1 Electricity generation using solar photovoltaic technology**.

This is summarised in the table below.

TAXONOMY ACTIVITY	EU TAXONOMY DEFINITION	AT BASIC-FIT
4.1 Electricity generation using solar photovoltaic technology	Construction or operation of electricity generation facilities that produce electricity using solar photovoltaic (PV) technology.	Roll-out of solar panel installation in clubs.
4.16 Installation and operation of electric heat pumps	Installation and operation of electric heat pumps.	Installation of electric heat pumps as an alternative to gas heating.
4.25 Production of heat or cool using waste heat	Construction and operation of facilities that produce heat/cool using waste heat.	Inclusion of heat recovery systems in HVAC packages when possible.

The nominator figures reflect the proportion of Basic-Fit's expenditure that is either aligned or eligible to the activities identified in the EU Taxonomy. The figures relevant to each identified activity (as per Taxonomy legislation) were carefully extracted from the available accounting and supplementary information to avoid any inconsistencies or miscounting.

Regarding denominators, the figures were extracted from a single reporting tool displaying all of Basic-Fit's annual accounts following an examination of the legislative documents[1]. The turnover denominator includes Basic-Fit's total revenues accrued over 2023. The capex denominator additions investments in property, plant, and equipment, leases, and other intangible assets, excluding remeasurement. Finally, the opex denominator includes expenses related to the direct expenses needed to ensure the proper functioning of assets.

[1] The taxonomy regulation defines the turnover denominator as a company's net turnover in the given year (for Basic-Fit this is reported as total revenue). The capex denominator is defined, for IFRS companies, as all costs accounted under IAS 16 Property, Plant, and Equipment, IAS 38 Intangible Assets, IAS 40 Investment Property, IAS 41 Agriculture, IFRS 16 Leases. Finally, the regulation defines opex as costs related to "the research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets."

Capex

Economic activities	Code(s)	Absolute capex 2023	Proportion of capex	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	DNSH Criteria (Does Not Significantly Harm)[1]: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion capex, year N	Taxonomy-aligned proportion of capex, year N-1	Category ("enabling activity")	Category ("transitional activity")
		€m	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%[2]	E[3]	T[3]
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Electricity generation using solar photovoltaic technology	4.1	0	0%							N	N	N	N	N	N	N	0%	NA		
Installation and operation of electric heat pumps	4.16	0	0%							N	N	N	N	N	N	N	0%	NA		
Production of heat or cool using waste heat	4.25	0	0%							N	N	N	N	N	N	N	0%	NA		
Capex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%																	
A.2 Taxonomy-eligible, but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Electricity generation using solar photovoltaic technology	4.1	0.40	0.067%																	
Installation and operation of electric heat pumps	4.16	0.34	0.056%																	
Production of heat or cool using waste heat	4.25	0.13	0.022%																	
Capex of Taxonomy-eligible, but not environmentally sustainable activities (not Taxonomy-aligned activities)(A.2)		0.87	0.164%																	
Total (A.1 + A.2)		0.87	**0.164%**														0%	NA		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
Capex of Taxonomy-non-eligible activities (B)		595.71	99.836%																	
Total (A + B)		596.57	**100.00%**																	

1 These columns refer to whether (Yes/No) the activity fulfils the principle of DNSH to each environmental objective. Pending thorough assessments required for this, and applying a prudential approach, all activities are marked as not fulfilling DNSH.
2 As this is the first year that Basic-Fit reports on activities covered by the EU Taxonomy, no information is provided for previous years.
3 The description of each activity in the Climate Delegated Act (EU) 2021/2139 defines whether the activity can be categorised as 'enabling' or 'transitional'. No activity is marked in this table, as none is categorised as such in the regulation.

Opex

Economic activities	Code(s)	Absolute opex 2023	Proportion of opex	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	DNSH Criteria (Does Not Significantly Harm)[1]: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of opex, year N	Taxonomy-aligned proportion of opex, year N-1	Category ("enabling activity")	Category ("transitional activity")
		€m	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%[2]	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Opex of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%														0%	NA		
A.2 Taxonomy-eligible, but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Opex of Taxonomy-eligible, but not environmentally sustainable activities (not Taxonomy-aligned activities)(A.2)		0	0%																	
Total (A.1 + A.2)																	0%	NA		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
Opex of Taxonomy-non-eligible activities (B)		85.38	100%																	
Total (A + B)		85.38	100%																	

1 These columns refer to whether (Yes/No) the activity fulfils the principle of DNSH to each environmental objective. This is not filled in the table given that the applicable opex is 0%.
2 As this is the first year that Basic-Fit reports on activities covered by the EU Taxonomy, no information is provided for previous years.

Turnover

Economic activities	Code(s)	Absolute turnover 2023	Proportion of turnover	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	DNSH Criteria (Does Not Significantly Harm)[1]: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of turnover, year N	Taxonomy-aligned proportion of turnover, year N-1	Category ("enabling activity")	Category ("transitional activity")
		€m	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%[2]	E	T
A. TAXONOMY ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%							N	N	N	N	N	N	N	0%	NA		
A.2 Taxonomy-eligible, but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Turnover of Taxonomy-eligible, but not environmentally sustainable activities (not Taxonomy-aligned activities)(A.2)		0	0%																	
Total (A.1 + A.2)																	0%	NA		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
Turnover of Taxonomy-non-eligible activities (B)		1,047	100%																	
Total (A + B)		1,047	100%																	

1 These columns refer to whether (Yes/No) the activity fulfils the principle of DNSH to each environmental objective. This is not filled in the table given that the applicable turnover is 0%.
2 As this is the first year that Basic-Fit reports on activities covered by the EU Taxonomy, no information is provided for previous years.

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

- Global geopolitical, economic and health developments
- Increased movement in competitor landscape
- Increased regulations
- Changing labour market and scarcity of specialists
- Developments in technology landscape, dependency and security issues
- Inflation and energy crisis
- Sustainability and Environmental and Social Governance impact

Strategic

- Members
- Expansion
- Competition
- Environment
- Brand

Operational

- Technology
- Suitable sites
- People
- Suppliers
- QHSE
- Managing growth
- Secondary revenue
- Cyber security
- Club maintenance

Affordable innovative high-quality fitness

Available to everyone anywhere at any time and in any way possible

Cycles of strong and sustainable growth

Scalable business model

Basic-Fit values

Compliance

- Regulatory
- Corporate and social responsibilities
- Data security and artificial intelligence
- Diversity and inclusion
- Sustainability and ESG

Financial

- Inflation
- Liquidity
- Credit
- Currency and interest
- Tax and accounting

Internal control framework

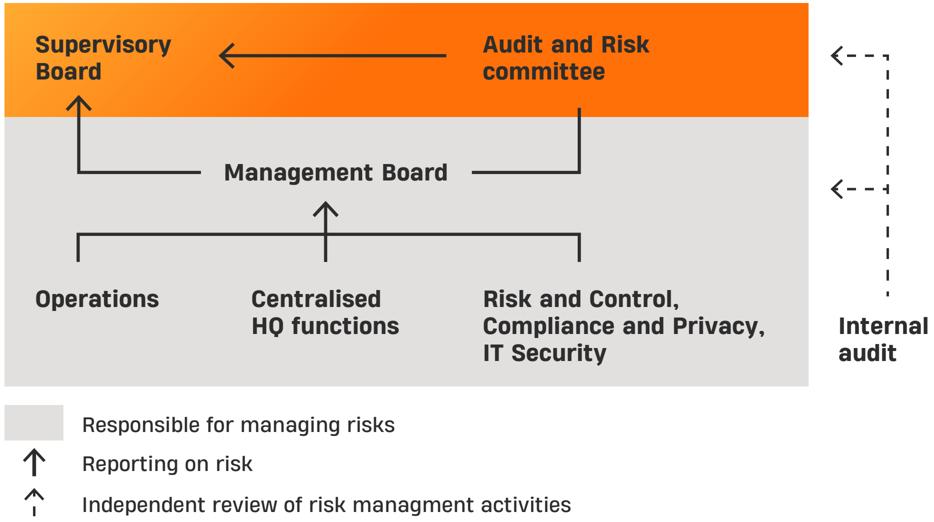
We aim to make continuous improvements: we have a risk strategy, corporate governance procedures, and an internal control framework that recognise the entrepreneurship that is embedded in our culture, but also ensure compliance with laws and regulations. These continue to contribute to the identification and adequate management of strategic, operational, financial, and regulatory risks. Basic-Fit's risk management strategy is designed to make sure that strategic objectives are pursued within established levels of risk appetite.

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 periodically discusses strategic objectives, risk appetite, risk management and internal control systems. Designated staff members are responsible for the effective execution of 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 all Basic-Fit jurisdictions. Furthermore, the compliance and privacy function monitors the corporate governance framework and compliance with laws and regulations and company policies, in line with the company's risk strategy and compliance charter.

The three lines
The risk and control, compliance and 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 internal controls improvements. The second line makes sure that the internal audit findings are monitored and followed by regional operations, who together with the centralised headquarter 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 and Risk Committee, and addresses compliance with policies, procedures, laws and regulations. This internal audit plan is submitted to the Management Board and Audit and 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 risk, control, and corporate governance 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. Second line functions help management to carry out these responsibilities in a systematic and methodical manner by enabling the identification of emerging risks and designing respective controls and by monitoring performance of existing control activities. Furthermore, the Management Board is advised by the centralised functional departments in headquarters, such as Finance, HR, Marketing, Customer Care, IT and Legal, 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 and Risk Committee
The Audit and 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.

Developments in 2023
In 2023, Basic-Fit extended its club network by 202 clubs (213 openings and 11 closures). 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 the fact that the company was still recovering from the COVID-19 pandemic, the war in Ukraine, burgeoning inflation and the energy crisis, all of which had a considerable financial, commercial and operational impact in 2023. 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 control. We also further professionalised our property and expansion teams to manage costs, to maintain quality and to stabilise capex levels. Together with the liquidity injections made in 2020 and 2021, which further strengthened Basic-Fit's financial position, this enabled the company to deal with the challenges faced in 2023, 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, managing to expand its club network by 202 and increase its membership base to 3.80 million from 3.35 million in 2022.

We have enhanced our sustainability strategy and are preparing for ESG and CSRD 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, ensure compliance with construction requirements and guidelines, provide efficient project management and utilise an AI-based automated club layout tool. We have automated this process to make our control and monitoring of this process even more efficient and effective.

We work continuously on embedding our vision and our value drivers in the company's culture and entrepreneurial activities 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 Management Board, with its broad oversight and strategic role, sets the tone for our corporate governance. They entrust the general counsel with the responsibility to ensure legal compliance and ethical conduct. 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 and Compliance Officer proactively assure compliance with the company's corporate governance rules and laws and regulations, and play 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 and a privacy officer, who are responsible for monitoring privacy-related risks and GDPR compliance and executing day-to-day privacy recommendations related to running the business and new projects.

Together, the risk and control, compliance and 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 internal control framework officer is focused on continued enhancement of the internal control framework in close cooperation with the internal auditor.

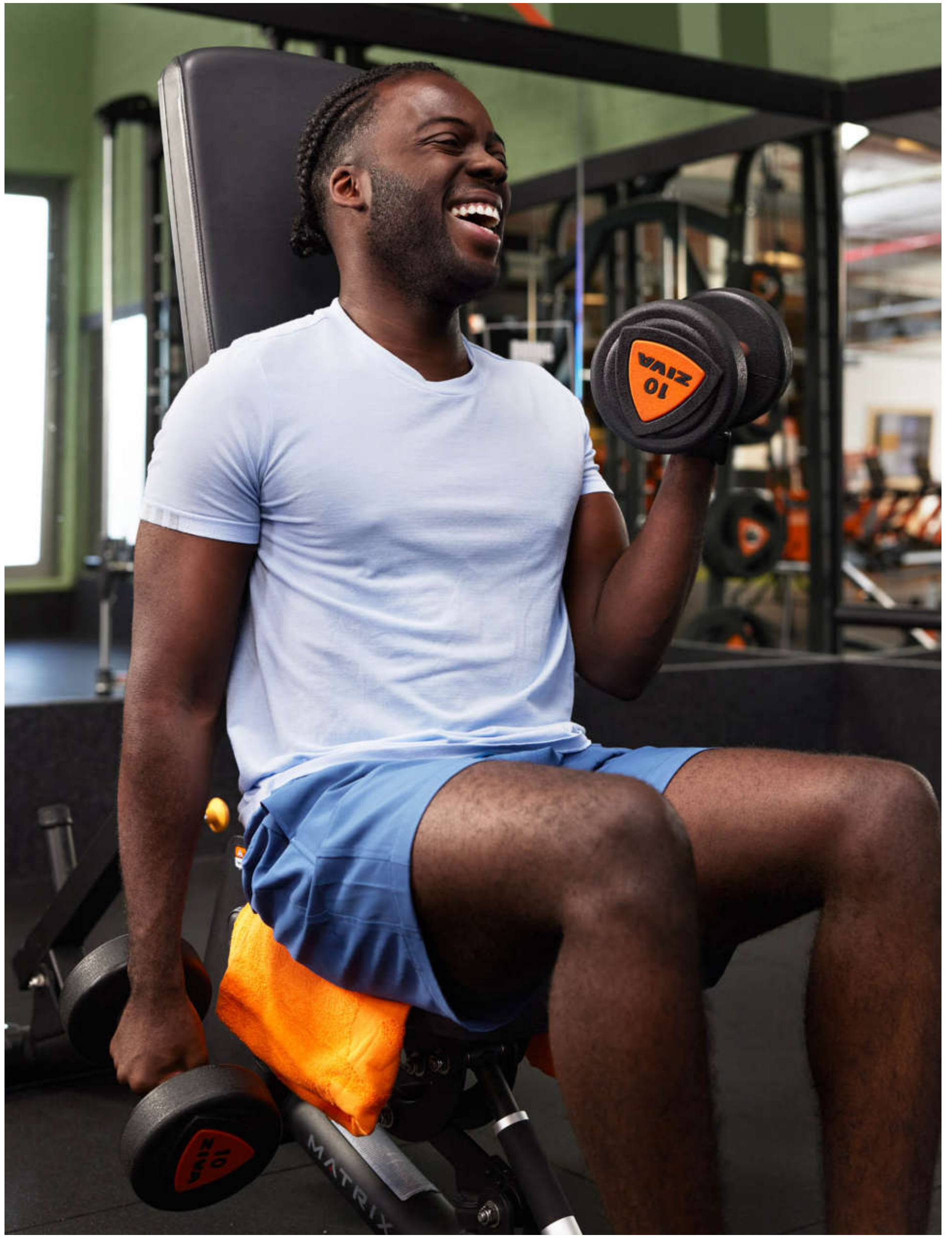
In addition to this, Basic-Fit devotes continuous attention to embedding and maintaining awareness of the Business Continuity Plan, with the aim of securing the functioning and continuity of the business in the event of severe internal or external incidents.

Internal audit in 2023

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 company's 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. 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 2024 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 controls 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.

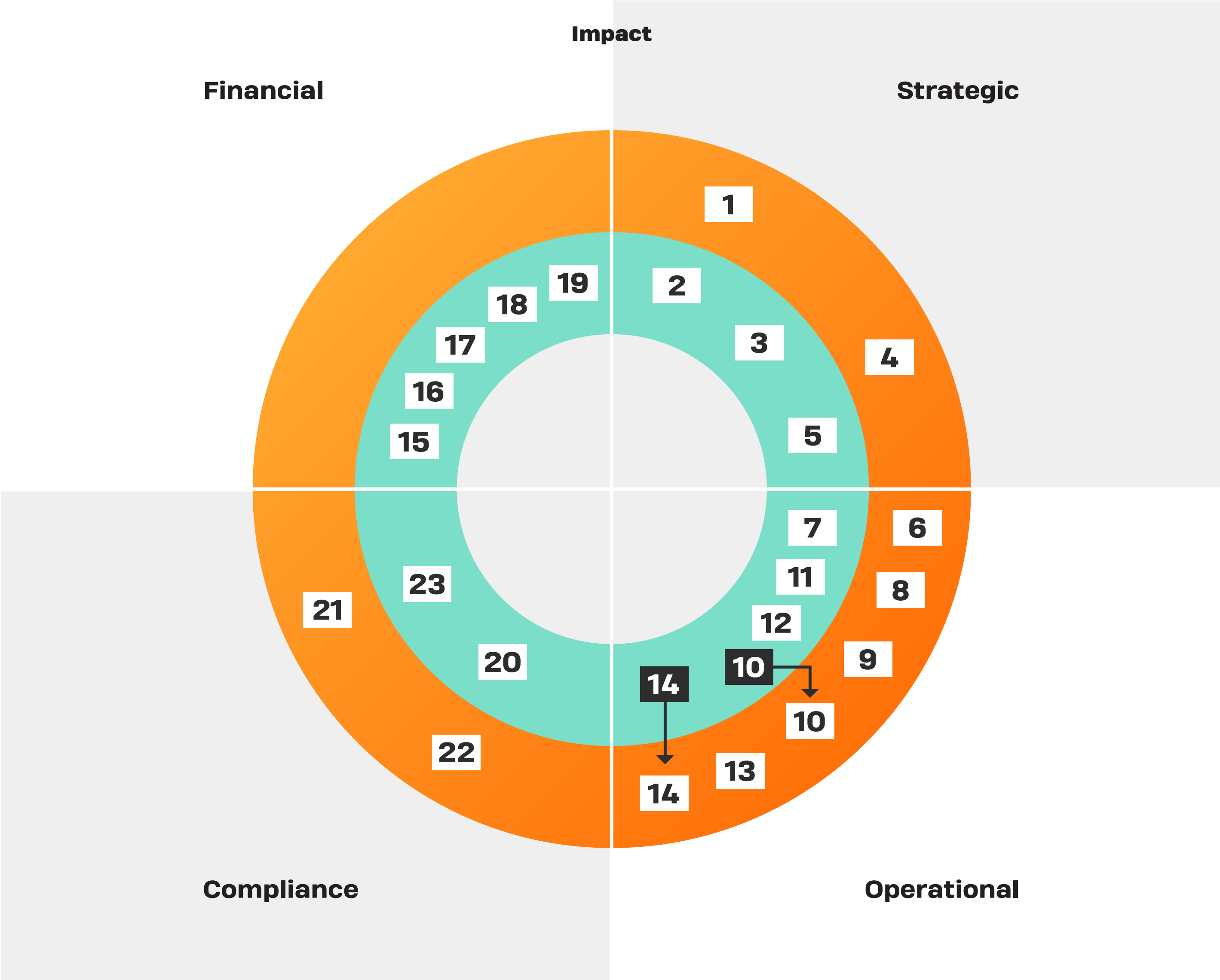


Sensitivity analysis

	Change	On	Impact (in € millions)	Assumptions
Revenue (members)	+1.0%	EBITDA	10	No change to yield
	+1.0%	Underlying EBITDA less rent	10	No change to yield
Revenue (yield)	+1.0%	EBITDA	10	No change to volume
	+1.0%	Underlying EBITDA less rent	10	No change to volume
Operating expenses	+1.0%	EBITDA	(5)	No change to revenue
	+1.0%	Underlying EBITDA less rent	(8)	No change to revenue
Clubs	+10 clubs	EBITDA	-	No (material) EBITDA impact during the first year from opening clubs
	+10 clubs	Underlying EBITDA less rent	-	No (material) EBITDA impact during the first year from opening clubs
		Net debt*	12	
Borrowings	+€50 million	Net Profit	(3)	Stable interest rates
Interest rate	+100 bps	Net Profit	4**	Stable net debt
Interest rate	-100 bps	Net Profit	(5)***	Stable net debt

* Net debt excluding lease liabilities
** The impact reflects the non-hedged floating rate borrowings, as well as valuation changes of the derivative financial instruments. Excluding valuation changes of the derivative financial instruments, the impact would be (3).
*** The impact reflects the non-hedged floating rate borrowings, as well as valuation changes of the derivative financial instruments. Excluding valuation changes of the derivative financial instruments, the impact would be 3.

Overview trends in risk



Strategic risk
1 Customer behavior
2 Unpredictable markets
3 Competition
4 Macroeconomic and (geo)political risks
5 Reputation

Operational risk
6 Digital transformation
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 and AI
23 Diversity and inclusion

Impact
High
Medium
Low
2022
2023

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 is a key pillar of Basic-Fit's strategy. This expansion potential could be influenced by different or changing market conditions, laws and regulations, pandemics, consumer preferences and discretionary consumer spending habits in our growth markets or potential new markets. This could impact future growth and profitability.		↔	
3 Competition	The health and fitness industry is highly competitive and localised and competitors could succeed in attracting our existing and new members, which could impact future growth and profitability.		↔	
4 Macroeconomic 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, 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.		↔	
8 **Workforce and talent**	Any failure to recruit, train, motivate and retain service-minded staff in our clubs, customer care centre and HQs, 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 or crisis 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, our business continuity, reputation and brand. It is essential that Basic-Fit is prepared for such attacks by means of sufficient business continuity and crisis management procedures, which allow us to protect and recover our IT assets.		↑	
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 and Artificial Intelligence	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. The use of artificial intelligence tools can lead to infringements of confidentiality, privacy rights, copyrights and misuse.		↔	
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. Not strengthening diversity may result in limited access to a diverse talent pool. This can hinder innovation and creativity within the organisation, as diverse perspectives often lead to better problem solving and decision making. This can in turn impact an organisation's ability to understand and connect with diverse customer bases. In today's global and diverse marketplace, having a workforce that reflects the diversity of your customers can be crucial to business success.		↔	

Key Risks

The risks that potentially have the greatest adverse effect on the achievement of Basic-Fit's objectives are described below. The year 2023 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 fields, inflation and the increasing costs of supplies. The risk categories described are similar to the risks identified for the previous year but the risk trend increased for several risks. Although the risk trend has increased for several risks, the company has proven 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 (D&I) 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 the company can take appropriate and timely measures.

Strategic

Risk area and possible impact	How does Basic-Fit mitigate this risk	Developments
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.	• **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, affordable, and straightforward membership model comprising two main forms of membership with attractive add-on opportunities, with several options 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 more efficiently. • **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 2023** • We continued to enhance the club and digital member experience through enriched content and offerings, and the improvement of our chatbot Ruby. • We put additional focus on consumer trends & data analysis. **Developments 2024** • We will continue to focus on offering the optimal reachability for our members on all channels by further developing our chat bot, the self - service options and by continuous training & coaching of our Customer Service employees. • We will continue to improve our products and services to provide our members with the best tools to make fitness their habit. • We started rolling out a big 'Be Comfortable' campaign in all countries. We want to encourage everyone to feel welcome in our clubs regardless of age, level, weight, race, gender, motivation, etc. We want to eliminate any typical fitness-related barriers that can be uncomfortable, such as lack of self-confidence, being intimidated by the level or shape of others, the atmosphere (like lighting, sound, music and smell), social safety and knowledge of equipment, etc.

Strategic – continued

Risk area and possible impact	How does Basic-Fit mitigate this risk	Developments
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.	• **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 2023** • We further expanded the availability and presence of Basic-Fit in our existing markets: we further strengthened our leading position in Spain by reaching an agreement with the RSG Group for the acquisition of RSG Spain, including 47 additional clubs. • Our Strategy department monitored each of our markets, keeping an eye on market evolutions, trends and competitor activity. • Expanding our presence in existing markets secures our competitive position: we are offering our members an increasing number of clubs to work out in, conveniently located near where they live or work. **Developments 2024** • We will focus on further expanding and increasing the quality of our clubs and services in our six countries.
Competition The health and fitness industry is highly competitive and localised and competitors could succeed in attracting our existing and new members, which could impact future growth and profitability.	• **Value-for-money:** We invest continuously in offering an attractive value-for-money proposition to our existing and new members: we offer a value-for-money membership at a low cost with longer opening hours. • **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 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 2023** • We continued our development in our existing countries, with a focus on Germany and Spain. • We strengthened our existing city clusters and created new ones in all countries to become and remain the logical choice for consumers. We also continued our development of at-home and online workouts, for example with GXR group class content. **Developments 2024** • We will continue to expand and develop in our existing countries and strengthen city clusters and our position in those countries. • We will continue to develop the offerings of our at-home content, online workouts and GXR group class content.

Strategic – continued

Risk area and possible impact	How does Basic-Fit mitigate this risk	Developments
Macroeconomic 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.	• **Diversified portfolio:** Our diversified portfolio of 1,400+ clubs in six countries at year-end 2023, 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 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 to 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. • **Water and electricity supply**. Climate change is expected to increase the frequency, magnitude, and impact of droughts in the long-term. This is expected to worsen the situation with water supply, particularly in Spain where the availability of water could further decline. Unpredictable weather patterns and natural disasters could disrupt electricity generation, especially for renewable sources like wind and solar. The recent energy crisis, triggered by geopolitical factors, had a major impact on prices and supplies of natural gas to Europe. We are constantly improving our management of energy use and control of costs.	**Developments 2023** • We have seen geopolitical tensions increase due to an increasing number of conflicts and unrest across the world, including the war in Ukraine, the Israel-Hamas conflict and Houthis attacking ships in the Red Sea. These tensions could escalate further and have unpredictable and significant impact on the economies and consumer behaviour in our countries. • We launched an energy-saving taskforce, which led to the establishment of an Energy Department, which in turn improved our management and reduction of energy use. We also continued to apply a prudent cost control approach. • We monitored macroeconomic 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, which gives members access to all clubs in their country. In February 2023, we did the same in the Benelux. **Developments 2024** • We will continue to closely monitor macroeconomic developments to adapt accordingly. • We will complete implementation of the smart refurbishing programme (launched at the end of 2023), which will reduce our dependency on the shipment and supply of fitness equipment materials.

Strategic – continued

Risk area and possible impact	How does Basic-Fit mitigate this risk	Developments
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 communications department and an investor relations department in place to manage our commercial communications, corporate communications 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. We are the strongest fitness brand in Europe and in 2023 our brand recognition increased. 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 2023** • We continued to build our brand, clarifying the added value of our concept and purpose to communities and local authorities to help create an environment in which Basic-Fit clubs are welcomed and supported. We also further professionalised our social media monitoring. • We continued to closely monitor Basic-Fit presence and related tone of voice on both online and offline media. • We updated our D&I policy and implemented this in the course of the year. **Developments 2024** • We will continue to monitor our brand health and reputation and clarify our concept and purpose to our stakeholders.

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 to shift in 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 2023** • We aimed 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. **Developments 2024** • We will fully operationalise the IT ICF for all key applications and strive for operational effectiveness of all controls. • To reduce reliance on one key supplier for member administration and fitness revenue registration, we will move from a traditional hosting situation to a hybrid cloud solution. • We constantly look for new opportunities to improve our service. Developments in the field of AI will make our product more scalable and can help our employees to be more efficient. In the coming year, we will implement and test some interesting tools to support both our business and our employees.
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 ambitions. 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 2023** • After a series of successful broker events in France, we organised similar events in a number of other markets. • We searched for more sites in a certain zone in parallel, negotiating with several landlords to then choose and sign the best site. • We developed an automated club layout tool with Artificial Intelligence functionality that allows us to automatically draft unlimited different club layout options (five layouts per second) – all based on corporate standards and provided with simultaneous cost estimations. **Developments 2024** • We will continue to train our AI-based club layout tool. By utilising this tool, we will raise the success rate of potential locations, as well as reduce the expansion time and costs, while maintaining conformity to corporate standards.

Operational – continued

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 HQs, or suitably qualified management, could impact future growth and profitability.	• **Continuous development:** We have onboarding training for club staff in which employees are trained in 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 communications platform in place, to facilitate more appealing, transparent, uniform and accessible communications with our people, to foster the communications 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 headcount planning.	**Developments 2023** • We launched 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 launched a global onboarding process for all our new club hosts and hostesses that will be available in all countries. • We rolled out our new job classification system and compensation structure for all countries. • We continued to support the 'Efficient Staffing' project to respond more effectively to our business needs. **Developments 2024** • We will develop a leadership profile, to be used in training, recruitment, and development of our management staff. • We will launch a full digital training course for our cluster managers accessible via Workday. • We will continue to develop the accessibility to online training via LinkedIn Learning to every level of our management and professionals. This also includes a defined learning path for new managers or for special skillsets, like giving feedback. • We will also digitalise our Health and Safety offering to all our employees via gamification.

Operational – continued

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 an adequate contractual framework for procurement. • **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 reached 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 2023** • We continued with the professionalisation and enhancement of our property team and processes: the team has extended the contracts with existing suppliers without major price changes and added a new supplier with competitive prices to the pool. **Developments 2024** • We will continue with the activities we started: for example on the IT front with the in-house development for Customer Key applications. • We are constantly developing new logistics and production solutions with our current equipment supplier. The company could always decide to expand the suppliers' pool, as needed.

Operational – continued

Risk area and possible impact	How does Basic-Fit mitigate this risk	Developments
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.	• **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 2023** • There is an increased focus on health & safety in general, as organisations are expected to take more responsibility on this front. For Basic-Fit specifically, there is an increasing operational impact, given that our equipment is now used more frequently over time and requires regular maintenance to ensure it remains safe for use. • We continued to develop and implement tools and procedures to achieve the Health & Safety-related goals we have set. We also strengthened the department further and apply an even more international and uniform approach. • We harmonised the variety of health and safety policies and procedures in the Basic-Fit countries. **Developments 2024** • Health and safety will be part of our 2024 compliance risk assessment, in which we will reassess all compliance risks. • We will monitor health and safety through our compliance monitoring programme and establish clear risk indicators. • We will improve reporting and statistics on incident management, to monitor trends and developments and to be able to anticipate and respond to these more effectively.

Operational – continued

Risk area and possible impact	How does Basic-Fit mitigate this risk	Developments
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.	• **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 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 2023** • To further simplify the management of our growing club portfolio, we continued to install smart camera systems and to roll out a remote facility system, which enables us to guarantee swift incident resolution and a good service for our members. • We rolled 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 developed an automated club layout tool with Artificial Intelligence functionality that allows us to automatically draft unlimited different club layout options (five layouts per second) – all based on corporate standards and provided with simultaneous cost estimation. **Developments 2024** • We will continue to expand and develop in our existing countries and strengthen city clusters and our position in those countries. • We will achieve a better success rate of potential locations, as well as reduce the expansion time and costs by utilising our automated club layout tool.

Operational – continued

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 provision of media sales.	**Developments 2023** • We continued 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 improved the sales of these products to our members by improving our customer journeys and the personalisation of our offering. **Developments 2024** • We will continue to expand the presence of our NXT Level brand in FMCG channels (supermarkets) in Europe in 2024, which will result in accelerated growth of revenue in this category of products.

Operational – continued

Risk area and possible impact	How does Basic-Fit mitigate this risk	Developments
IT security: The resilience of the Basic-Fit organisation in the face of cyber threats or crisis 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 potentially 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, our business continuity, reputation and brand. It is essential to be prepared for such attacks by means of sufficient business continuity and crisis management procedures which allows us to protect and recover our IT assets.	• **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**: in late 2021, we entered a multi-year programme with our security partners, who provide us with a Security Operation Centre (SOC), as well as, in the event 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 2023** • The threat of cyber attacks is increasing in general and they are becoming more and more sophisticated, due in part to developments in the field of AI. • We continued to work on our awareness campaign and focus on security and privacy by design in our software development teams and other developments. • We further expanded the protection of our staff's end points. • We continued to implement and improve our Information Security Management System. • We took significant steps in the operationalisation of our IT ICF and in the alignment of IT ICF and business ICF reporting. • As part of our active detection and response, we added an extra log source (OneLogin) to our monitoring to automatically detect predefined use cases • We conducted a crisis experience with management representation, based on our crisis communication protocol, to practice a ransomware attack scenario at one of our key IT suppliers. It functioned well and is being improved on a few points. • We improved access security by implementation of MFA in more places, by also limiting access to information (in our clubs for example). **Developments 2024** • We will update and improve a Disaster Recovery Plan (DRP) and rehearse a restore with one of our key IT suppliers. • We will update and improve a back-up policy and check whether business-critical applications comply with it. • In the context of supplier management, taking into account a supplier's risk classification, we will make information security a mandatory component per phase of a supplier's life cycle • As part of Security by Design, we will further embed our Sigrid tooling into the software development lifecycle.

Operational – continued

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 2023** • Basic-Fit is transforming from an expansion strategy focused organisation towards a more club maintenance / facility management focused organisation. While the Basic-Fit clubs are aging, both from an equipment and from a facility management perspective, risks associated with equipment deterioration and health and hygiene, will become more prominent for Basic-Fit. • In 2023, we developed 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. **Developments 2024** • We will continue to run our Facility Programme. The objective of this programme is to develop and implement initiatives that continuously enhance our reactive and scheduled maintenance processes. The main driver of those initiatives is continuity in delivering a high-quality club experience (functional, presentable and safe).

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 department controls all our investments and tries to minimise the price risk.	**Developments 2023** • The property department continued its professionalisation and intends to develop and use additional tools to monitor and control costs. • The company continued to monitor and manage the impact of inflation, changing energy prices and the development of costs of supplies. **Developments 2024** • We will continue to strictly follow the site selection and investment approval processes, while managing the costs of club openings.
Liquidity risk We require access to capital to fund our growth ambitions.	• **Fund our growth:** Over the past few years, we have mainly relied on debt to finance our growth plans. In addition to our bank facilities, we have issued a convertible bond. • **Cash flow forecast:** Cash is managed on a daily basis, while management prepares a weekly cash flow forecast to identify the company's short-term cash needs. • **Monitoring:** We monitor our long-term liquidity needs on a quarterly basis. • **Ample liquidity:** Basic-Fit strives to have ample available liquidity 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 2023** • To finance our ambitious growth plans, we amended and extended our bank facilities and received commitment for nearly the full amount of our accordion facility. As a result, our committed bank facilities increased by €190 million to €760 million. At the end of the year, we had €215 million in available liquidity. **Developments 2024** • We will continue to closely monitor our long-term cash flow expectations to be able to increase our available liquidity in a timely fashion when needed. • We will continue to be flexible with our club openings to adapt to market developments and make sure we maintain sufficient financial liquidity.
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 reputable banks. • **Credit Management Tool**: We have implemented a credit management tool with tailored workflows and personalised reminder process.	**Developments 2023** • No specific developments were planned for 2023. **Developments 2024** • We will enhance credit management by distinguishing between B2C and B2B revenue streams. For members, we will refine digital dunning with tailored timing, channels, tone, and reminder frequency. For B2B streams, we will complement this by investing in hands-on credit managers for follow-ups.

Financial – continued

Risk area and possible impact	How does Basic-Fit mitigate this risk	Developments
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 currency translation risk is negligible. We mitigated the limited translation 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 various hedge contracts in place, we aim to hedge a minimum of 50% of our variable interest exposure. We use floating-to-fixed interest rate swaps (IRS) to achieve this goal. An increase of 100 basis points in Euribor would result in an approximately €3.5 million increase in net profit (based on exposure at year-end 2003). This impact reflects the non-hedged floating rate borrowings, as well as valuation changes of the derivative financial instruments. Excluding valuation changes of the derivative financial instruments, would entail a €2.7 million decline in net profit.	**Developments 2023** • In the past year, we hedged €250 million of our interest rate risk exposure, as our existing IRS reached maturity at the end of May 2023. With the rapidly changing interest rates, which declined in the later part of 2023, we decided to monitor macroeconomic developments closely and increase interest rate risk hedges at opportune moments. **Developments 2024** • We will enter into additional IRS agreements in 2024 with the aim of hedging 50% of our drawn exposure. At the start of the year, 41% of our exposure was hedged.
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 2023** • Basic-Fit continued its preparations for regulatory developments and new tax legislation. **Developments 2024** • We will continue to prepare for regulatory developments and new and changing tax-related legislation in all countries in which we operate clubs, including legislation issued by the European Union, for example related to e-Invoicing and BEPS (Base Erosion and Profit Shifting). In addition, Basic-Fit expects to commit itself to comply with the Dutch Tax Governance Code, which was introduced in 2022.

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 laws and regulations 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 awareness of laws and regulations and protecting the integrity and reputation of the Basic-Fit brand. The department executes an annual compliance plan based 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 control functions have aligned processes and working methods, and have implemented a joint quarterly reporting on current issues, plans, and open findings. • **Work culture:** Basic-Fit invests in the creation of a work culture that supports the company's vision in terms of entrepreneurship, responsibility and integrity. We conduct several surveys among employees on a regular basis. These cover topics such as work culture, satisfaction and risk culture. Based on the outcome of these surveys, Basic-Fit continuously develops its employee model and the development and growth opportunities of its employees, to enhance employee motivation and engagement and foster a safe culture in line with Basic-Fit's values and vision.	**Developments 2023** • We developed a more enhanced awareness programme for new employees in the onboarding package regarding the internal policies and continuing awareness training for all employees in all countries on several legal and compliance topics. • We reviewed and updated 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. **Developments 2024** • We will continue to improve and professionalise our compliance programme in alignment with ISO 37301:2021 (including a regulatory framework). • We will execute a full compliance risk assessment and reassess all compliance risks.

Compliance – continued

Risk area and possible impact	How does Basic-Fit mitigate this risk	Developments
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.	• **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 help 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 and expect to be compliant with CSRD in 2024. • **Same mission:** We have more than 8,000 employees in six countries with more than 120 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 a number of national partners. We support sports and career programmes and help children and young adults get the most out of life through sports. • **Communication with policymakers:** We continue to develop our relationships with policymakers to highlight the importance of sports and fitness for society.	**Developments 2023** • We continued to develop our sustainability programme with an increased focus on the planet pillar to enable us assess and reduce our carbon footprint more effectively. • We conducted workshops to ensure understanding of the impact of the CSRD on the company and take action. • We conducted an initial double materiality assessment and are working towards becoming aligned with the CSRD (ESRS requirements). • We continued to meet policymakers to highlight the key role of fitness in physical and mental health. **Developments 2024** • We will continue rolling out our sustainability programme, with a particular focus on reducing our environmental footprint and monitoring our progress. • We will continue working to improve the quality of our ESG reporting, including following up on expert recommendations. • We will conduct a climate-change resilience analysis, which will improve our understanding of related risks to our business and our reporting on environmental impact and EU Taxonomy alignment. • We will continue engaging with industry stakeholders and policymakers to highlight the key role of fitness in health and well-being.

Compliance – continued

Risk area and possible impact	How does Basic-Fit mitigate this risk	Developments
Data security and Artificial Intelligence 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. The use of artificial intelligence tools can lead to infringements of confidentiality, privacy rights, copyrights and misuse.	• **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 data breaches 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 2023** • Awareness remained an important topic in 2023. • We rolled out an updated policy for security incidents and data breaches, including awareness training and also implemented a new policy for data retention. • We have eliminated a number of the causes of membership fraud. **Developments 2024** • We will conduct a first impact assessment regarding the coming AI Act on our systems that include a form of AI, like our smart cameras and Ruby. • We will conduct an intensive awareness programme regarding phishing tests in 2024. • We will continue to develop our data governance policies and procedures.

Compliance – continued

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 among both consumers and our 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 on the company's profitability and reputation. Not strengthening diversity may result in limited access to a diverse talent pool. This can hinder innovation and creativity within the organisation, as diverse perspectives often lead to better problem solving and decision making. It can impact an organiastion's ability to understand and connect with diverse customer bases. In today's global and diverse marketplace, having a workforce that reflects the diversity of your customers can be crucial for business success.	• **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 our D&I approach and this helps us to 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 in their own country on the basis of our Speak-Up Policy. • **External support.** We ensure we have external consultants that help assess our organisation's diversity and inclusion efforts, provide recommendations, and offer regular guidance on best practices.	**Developments 2023** • We completed our Diversity & Inclusion strategy and 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 implemented the plan of approach including the gender diversity targets for the Leadership Team, Supervisory Board and senior management of the company. • We provided diversity, inclusion and belonging training to educate employees on the importance of D&I. These programmes raise awareness, promote understanding and combat unconscious bias. **Developments 2024** • We will refine, expand and continue our ongoing commitment to creating a diverse and inclusive workplace. Continuous learning, leadership involvement and engagement will be key components for 2024. We will continue to assess gender diversity in our leadership team, senior management and levels below. • We will be implementing a talent assessment and succession planning tool to ensure a comprehensive approach to workforce planning and objectivity throughout the Talent Management cycle. In 2024, we will also be hosting hiring manager training to continue an objective hiring process. • We will continue to encourage engagement by celebrating diversity through out communications forums and participate in industry-wide initiatives to ensure we contribute to a broader societal impact.

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 2022 (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 sustainable long-term shareholder value.

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

General

Basic-Fit N.V. is a public limited liability company incorporated under Dutch law on 12 May 2016. On 10 June 2016, part of the share capital of Basic-Fit was offered to the public in an Initial Public Offering, 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 six 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 control of costs, enhancing the base processes and maturity and general recovery from the COVID-19 pandemic, while dealing with the geopolitical and economic developments that the world faced in 2023, as a result of the wars in Ukraine and Gaza and other developments. Despite this, the company was able to open 202 clubs and had increased its member numbers to 3.8 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 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, these being the CEO and CFO, together with the COO and CCO. You will find more information on this in the Composition section. On 8 February 2023, the Supervisory Board and Management Board adopted new Leadership team rules, which were 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 General Meeting overrules the binding nature of the nomination, 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.

As at 31 December 2023, 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 (hereafter referred to as the 'Relationship Agreement'), originally 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 (hereafter 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, in addition to the members of the Management Board, consists 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) and 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. The Supervisory Board has adjusted the Supervisory Board rules in line with the Code. 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 General Meeting overrules the binding nature of the nomination, the Supervisory Board shall draw up a new binding nomination to be voted upon at the next meeting. If the General Meeting does not overrule the binding nature of a nomination 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 options 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 2023, the Supervisory Board consisted of six 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. Kees van der Graaf stepped down as Supervisory Board member as per the AGM in April 2023.

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 at 31 December 2023, the composition of the Supervisory Board was as follows:

Name	Position
Jan van Nieuwenhuizen	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
Joëlle Frijters	Member

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 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 article 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 Fitter communities section of this annual report.

The Diversity Act (Diversiteitswet) 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 by company itself) of large NVs and BVs to promote gender diversity. The law re-enacted the statutory regulation of article 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 composition 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 has, for the first time in 2023, informed 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 that has been reported to the SER is also included in the 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.

In addition to this, the company has implemented 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 adapted the diversity policy in 2023, making it an updated and more comprehensive D&I policy that takes 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 2023, the entire Basic-Fit workforce consisted of 49% women and 51% men. Of all leadership positions in the organisation at every level combined, 46% 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 six Supervisory Board members, four of whom are male and two of whom are female. Basic-Fit therefore meets the gender diversity targets stipulated for the Supervisory Board Of 33,3% female and male presence.

Management Board and Leadership Team

The statutory Management Board consists of two members, René Moos the CEO, and Hans van der Aar 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 36% women and 64% 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.

All gender diversity targets as set in the plan for 2024 have therefore been met.

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 2024 and developments in 2023

	m/f ratio per 1/1/2024	m/f ratio per 1/1/2023	m/f target 2023	m/f target 2024	Explanation
Total employee group	51% /49%	50% / 50%	The m/f ratio in the entire group is between 45% and 55% for both m/f	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 of 45% to 55%. The ratio per the end of 2023 was nearly the same as at year-end 2022, and stayed within the bandwidth defined by Basic-Fit.
Supervisory Board	67% / 33%	83% / 17%	67% / 33%	67% / 33%	At the AGM in April 2023, a sixth SB member was appointed: Joëlle Frijters. Basic-Fit therefore meets 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%	75% / 25%	The LT consists of the members of the MB and the CCO and COO. At the end of 2021, a CCO was added to the LT, who is a woman, resulting in a female representation of 25% in 2023. The size of the MB and LT is small. No change took place in 2023 and no change is foreseen in 2024. If there is a change in the current MB or LT or an expansion 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	64% / 36%	66% / 34%	minimum 67% / 33%, with a target of 63% / 37% at the end of 2024	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 46% 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 rather small size of the middle management group and the fact that small changes have a rapid quick impact, 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 2024. At year-end 2023, the balance was 64% male and 36% female. The wish is to make this even more balanced, but it is difficult to predict the changes within this group and the impact this change will have. Where possible, Basic-Fit will strive to maintain or increase this balance, but to at least maintain a 33% female presence.

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 policies. 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-Fit 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 in 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, insults, 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 via 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 developed a D&I track in 2023. We launched 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 taken further 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 section. 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 of article 2:135b Dutch Civil Code. 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 2023, a total of 66,000,000 shares had been issued. 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 24 April 2023 (i.e. until 23 April 2028), 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 24 April 2023 (i.e. until 23 October 2024), 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 24 April 2023, 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 23 October 2024), 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 2023 and 2024, 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	9.9%
3i Group plc	6.6%
JP Morgan Chase & Co	5.2%
CAS Investment Partners, LLC	3.0%

1 These are the interests reported to the AFM's register of substantial interests per 31 December 2023. 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 Basic-Fit's business. In 2023, 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 and Gaza, 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 2023, 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:

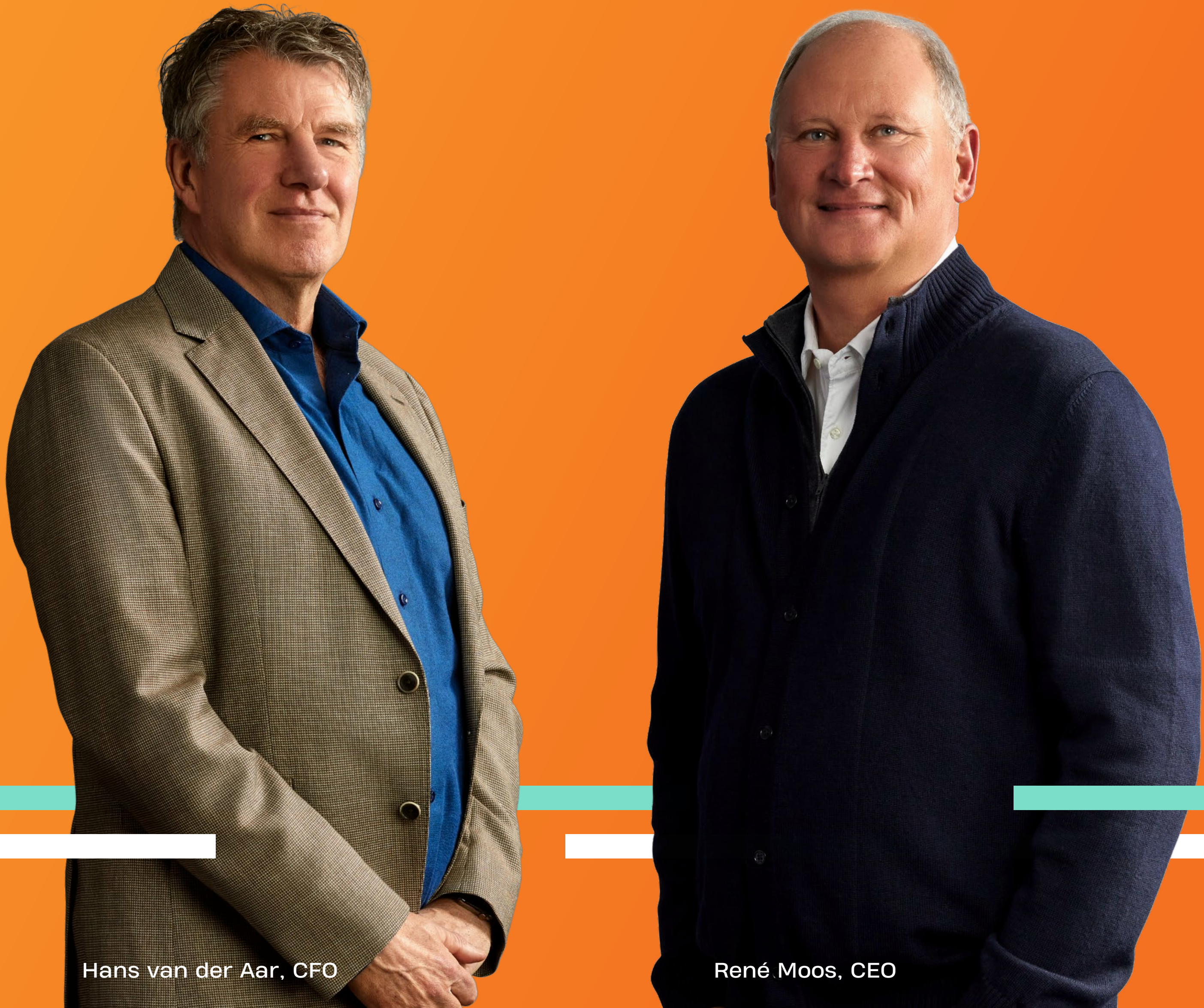
- The financial statements for 2023 give a true and fair view of Basic-Fit's assets, liabilities, financial position and comprehensive income and those of the companies included in the consolidation taken as a whole.
- The Management Board report provides a true and fair view of Basic-Fit's position as of 31 December 2023, and of Basic-Fit's development and performance in 2023 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 2024

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

Jan van Nieuwenhuizen

Chairman of the Supervisory Board (as of 24 April 2023)

Previously

Member of the Management Board of Rabobank
Member of the Management Board of NIBC
Several roles and boardroom positions with JP Morgan and Morgan Stanley

Currently

Chairman of the Supervisory Board of ForFarmers N.V.
Chairman of the Supervisory Board of Wealth Management Partners
Member of the Board of Trustees of Leids Universiteits Fonds
Member of the Board of Trustees of the Hartstichting
Member of the Supervisory Board of CED Europe

Education

Master's degree in Politics, Business and Managerial Economics from the University of Freiburg, Germany

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 (until 11 April 2024)
Member of the Supervisory Board of TKH Group N.V.
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.

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; member of the Selection, Appointment & Remuneration 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

Joëlle Frijters

Member of the Supervisory Board

Previously

Founder and Managing Director at Improve Digital
Management role at Microsoft

Currently

Co-founder of Inspiring Fifty
Member of the Supervisory Board at CM.com NV
Member of the Supervisory Board at TABS (a HAL investment)
Member of the Supervisory Board of HighTechXL
Advisory Board member at The Cronos Group

Education

Bachelor's degree in Business Administration from Hotelschool The Hague and MBA at IESE Business School

REPORT OF THE SUPERVISORY BOARD AND ITS COMMITTEES

General introduction

The year 2023 was a recovery year after the COVID-19 pandemic. It was a year of challenges, but also opportunities to take our member back to pre-COVID levels and to continue with our growth plan, which had remained unchanged. The geopolitical and economic challenges remained, with the ongoing war in the Ukraine and yet another war in the Gaza strip. And the impact of inflation of salaries, energy prices and the cost of living continued. Despite all of this, Basic-Fit was able to expand its club count by 202 clubs to 1,402 clubs by the end of the year and expand its member base to 3.8 million members. In the meantime, the company continued with its strict approach to energy consumption and 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 2023 focused on supervising the approach to cost controls, the adjustments in the membership structure, the company's sustainability strategy and the preparations for ESG reporting and the strengthening of Basic-Fit's presence in the Spanish market with the acquisition of McFit Spain with 47 clubs, which is still conditional upon clearance from the relevant competition authority. 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 24 April 2023, Kees van der Graaf stepped down as Chairman of the Supervisory Board, and was succeeded by current member Jan van Nieuwenhuizen as the Chairman of the Supervisory Board. The Supervisory Board and Management Board wish to thank Kees for his valuable contribution until the AGM in April 2023. Furthermore, an additional member was added to the Supervisory Board with the appointment of Joëlle Frijters. The Supervisory Board currently consists of six members. These appointments led to a further improvement of the composition and diversity of the Supervisory Board in terms of expertise, knowledge, skills, gender, age and independence. 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: Jan van Nieuwenhuizen (chairman), Carin Gorter (vice-chair), Hans Willemse, Herman Rutgers, Rob van der Heijden and Joëlle Frijters.

Furthermore at the AGM to be held in 2024, the Supervisory Board will ask the AGM to approve the re-appointment of Carin Gorter for an additional period of two years. Her expertise and knowledge of the company, in a phase with many financial and risk-related challenges, combined with the selection and appointment process for a new auditor due to start with the audit for the year 2026, for which the AGM will be asked for approval of appointment, makes it desirable to keep her in her position as chair of the Audit & Risk committee.

Basic-Fit meets 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 company's Plan of Approach and targets for gender diversity can be found in the Corporate Governance section of this annual report.

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. Furthermore, the Supervisory Board was briefed extensively about cyber risk developments by the IT director and IT security officer. The Supervisory Board was also specifically informed about the ESG developments and CSRD reporting requirements and how this impacts Basic-Fit.

Supervisory Board composition

Name	Gender and year of birth	Nationality	International experience	Financial expertise	Specific experience
Jan van Nieuwenhuizen	(male, 1961)	Dutch	Yes	Yes	Banking & Finance, International business
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 expert
Rob van der Heijden	(male, 1965)	Dutch	Yes	Yes	Finance and entrepreneurship
Joëlle Frijters	(female, 1974)	Dutch		Yes	Media, Advertising, Communication, Digital

Name	Position	Year of possible reappointment[1]	Expiration date in event of reappointment	Supervisory Board positions incl. Basic-Fit[2]	Committee
Jan van Nieuwenhuizen	(Chairman, since 2023)	2027	2031	3 (of which 2 chair)	N/A
Carin Gorter	(Vice-chairman, since 2016)	2024	2026[3]	5	Chairman Audit & Risk Committee
Hans Willemse	(Member, since 2016)	2025	2027[3]	2	Audit & Risk Committee and Selection, Appointment & Remuneration Committee
Herman Rutgers	(Member, since 2016)	2025	2027[3]	1	Chairman Selection, Appointment & Remuneration Committee
Rob van der Heijden	(Member, since 2017)	2025	2027[3]	2 (1 chair)	Audit & Risk Committee and Selection, Appointment & Remuneration Committee (as from AGM 21 April 2022)
Joëlle Frijters	(Member, since 2023)	2027	2031	5	N/A

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 Jan van Nieuwenhuizen and Joëlle Frijters were appointed in 2023. Rob van der Heijden was reappointed in 2021, Carin Gorter was reappointed in 2020, Herman Rutgers was reappointed in 2019, Hans Willemse was reappointed in 2017 (after one year), 2021 (total five years) and 2023 (total seven years). 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 Herman Rutgers, who personally held 3,000 shares, and Hans Willemse, who personally held 40,029 shares in Basic-Fit as at 31 December 2023. They own their shares with a long-term perspective. None of the other Supervisory Board members were granted, nor do they possess, any Basic-Fit options or shares.

Supervisory Board meetings in 2023

The Supervisory Board met nine times in regular meetings in 2023. All the members of the Management Board were present at all meetings, except for one meeting, when the CEO was not present, the part of the meeting dealing with the self-assessment of the Supervisory Board and the assessment of the Management Board, and the start of the meetings, which are held only with Supervisory Board members. Four 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 2023 were attended by the external auditor, as well as the meeting of March 2024, where they presented their audit findings for 2023.

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 of wars in Ukraine and Gaza, 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 sustainable long-term value creation
- Expansion strategy
- Quarterly results, H1 2023 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 2024
- Capital management and financing strategies
- Liquidity position and scenario analyses
- Compliance with debt covenants
- Current and expected profitability and cash flows
- 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 2023 - 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
- Capital Markets Day preparation
- Acquisition RSG Group Spain
- 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 and reporting of the sustainability, corporate and social responsibility framework for the organisation.

In 2023, 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 for the period to 2030.

The company focused strongly on the development of a corporate strategy that is fit for the long-term future and creates sustainable 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 was 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 well-thought-out marketing approach, processes and systems to support operational excellence, and the assurance that each club will deliver a minimum return on invested capital (ROIC) threshold of 30% at maturity, the Supervisory Board feels comfortable with the company's long-term growth trajectory.

The 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 external developments and factors potentially influencing the company's operations and results, such as the wars in Ukraine and Gaza, 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 made further adjustments to its pricing and membership model, has been working on further cost controls and mitigating measures to reduce energy consumption, a further enhancement of the remote facility management tool and continued development of the German expansion. The innovation strategy is crucial to the company's future growth and

profitability and always supports the strategy of operating 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 its generate, and the company has a solid credit facility to support its 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 its environmental impact and by promoting strong and cohesive communities. The company made solid progress on the implementation of standards and processes for CSRD reporting. 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. More specifically the Supervisory Board monitored the acquisition of RSG Spain, adding 42 McFit clubs and 5 Holmes Place clubs in Spain to the club portfolio in 2024, on the condition of clearance by the Spanish merger authority. A conversion plan for these clubs to Basic-Fit will be made once the transaction is finalised.
- 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, D&I, 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. The Supervisory Board performed a benchmark assessment to assess the current remuneration policy and to define a new remuneration policy which will be presented to the AGM for approval in 2024.
- 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 policy and ambassadors.
- 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 and effective. 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 appreciation of employees once again increased, proving that the measures taken each year in response to the input in the employee survey, are paying off in terms of greater employee engagement. 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, CSRD reporting and the EU Taxonomy and cybersecurity. This training was given by industry experts, the CFO, internal auditor, Staff department directors 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 members 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 chairs of the committees report to the Supervisory Board on the discussions of the committees and their main recommendations.

Audit and Risk Committee

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

In the year under review, the Audit & Risk Committee met ten times, including four meetings in March, April, July and October that were combined with the Supervisory Board meetings, two additional meetings with the external auditor and one dedicated IT strategy 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, were attended in full or in part by the external auditor and the internal auditor, except for the meeting in November. Furthermore, there was a meeting in March 2024, at which the external auditor presented its audit findings. All members were present at all meetings, resulting in full attendance.

The chair 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 2023 results and Q1 and Q3 trading updates
- Press releases
- Accounting policies
- The external auditor's 2023 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
- Cybersecurity
- Capital management and financing strategies
- Liquidity position and scenario analyses
- Compliance with debt covenants
- Current and expected profitability and cashflows
- ESG reporting
- Integrity, fraud and risk assessments
- Pensions

- Tax-related topics
- Scenario analysis and 2023 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)
- Selection process for new auditor as per full-year 2026

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 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 and the appointment of a new external auditor for when the current auditor firm's term comes to an end. The committee had a meeting with the auditor in the absence of the Management Board in line with the Code.

In accordance with EU legislation, Basic-Fit as listed company is subject to rotate the external auditor at least every 10 years. As a result, a different audit firm has to be appointed by the AGM for the audit of the Basic-Fit 2026 financial statements. During the Audit & Risk committee meetings, the audit tender process, the content of the audit proposal, the focus areas, the selection criteria, the evaluation and outcome were discussed with the Management Board and a core selection team of key employees. Three audit firms participated in the tender process. The Audit & Risk committee submitted a proposal to the Supervisory Board to ask the General Meeting to appoint a new external auditor for the audit of the 2026 financial statements. This proposal is reflected in the agenda for the Annual General Meeting to be held on 26 April 2024.

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 2023, 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. 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 and the Management Board.

In the year under review, the Selection, Appointment & Remuneration Committee met four times. All members were present at all meetings, resulting in 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 2024 incentive plan
- Performance of the Management Board and key senior management
- Succession planning for the Management Board and senior management
- Organisational structure and development
- HR strategy
- Development employee profile and culture
- D&I policy
- Plan of approach and targets to stimulate further gender diversity
- Benchmark assessment remuneration and preparation of new remuneration policy proposal

Functioning of the Management Board and the Supervisory Board

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

The Supervisory Board evaluated the performance of the Management Board and its individual members. Following this, the chairman of the 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 2024, the Supervisory Board also reviewed its composition and its own performance and that of its two committees. The board evaluation was performed digitally through the Supervisory Board portal used by Basic-Fit to organise and structure Supervisory Board meetings and board books. The results were 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 always remains an important consideration.

Management Board remuneration

Basic-Fit's remuneration policy aims to attract, retain and reward highly qualified executives with the required background, skills and experience. It is transparent and aligned with the medium and long-term interests of Basic-Fit, its 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 2023.

Information on the amounts 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 2023

The Audit & Risk Committee reviewed and discussed the Management Board report and financial statements for the 2023 financial year.

The financial statements for 2023 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 2024.

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 2023 financial statements meet all the requirements for correctness and transparency. The 2023 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 26 April 2024, adopts the 2023 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 2023.

Gratitude

Last year was again an interesting, challenging but promising year. It required the company to constantly adapt to changes, always striving for the best solution for all the stakeholders of Basic-Fit. With great resilience and strength, management protected and secured the company's long-term strategy and managed to add 202 clubs to its portfolio. This resulted in 1,402 clubs and 3.8 million members at year-end. 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, the company is maturing its 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 Basic-Fit to be part of the Basic-Fit community, 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 2024

Jan van Nieuwenhuizen
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 26 April 2024 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.

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. Ahead of the General Meeting, there has been extensive communication with stakeholders on the remuneration report and the chosen approach. At the General Meeting of 24 April 2023, the shareholders were asked to give an advisory vote on the remuneration report over the year 2022. Of the represented share capital, 78.78% voted in favour of the remuneration report. The size of the vote gave sufficient comfort that the proposed remuneration package for 2023 for the Management Board and the Supervisory Board and the approach to the variable remuneration elements are in line with the remuneration policy, and enjoyed the consent and support of the General Meeting. Therefore, the advice was taken into account and the remuneration package for 2023 was implemented as proposed.

Following the earlier decision of the previous two years, the PSP plan 2020-2022 due to vest in 2023, did not vest for the Management Board. Furthermore, once again this year the CEO's salary was not increased in 2023 for the third year in a row, the last increase of 2.5% being in January 2020. The base salary of the CFO was increased by 8.3% in 2023, as announced in last year's remuneration report. For 2024, the base salaries for both CEO and CFO will not be increased. This approach reflects the spirit of the remuneration policy, sensible and responsible business behaviour, and addresses the interests of the shareholders.

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.

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 2023. The report concludes with the details of the remuneration policy of the Supervisory Board and how this remuneration policy was implemented in 2023.

Benchmark assessment

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, were taken into account and benchmarked against a selected peer group. At the end of 2023, the audit firm in question was asked to provide a refreshment update on the benchmark assessment and to provide guidance for the revised remuneration policy that will be put to the General Meeting for approval on 26 April 2024.

The benchmark peer group was updated in 2022 and remains unchanged going forward. 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.

As from the year 2023, the new and updated peer group has been defined 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.

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. It should be taken into account that the CEO has a considerable stake in the company (14.3% at the end of 2023), which strengthens the vision of a sustainable 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.

The principle to be applied according to the remuneration policy is that the remuneration of the Management Board should be aimed around the median of the peer group. In 2023, in the updated benchmark assessment, the average positioning of Basic-Fit within the remuneration peer group based on 2022 figures was in the 58th percentile of the total peer group and just above median in the Dutch peer group, based on the size parameters market capitalisation, net revenues, total assets and number of employees.

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. Each year, the Selection, Appointment & Remuneration committee discusses whether the remuneration policy is still suitable for the level and size of the company. For the years 2021, 2022 and 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 2022 benchmark assessment, confirmed by the refreshment of the assessment in 2023 (together the updated benchmark assessment), shows that the base salary of the CEO remains between the median and upper quartile market level of the remuneration peer group. The base salary of the CFO is currently set above 90th percentile levels within the peer group. 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 for 2023 more in line with market practice and closer to the CEO's salary, although still within the guidance of the remuneration policy,

In the updated benchmark assessment, for the CEO and the CFO, both the STI and LTI as a percentage of base salary are positioned below the 25th percentile of the peer group. The base salary together with the STI and LTI (TDC, Total Direct Compensation) are also positioned below the 25th percentile of the peer group.

Outlook 2024 and update of the remuneration policy

Compared to the remuneration peer group, Basic-Fit has a relatively larger focus on fixed pay compared to variable pay. In addition, within the variable remuneration, the companies included in the remuneration peer group typically place more weight on the LTI than the STI. Both STI and LTI as percentage of base salary could be increased for the CEO and the CFO of Basic-Fit in order to gear the desired position in the remuneration peer group of the TDC towards median level, which is the guiding principles defined in the remuneration policy. The adjustment of the principle of the variable compensation would lead to a change in the remuneration policy.

The Supervisory Board and Management Board want to bring the remuneration package more 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 as from 2024. This led to the proposal to adjust the remuneration policy, mainly to bring the variable remuneration, and with that the TDC more in line with the peer group. Furthermore, when drafting the updated policy, 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.

Therefore, Basic-Fit will propose a new remuneration policy to the AGM with the following principles.

- TDC remains around median level of the peer group
- The LTI level may be subject to a higher increase compared to the STI level to be more consistent with the pay mix of the remuneration peer group
- The proposal is to adjust the STI for the CEO and the CFO from 40% to 50% of base salary
- The LTI for the CEO can grow from 60% to 100% of base salary and for CFO from 50% to 75% of base salary to gear more towards the median level of the peer group. However, in consultation with the Management Board, it was decided to propose increasing the LTI for the CEO from 60% to 75% and for the CFO from 50% to 60%.
- The remaining principles, for example the targets, remain unchanged.

Pay Ratio

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 received no remuneration increase for 2023, and will again not be given an increase for 2024, while the CFO received a limited increase of 8.3% in 2023 and 0% for 2024, helps to balance the pay ratio further. As stated above, it is proposed that the LTI be increased less than anticipated when gearing towards the median of the peer group. 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 full-year 2023: base salary €729,063 (2022: €729,063) + short-term incentives of €262,463 (2022: €182,266) + long-term incentives (PSP) at fair value at grant of €437,453 (2022: €437,438) + pension allowance of €109,359 (2022: €109,359) + Social security costs of €18,018 (2022: €16,342) + other personnel costs (company car) of €39,097 (2022: €31,815). 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 expressed in FTEs as disclosed in the same note.

Consequently, Basic-Fit's calculated pay ratio in 2023 is 39.9 (2022: 40.0 and 2019 pre COVID: 40.2), implying that CEO remuneration is 39,8 (2022: 40 / 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 1.16 (compared to 1.21 in 2022). The pay ratio of the CEO compared with the next senior management level remains 5.05 in 2023 (compared to 5.05 in 2022).

These internal pay ratios were taken into account in the compensation discussions within the company. In 2023, the average increase of salaries for Basic-Fit employees was around 6.5%. 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 further 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 were taken 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 2023 seems to show an upward trend, this is actually a more normalised remuneration, with normalised PSP grant, but no PSP vesting in 2023 due to COVID-19 still having a downward impact.

	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Pay ratio CEO - all employees	39,88	40,05	33,99	27,94	40,24	37,49	35,90
Pay ratio CEO - CFO	1,16	1,21	1,32	1,28	1,34	1,30	1,36
Pay ratio CEO - next level management-top	5,05	5,05	4,97	4,88	6,46	6,93	6,66

Management Board remuneration

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Director's remuneration					
René Moos	1,630,614	929,334	1,180,405	1,506,283	1,595,453
Hans van der Aar	1,214,766	727,852	891,146	1,245,333	1,375,149
Supervisory Board remuneration	299,000	294,104	341,000	306,944	323,404
Company performance					
Total revenue	515,158,771	376,810,891	340,746,009	794,570,779	1,047,247,169
Underlying EBITDA less rent (until 2019: Adjusted EBITDA)	155,156,129	93,765,645	31,629,908	203,779,706	260,517,028
No. of clubs	784	905	1,015	1,200	1,402
Average remuneration of a FT equivalent basis of employees					
Employees of the group	40,526	36,524	34,728	37,609	40,061

Annual change	FY 2018 – FY 2019	FY 2019 – FY 2020	FY 2020 – FY 2021	FY 2021 – FY 2022	FY 2022 – FY 2023
Director's remuneration					
René Moos	9.9%	-43.0%	27.0%	27.6%	5.9%
Hans van der Aar	6.9%	-40.1%	22.4%	39.7%	10.4%
Supervisory Board remuneration	0.0%	-1.6%	15.9%	-10.0%	5.4%
Company performance					
Total revenue	28.2%	-26.9%	-9.6%	133.2%	31.7%
Underlying EBITDA less rent (until 2019: Adjusted EBITDA)	25.0%	-39.6%	-66.3%	544.3%	27.9%
No. of clubs	24.6%	15.4%	12.2%	18.2%	16.8%
Average remuneration of a FT equivalent basis of employees					
Employees of the group	2.4%	-9.9%	-4.9%	8.3%	6.5%

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 have been room for an increase based on this 2023 benchmark due diligence exercise, the fixed compensation for the CEO was not adjusted as per 1 January 2023 due to the continuing unrest and the year of recovery ahead. For the CFO an increase of 8.3% was applied. As a result, as of 1 January 2023, the annual base salary for René Moos (CEO) remained €729,063, while the annual base salary for Hans van der Aar (CFO) was €651,209, which is considered to be in line with the remuneration policy.

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. Nor will the base salaries of either the CEO and CFO be increased in 2024. For the time being, the Management Board deemed this fitting, given the ongoing recovery and development of the company. and the accompanying responsibilities. The Supervisory Board adopted the proposal and arguments when approving the remuneration package for 2024.

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 company's 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 2023, 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%	2023	Total revenue	Budget - 6%	Budget	Budget + 3%	€1.047m (vs €1.050m Budget)	40%	14%
	Financial	35%	2023	Underlying EBITDA less rent	Budget – 4%	Budget	Budget + 2%	€ 261m (vs € 260m Budget)	40%	14%
	Personal	10%	2023	Increase average members in mature clubs	Budget	Budget + 25	Budget + 50	NA	0%	0%
	Personal	10%	2023	Premium % members	Budget - 2%	Budget	Budget + 1%	Budget + 1%	60%	6%
	Personal	10%	2023	Decrease the energy consumption on average per club	-16%	-20%	-22%	-17%	20%	2%
							Total CEO			**36%**
Hans van der Aar, CFO	Financial	35%	2023	Total revenue	Budget - 6%	Budget	Budget + 3%	€1.047m (vs €1.050m Budget)	40%	14%
	Financial	35%	2023	Underlying EBITDA less rent	Budget – 4%	Budget	Budget + 2%	€ 261m (vs € 260m Budget)	40%	14%
	Personal	10%	2023	Promote gender diversity by increasing % female employees in the sub-top	35%	37%	38%	36%	20%	2%
	Personal	10%	2023	Maintain average sound liquidity levels	Budget	Budget + 10%	Budget + 20%	Budget + 36%	60%	6%
	Personal	10%	2023	Decrease the energy consumption on average per club	-16%	-20%	-22%	-17%	20%	2%
							Total CFO			**38%**

Long-term incentive: performance share plan (LTI or 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, with the exception of deviations due to the COVID-19 pandemic.

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 regulations during the COVID-19 pandemic.

When considered appropriate, the Supervisory Board 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 2023

The PSP 2020-2022, which was supposed to vest in 2023 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), because of which no vesting took place in 2023 for this plan. This approach was announced to and approved by the AGM in April 2021 and confirmed again by the Management Board and Supervisory Board in April 2022.

In line with earlier decisions, the next vesting will take place in 2024 for the PSP granted for the performance period 2021 - 2023, which grant was already pro rata, taking into account the exclusion of the year 2021, because of which the actual performance period is considered to be 2022 and 2023. The 2022-2024 grant will be the first PSP plan with the ability to vest on normal conditions again. In 2023, a new grant was awarded under the PSP, with a planned vesting in 2026.

Management Board remuneration

	Base Salary	Short-term incentive	Social charges	Pension	Other	Total 2023 (cash)	Total 2022 (cash)	PSP 2020[1]	LTIP 2023 award[2]	Proportion of fixed and variable remuneration in 2023[3]
René Moos	€ 729,063	€ 262,463	€ 18,018	€ 109,359	€ 39,097	€ 1,158,000	€ 1,068,845	-	€ 437,452	56% / 44%
Hans van der Aar	€ 601,209	€ 247,459	€ 14,516	€ 97,681	€ 38,671	€ 1,049,536	€ 944,721	-	€ 325,613	58% / 42%
	€ 1,330,272	**€ 509,922**	**€ 32,534**	**€ 207,040**	**€ 77,768**	**€ 2,207,536**	**€ 2,013,566**	**-**	**€ 763,066.08**	**57% / 43%**

1 In 2020, René Moos and Hans van der Aar were granted 28,535 and 18,326 shares respectively under the Long-term Incentive Plan (LTIP), covering the years 2020, 2021 and 2022. As a result of the fact that two years were affected by NOW limitations and the targets for 2020 and 2021 were not met, the granted shares were forfeited for the Management Board.
2 In June 2023, René Moos and Hans van der Aar were granted 12,806 and 9,532 shares respectively under the long-term incentive plan (LTIP), with a share price on the grant date of €34.16. These numbers can increase to 16,008 and 11,915 respectively in the event of outperformance. Under this plan, the aforementioned number of shares will vest in 2026, 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.
3 Variable remuneration 2023 calculated based on LTIP 2023 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 in compliance 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 2023, 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	
Chair	€65,000
Member	€45,000

Annual additional fees per function in Supervisory Board committees	
Chair Audit & Risk Committee	€15,000
Chair Selection, Appointment & Remuneration Committee	€10,000
Member Audit & Risk Committee	€7,500
Member Selection, Appointment & Remuneration Committee	€5,500

	Total annual fees 2023	Total annual fees 2022	Total annual fees 2021	Total annual fees 2020	Total annual fees 2019	Total annual fees 2018
Kees van der Graaf (until 26 April 2023)	€ 16,250	€ 65,000	€ 65,000	€ 55,521	€ 55,000	€ 55,000
Jan van Nieuwenhuizen (as of 26 April 2023)	€ 45,000	-	-	-	-	-
Hans Willemse	€ 58,000	€ 58,000	€ 58,000	€ 50,604	€ 53,000	€ 53,000
Carin Gorter	€ 60,000	€ 60,000	€ 60,000	€ 51,042	€ 50,000	€ 50,000
Pieter de Jong (until 21 April 2022)	-	€ 12,625	€ 50,500	€ 43,885	€ 45,500	€ 45,500
Herman Rutgers	€ 55,000	€ 55,000	€ 55,000	€ 47,375	€ 48,000	€ 48,000
Rob van der Heijden	€ 58,000	€ 56,319	€ 52,500	€ 45,677	€ 47,500	€ 47,500
Joëlle Frijters (as of 26 April 2023)	€ 31,154	-	-	-	-	-
Total	€ 323,404	€ 306,944	€ 341,000	€ 294,104	€ 299,000	€ 299,000
Year-on-year % change	5.4%	(10.0)%	15.9%	(1.6)%	0.0%	

The Supervisory Board compensation has remained unchanged since April 2020. The last benchmark assessment for the Supervisory Board was also performed in 2020. A benchmark assessment for the Supervisory Board remuneration, performed together with the benchmark assessment update for the Management Board in 2023, showed that the Chair and member compensation levels are below market levels, compared to the peer group. In the new 2024 remuneration policy, proposed to be approved at the AGM in April 2024, it is proposed to also increase the Supervisory Board remuneration as follows, to bring this compensation in line with the median of the peer group:

	Last update 2021 first full year	2024	Benchmark Median
Chair	€65,000	€80,000	€82,500
Vice-Chair	NA	€60,000[1]	€60,000
Member	€45,000	€55,000	€56,500
Chair ARC	€15,000	€15,000	€12,000
Chair Remco	€10,000	€10,000	€10,000
Member ARC	€7,500	€8,000	€8,000
Member Remco	€5,500	€6,500	€7,000

1 The role of Vice-Chair is included in the Supervisory Board remuneration for the first time.

FINANCIAL STATEMENTS

Contents

CONSOLIDATED FINANCIAL STATEMENTS

Contents

Consolidated statement of comprehensive income

Consolidated statement of profit or loss

For the year ended 31 December	Note	2023	2022
		€ 000	€ 000
Revenue	3.2	1,047,247	794,571
		1,047,247	**794,571**
Costs of consumables used	3.3	(31,583)	(22,398)
Employee benefits expense	3.4	(181,067)	(147,779)
Depreciation, amortisation and impairment charges	3.6	(390,938)	(331,389)
Other operating income	3.7	6,868	6,666
Other operating expenses	3.8	(359,817)	(244,179)
Operating profit		**90,710**	**55,492**
Finance income	6.7	1	2
Finance costs	6.7	(92,427)	(58,635)
Share of profit of an associate	4.7	-	-
Profit/(loss) before income tax		**(1,716)**	**(3,141)**
Income tax	3.9	(963)	(546)
Profit/(loss) for the year		**(2,679)**	**(3,687)**
Attributable to equity holders of the parent:			
Basic earnings per share (in €)	6.2	(0.04)	(0.06)
Diluted earnings per share (in €)	6.2	(0.04)	(0.06)

Consolidated statement of other comprehensive income

For the year ended 31 December	Note	2023	2022
		€ 000	€ 000
Profit/(loss) for the year		**(2,679)**	**(3,687)**
Other comprehensive income for the year net of tax		-	-
Total comprehensive income/(loss) for the year		(2,679)	(3,687)

Consolidated statement of financial position

As at 31 December	Note	2023	2022
		€ 000	€ 000
Assets			
Non-current assets			
Goodwill	4.1	204,843	204,843
Other intangible assets	4.2	43,939	42,575
Property, plant and equipment	4.3	1,172,194	989,559
Right-of-use assets	4.4	1,543,877	1,382,361
Investment in associates	4.7	750	-
Deferred tax assets	3.9	82,033	78,744
Receivables	5.2	10,064	8,941
Total non-current assets		**3,057,700**	**2,707,023**
Current assets			
Inventories	5.1	23,790	20,893
Income tax receivable	3.9	135	128
Trade and other receivables	5.2	80,247	76,804
Derivative financial instruments	6.5	1,769	2,045
Cash and cash equivalents	5.3	70,934	43,510
Total current assets		**176,875**	**143,380**
Total assets		**3,234,575**	**2,850,403**

As at 31 December	Note	2023	2022
		€ 000	€ 000
Equity			
Share capital		3,960	3,960
Share premium		690,526	690,526
Reserves		51,467	49,600
Retained earnings		(341,977)	(338,691)
Total equity	6.1	**403,976**	**405,395**
Liabilities			
Non-current liabilities			
Lease liabilities	4.4	1,405,291	1,265,086
Borrowings	6.3	857,203	723,778
Derivative financial instruments	6.5	6,255	-
Deferred tax liabilities	3.9	298	-
Provisions	7.1	836	1,285
Total non-current liabilities		**2,269,883**	**1,990,149**
Current liabilities			
Trade and other payables	5.4	288,181	222,816
Lease liabilities	4.4	254,021	216,453
Borrowings	6.3	18,000	13,333
Current income tax liabilities	3.9	514	1,862
Provisions	7.1	-	395
Total current liabilities		**560,716**	**454,859**
Total liabilities		**2,830,599**	**2,445,008**
Total equity and liabilities		**3,234,575**	**2,850,403**

Consolidated statement of changes in equity

For the year ended 31 December 2023 (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 2023	3,960	690,526	-	880	48,720	(338,691)	405,395
Comprehensive income:							
Profit (loss) for the period	-	-	-	-	-	(2,679)	(2,679)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**(2,679)**	**(2,679)**
Acquisition of non-controlling interests[1]	-	-	-	-	-	(350)	(350)
Purchase of treasury shares[2]	-	-	(221)	-	-	-	(221)
Exercised share-based payments[3]	-	-	221	(183)	-	(257)	(219)
Equity-settled share-based payments[3]	-	-	-	2,050	-	-	2,050
Transactions with owners recognised directly in equity	**-**	**-**	**-**	**1,867**	**-**	**(607)**	**1,260**
As at 31 December 2023	**3,960**	**690,526**	**-**	**2,747**	**48,720**	**(341,977)**	**403,976**

1 Note 4.6 Acquisition of non-controlling interests
2 Note 6.1 Equity
3 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	2023	2022
		€ 000	€ 000
Operating activities			
Profit/(loss) before income tax		(1,716)	(3,141)
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	381,245	322,700
Amortisation and impairment of intangible assets	3.6	9,693	8,689
COVID-19 rent credits	4.4	(526)	(2,415)
Share-based payment expense	3.5	2,050	28
Gain on disposal of property, plant and equipment	3.7	(719)	(2,941)
Adjustments for finance income	6.7	(1)	(2)
Adjustments for finance costs	6.7	92,427	58,635
Movements in provisions	7.1	(843)	243
Working capital adjustments:			
Change in inventories[1]	5.1	(3,651)	(33,349)
Change in trade and other receivables[2]	5.2	13,541	(17,028)
Change in trade and other payables[3]	5.4	4,261	42,281
Cash generated from operations		**495,761**	**373,700**
Income tax (paid) received		(5,308)	(1,056)
Net cash flows from operating activities		**490,453**	**372,644**
Investing activities			
Proceeds from sale of property, plant and equipment	4.3	3,978	404
Purchase of property, plant and equipment	4.3	(322,331)	(271,849)
Purchase of other intangible assets	4.2	(10,290)	(7,329)
Acquisition of business combinations, net of cash acquired	4.5	-	(5,252)
Investment in associates	4.7	(1,500)	-
Dividends from associates	4.7	750	-
Repayment of loans granted	5.2	29	11
Interest received		1	2
Investments in other financial fixed assets (security deposits)[1]	5.2	(1,151)	(2,167)
Net cash flows used in investing activities		**(330,514)**	**(286,180)**

For the year ended 31 December	Note	2023	2022
		€ 000	€ 000
Financing activities			
Proceeds from borrowings	6.3	145,000	210,000
Repayments of borrowings	6.3	(13,333)	(100,227)
Repayment of lease liability principal	4.4	(188,093)	(168,709)
Lease liabilities interest paid	4.4	(40,110)	(33,398)
Interest paid (excluding lease liabilities interest)		(31,683)	(19,196)
Transaction costs related to loans and borrowings	6.3	(3,505)	-
Acquisition of non-controlling interest	4.6	(350)	-
Purchase less sale treasury shares and exercised share-based payments		(441)	(1,528)
Net cash flows from/(used in) financing activities		**(132,515)**	**(113,058)**
Net (decrease)/increase in cash and cash equivalents		**27,424**	**(26,594)**
Cash and cash equivalents at 1 January	5.3	43,510	70,104
Cash and cash equivalents at 31 December	5.3	**70,934**	**43,510**

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

Contents

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 1,402 clubs and more than 3,800,000 memberships as at 31 December 2023, 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 2023 were authorised for issue in accordance with a resolution of the Management Board on 13 March 2024.

1.2 Group information

Subsidiaries

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.[1], 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.[2], Malaga (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) (100%[3] interest of BF Developments B.V.)

[1] In December 2023, Basic Fit France S.A. merged downstream with Basic Fit II S.A. Since then, Basic Fit II S.A. Is a 100% subsidiary of Basic Fit International B.V.
[2] In May 2023, the registered office of Basic Fit Spain S.A. was changed from Madrid to Malaga
[3] In July 2023, BF Developments B.V. acquired the remaining 49% in B-Securité B.V. (note 4.6 Acquisition of non-controlling interests)

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 holding companies and do not run fitness clubs or undertake other operations.

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

Associates

Since the end of November 2023, the Group has a 25% interest in HKNA Participaties B.V. (note 4.7 Investment in an associate). HKNA Participaties B.V. and its subsidiaries are involved in maintenance, repair and cleaning activities in commercial buildings in the countries where Basic-Fit operates fitness clubs.

1.3 Shareholder structure

On 31 December 2023, 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 LLC: 10.1%
- North Peak Capital Management LLC: 10.0%
- OLP Capital Management Limited: 9.9%
- 3i Group plc ('3i') and funds managed by 3i: 6.6%
- JP Morgan Chase & Co: 5.2%
- CAS Investment Partners LLC: 3.0%

Our CFO, Hans van der Aar, owns approximately 0.2% of the outstanding shares of Basic-Fit N.V.

Section 2: Basis of preparation and other material accounting policies

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 material 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 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.

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 related to the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of resulting in 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	6.5

Detailed explanations of the degree of judgment and assumptions used are included under each of the respective sections in the notes to the financial statements as referenced above.

When making judgement and assumptions, management considered climate-related matters and concluded that such matters have no material impact on the business and the assumptions impacting the financial statements.

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.

2.2 Going concern basis of accounting

Based on the available liquidity on the date of publication of these financial statements, the Management Board expects to 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. In making such an assessment, management has considered the current environment in which the Group operates and the expectations regarding the company's future performance.

2.3 Climate-related matters and economic uncertainty

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. Basic-Fit has established an energy department with the aim of reducing its energy consumption. The department will also assist in the monitoring and reporting on energy usage and carbon emissions in the context of European CSRD legislation. In alignment with our aim to be carbon neutral by 2030, Basic-Fit has started to replace all natural gas heating systems, with more efficient electric systems in those clubs that are not yet natural gas free. In these new systems heating, cooling and ventilation are integrated to minimise energy waste. In addition, Basic-Fit will install solar panels on its headquarters to produce green energy when possible.

The number of clubs that transitioned from using gas for heating and warm water to all electric systems in 2023 was 20 in the Netherlands, 23 in Belgium and 10 in Spain. Especially in the older clubs, gas heating systems and electric cooling systems can work against each other, which means that both gas consumption and electricity consumption are high. Transitioning to all-electric systems, can lead to significant savings on overall gas consumption and lead to more efficient electricity consumption. Basic-Fit has fixed price contracts for gas for 100% of the gas consumption in the Netherlands and for 40% of the gas consumption in Belgium until at least the end of 2024. The gas consumption in the other countries is limited to a very small and decreasing number of clubs and has not been fixed. Price risk related to energy contracts is further disclosed in note 6.4 Financial risk management(c).

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 incremental borrowing rate 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 economic developments.

2.4 Summary of other material accounting policies

The general accounting policies applied to the consolidated financial statements as a whole are described below, while other material 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 before income tax 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 paid (if applicable) are classified as financing cash flows. Dividends received are classified as investing cash flows.

2.5 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 2023.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

The Group previously accounted for deferred tax on leases and decommissioning liabilities (if any) by applying the 'integrally linked' approach, resulting in similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of IAS 12. There was also no impact on the opening balance of retained earnings at 1 January 2022 as a result of the change. The key impact for the Group relates to the disclosure of the deferred tax assets and liabilities recognised (see note 3.9 Income tax and deferred income tax).

International Tax Reform—Pillar Two Model Rules (Global minimum top-up tax) – Amendments to IAS 12

The amendments to IAS 12 were introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The Group adopted the amendments upon their release on 23 May 2023. The disclosures about the Pillar Two exposure are included in note 3.9 Income tax and deferred income tax.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

The amendments to IAS 1 and IFRS Practice Statement 2 *Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had no impact on the Group's disclosures of accounting policies nor on the measurement, recognition or presentation of any items in the Group's financial statements.

Definition of Accounting Estimates – Amendments to IAS 8

The amendments to IAS 8 introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. Furthermore, the amendments clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The new definition for accounting estimates, as well as the clarification of the relationship between accounting policies and accounting estimates did not result in a change in the measurement, recognition or presentation of any items in the Group's financial statements. As a result, the amendments did not have an impact on the financial statements of the Group.

2.6 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 2023. These standards and interpretations are not expected to have a material impact on the Group in the current or future reporting periods, or on foreseeable future transactions.

Section 3: Results for 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, firstly from a group perspective and secondly from a geographical perspective. Basic-Fit has identified five operating segments: the Netherlands, 'Belux' (Belgium and Luxembourg)[1], France, Spain and Germany.

The Basic-Fit CODM primarily uses underlying EBITDA less rent as the segment performance measure to monitor operating segment results and performance. The underlying EBITDA less rent is mainly impacted by the VAT rate applicable to fitness in the country, and the mature/immature club distribution in the country. The gross membership fees in all countries are the same, so the revenue recognised is determined by the VAT rate. Mature clubs are more stable in terms of revenue, number of memberships and profitability.

The Benelux countries (operating segment the Netherlands and operating segment 'Belux') generated similar profit margins (underlying EBITDA less rent as a percentage of revenue) the pre- and post-COVID-19 period (2020 to 2022) and this is also expected for future performance. These countries have a lower VAT rate applicable to fitness and a higher percentage of mature clubs. However, the profit margins in the Benelux differ from those in operating segments 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. France and Spain generated similar profit margins in the pre- and post-COVID-19 period (2020 to 2022) and this is also expected for future performance. These countries have a higher VAT rate applicable to fitness and a lower percentage of mature clubs. Germany is a new operating segment, entered in 2022, and is still in the early stages of development and will be comparable to France and Spain, as a higher VAT rate is applicable to fitness and fast growth in clubs and profit margins is expected in the coming years.

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.

Given the similar economic characteristics (long-term financial performance) and ignoring the impact of temporary club closures on profit margins in the period 2020 to 2022 due to COVID-19, 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 the Netherlands and 'Belux' 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.

[1] Belgium and Luxembourg are combined in internal management reporting.

Segment disclosure

Total revenues and underlying EBITDA less rent per reporting segment are as follows:

For the year ended 31 December 2023	Benelux	France, Spain & Germany	Total
Revenue	479,038	568,209	1,047,247
Underlying EBITDA less rent (segments)	220,931	97,148	318,079
Other reconciling items[1]			(57,562)
Total underlying EBITDA less rent			**260,517**

Reconciliation of underlying EBITDA less rent to profit/(loss) before tax:

Underlying EBITDA less rent	260,517
Depreciation, amortisation and impairment charges	(390,938)
Finance costs – net	(92,426)
Rent costs clubs and overhead, including car leases	227,518
COVID-19 rent credits	526
Exceptional items	(6,913)
Profit/(loss) before tax	**(1,716)**

1 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.

Exceptional items in 2023 include start-up costs for new countries, costs related to club closures and other costs or profits that are of a one-off nature or do not reflect the normal operations of the business.

For the year ended 31 December 2022	Benelux	France, Spain & Germany	Total
Revenue	364,489	430,082	794,571
Underlying EBITDA less rent (segments)	151,688	95,697	247,385
Other reconciling items			(43,605)
Total underlying EBITDA less rent			**203,780**

Reconciliation of underlying EBITDA less rent to profit/(loss) before tax:

Underlying EBITDA less rent	203,780
Depreciation, amortisation and impairment charges	(331,389)
Finance costs – net	(58,633)
Rent costs clubs and overhead, including car leases	191,227
COVID-19 rent credits	2,415
Exceptional items:	
- COVID-19 related costs	(6,023)
- Other exceptional costs and income	(4,518)
Profit/(loss) before tax	**(3,141)**

COVID-19 related exceptional costs in 2022 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 in 2022 include start-up costs for the segment Germany, costs related to club closures and other costs or profits that are one-off or do not reflect the normal operations of the business.

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:

	2023	2022
The Netherlands (country of domicile)	643,529	620,619
Belgium	438,152	426,417
Luxembourg	36,286	37,746
France	1,456,947	1,300,976
Spain	328,505	218,304
Germany	61,434	15,276
Total	**2,964,853**	**2,619,338**

For this purpose, non-current assets consist of property, plant and equipment, right-of-use assets, goodwill and other intangible assets. The additions to non-current assets (the Benelux segment €91 million (2022: €145 million), the France, Spain & Germany segment €506 million (2022: €403 million) are mainly directly related to the investments in new club openings in 2023 (and 2022 respectively).

3.2 Revenue

Disaggregation of revenue

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

	2023	2022
Type of goods or service		
Fitness membership revenue	1,009,948	764,398
Other club revenue	29,529	24,264
Other non-club revenue	7,770	5,909
Total	**1,047,247**	**794,571**
Geographical markets		
The Netherlands	250,141	191,012
Belgium	212,725	160,838
Luxembourg	16,172	12,639
France	507,560	394,533
Spain	59,559	34,912
Germany	1,090	637
Total	**1,047,247**	**794,571**
Timing of revenue recognition		
Products and services recognised over time	967,361	722,448
Products recognised at a point in time	79,886	72,123
Total	**1,047,247**	**794,571**

The increase in revenues is directly related to the opening of new clubs (Basic-Fit added 202 clubs to its network), more members per club and on average more revenue per member.

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 the increase in clubs and members in 2023 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. membership fees collected 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 2023	31 December 2022	1 January 2022
Receivables, included in 'Trade and other receivables'	41,349	35,646	9,417
Deferred revenues, included in 'Trade and other payables'	29,888	17,435	18,688

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 in which the revenues recognised exceed the received considerations. The increase in receivables is the result of the strong increase in members in 2022 and 2023, resulting in more member receivables (unpaid membership fees).

The deferred revenues, included in 'Trade and other payables', relate to the advance considerations received from customers, for which revenue is recognised over time in situations that the received considerations exceed the revenues recognised. The increase in 2023 is related to the increase in memberships, as well as the timing and composition of direct debits and promotions for new members close to the end of the year. As a result, on 31 December 2023 the difference between received considerations and revenues recognised increased compared to the situation on 31 December 2022.

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 in the clubs by third parties. 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. Revenue from the sales of services 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), the waiving of the joining fee (fully or partially), the granting of a promotional item or discount voucher for the online store, or a combination of these. A 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 [1]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.

Basic-Fit sells 'Basic', 'Comfort', 'Premium' and 'All-In' contracts. Furthermore, as an add-on, members can choose for sports water subscription, a discounted personal trainer introduction session, a 12-week online certified personal coach subscription, or a flex option that gives members the option to cancel their membership within the first contract year.

With a 'Basic' contract, members can workout in one specific club. This contract is only available for a selection of clubs. Live group lessons and use of the Basic-Fit app are included in the membership fee. With a 'Comfort' contract, in addition to the privileges of a 'Basic' contract, member can workout in all clubs in the relevant country instead of just in one specific club. With a 'Premium' contract, in addition to the privileges of a 'Comfort' contract, members can always bring someone and train together. Furthermore, with a 'Premium' contract, members can use massage chairs in the clubs for free, get a 50% discount on the sports water add-on, and they receive a €20 NXT Level voucher when they join. The 'All-In' contract is a combination of a 'Premium' one-year membership and the one-year rental of a bike and free access to the special Basic-Fit Home App with more than three hundred bike workouts.

Members have the option[2] to upgrade or downgrade their contract. 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. An upgrade or downgrade

[1] During a freeze period, a membership is put on hold and no membership fees are charged
[2] This is not possible for members who have chosen the 'Flex' option.

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.

Sales of goods

The Group sells nutritional and other fitness-related products in its fitness clubs via third party operated 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.

3.3 Cost of consumables used

	2023	2022
Cost of food and drink	(12,577)	(8,658)
Other cost of sales	(19,006)	(13,740)
Total	**(31,583)**	**(22,398)**

'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 is accounted for in the year incurred.

3.4 Employee benefits expense

Employee benefits expense can be broken down as follows:

	2023	2022
Salaries and wages (including share-based payments)[1]	(148,987)	(120,998)
Social security contributions	(29,428)	(24,527)
Pension costs – defined contribution plans	(2,652)	(2,254)
Total	**(181,067)**	**(147,779)**

1 Share-based payments of €2,050 thousand (2022: €28 thousand) are disclosed in note 3.5 Share-based payments

Salaries and wages include no government grants (2022: €29 thousand) and social security contributions include no government grants (2022: €774 thousand).

The increase in employee benefits expense is directly related to the higher number of clubs.

In the year under review, the average number of employees calculated on a full-time equivalent ('FTE') basis was 4,795 (2022: 4,145).

Average number of FTEs during the year	2023	2022
Benelux	1,968	1,867
France, Spain & Germany	2,827	2,278
Total	**4,795**	**4,145**
Club	4,083	3,539
Headquarters	712	606
Total	**4,795**	**4,145**

Accounting policy

Salaries, wages and social security contributions are charged to the 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 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 a 66.67% 'at target' performance, not considering threshold performance or overperformance. This led to a vesting of 40,191 shares in 2022 which was accounted for as a modification (€1.085 thousand).

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 shares granted were forfeited in the reporting period.

LTIP 2020, which originally should have vested in May 2023, also did not vest as two years were affected by NOW limitations and the targets for 2020 and 2021 were not met. As a result, the shares granted were forfeited for the Leadership team. However, the Management Board exercised its discretionary competence in May 2023 and decided that the LTIP 2020 (covering the years 2020-2022) would vest on a pro rata basis for other participants for the year 2022 only and in a limited form. It was considered that targets were only partially achieved for the year 2022, while these were not met in 2020 and 2021. As a result, LTIP 2020 vested in May 2023 based on 25% of the initial award and only for a small group of participants, these not being part of the Leadership team. This led to a vesting of 11,932 shares in 2023 which was accounted for as a modification (€183 thousand).

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 the 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:

	2023	2022
At 1 January	201,119	262,576
Awarded during the year	65,886	54,966
Performance adjustment	-	(20,087)
Exercised during the year	(11,932)	(40,191)
Forfeited during the year	(101,154)	(56,145)
At 31 December	**153,919**	**201,119**

The fair value of the performance shares awarded in 2023 and 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 2023 and 2022 is equal to the share price at the date of granting of €34.16 (2022: €37.60).

The share-based payment expenses recognised in 2023, with a corresponding entry directly in equity, amount to €2,050 thousand (2022: €28 thousand). Exercised share-based payments amounted to €183 thousand (2022: €1,085 thousand).

The Company settles the share-based payment plans on a net basis by withholding the number of shares with a fair value equal to the monetary value of the employee's tax obligation and only issues the remaining shares on completion of the vesting period. The Group expects to withhold an amount of €2.7 million (2022: €1.1 million) and pay this to the relevant tax authorities with respect to the vesting of outstanding share-based payment awards, with €0.6 million (2022: nil) 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

	2023	2022
Depreciation of property, plant and equipment	(178,988)	(151,134)
Depreciation of right-of-use assets	(200,977)	(171,566)
Amortisation of other intangible assets	(9,693)	(8,689)
Impairment of property, plant and equipment	(1,280)	-
Total	**(390,938)**	**(331,389)**

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

The impairment loss in 2023 represented the write-down of fitness equipment as far as the carrying amount exceeded the recoverable amount. This is further disclosed in note 4.3 Property, plant and equipment.

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

	2023	2022
Insurance reimbursements and indemnity payments	4,123	680
Government grants	1,499	330
Net gain on disposal of property, plant and equipment and right-of-use assets	719	2,941
COVID-19 rent credits	526	2,415
Other operating income	1	300
Total	**6,868**	**6,666**

Insurance reimbursements and indemnity payments are related to amounts received from (insurance) companies with respect to damage claims (if applicable: as far as the amounts received exceed the book value of underlying assets or directly incurred costs). The gain on the disposal of property, plant and equipment mainly relates to disposal of fitness equipment.

Government grants

Other operating income includes €1.5 million government grants related to COVID-19 cost compensation programmes offered by the Dutch and German governments (2022: €329 thousand related to cost compensation programmes offered by the Belgian, German and French governments).

Accounting policy

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

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.

3.8 Other operating expenses

	2023	2022
Other personnel expenses	(31,179)	(21,849)
Housing expenses	(187,161)	(122,176)
Net marketing expenses	(56,744)	(47,162)
Write-off of bad debts, incl. collection agency costs	(34,838)	(13,827)
Short-term and low-value lease expenses and other lease adjustments[1]	(2,917)	(1,649)
Other car expenses	(2,025)	(1,596)
Overhead and administrative expenses	(44,953)	(35,920)
Total	**(359,817)**	**(244,179)**

1 Related to buildings, parking lots, car and other equipment

Generally, the increase of all items in other operating expenses is directly related to the higher number of clubs, members and employees. Housing expenses also increased significantly due to higher energy costs and marketing expenses increased in line with marketing efforts. The increase in the write-off of bad debts is due to the increase in revenue and changed payment behaviour in the first period after the COVID-19 period. The payment behaviour of members is currently normalising compared to the pre-COVID-19 period.

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.

3.9 Income tax and deferred income tax

Income tax

The major components of income tax expense for the years 2023 and 2022 are as follows:

	2023	2022
Current income tax:		
Current income tax charge current year	(3,881)	(2,936)
Adjustments in respect of current income tax of previous year(s)	(73)	36
	(3,954)	**(2,900)**
Deferred income tax:		
Change in deferred tax asset for carry-forward losses available for offsetting against future taxable income	(2,794)	158
Changes in other deferred tax assets and liabilities	5,785	2,196
	2,991	**2,354**
Total income tax	**(963)**	**(546)**

Amounts recognised directly in equity

In 2023 and 2022, all aggregate 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.

	2023	%	2022	%
Profit (loss) before income tax	**(1,716)**		**(3,141)**	
Income tax based on Basic-Fit's domestic rate	443	25.8%	810	25.8%
Effects of tax rates in foreign jurisdictions	73	4.3%	210	6.7%
Adjustments in respect of prior years' current and deferred taxes	(156)	(9.1)%	87	2.8%
Impact CVAE tax France	(1,076)	(62.7)%	(1,712)	(54.5)%
Recognition of previously unrecognised deferred tax assets and liabilities	-	-	357	11.4%
Impact of tax incentives	264	15.4%	97	3.1%
Impact of non-taxable government grants	310	18.1%	-	-
Non-deductible expenses for tax purposes:				
Share-based payments	(529)	(30.8)%	(7)	(0.2)%
Other non-deductible expenses	(292)	(17.0)%	(388)	(12.4)%
At the effective income tax rate	**(963)**	**(56.1)%**	**(546)**	**(17.4)%**

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% (2022: 25.8%). 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 the fact 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 2023 and 2022 relate to differences between the estimated income taxes and final corporate income tax returns.

Impact CVAE tax France

CVAE ('Cotisation sur la Valeur Ajoutée des Entreprises') is a corporate value-added contribution in France that, based on the Group's analysis, meets the definition of an income tax as established under IAS 12. The current income tax charge includes an amount of €1.435 thousand (2022: €2,262 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 €1.076 thousand (2022: €1,712 thousand)

Recognition of previously unrecognised deferred tax assets and liabilities

In 2022, Basic-Fit successfully 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 offset against future taxable profits.

Impact of non-taxable government grants

Adjustments in respect of non-taxable government grants relate to government grants received in the Netherlands that are excluded from taxable income.

Impact of tax incentives

Adjustments in respect of tax incentives mainly relate to energy and other investment allowances in the Netherlands and Luxembourg, as well as a tax credit in France related to donations granted by Basic-Fit to an organisation of general interest accredited by the French state. Furthermore, this item includes the stepped tax that is applicable in some countries where income below a certain threshold is taxable at a lower tax rate than the remaining result.

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:

	2023	2022
Belgium	29	12
Luxembourg	106	116
Total Income tax receivable	**135**	**128**

	2023	2022
The Netherlands	145	-
Belgium	63	40
France[1]	306	1,822
Total Income tax payable	**514**	**1,862**

1 Including CVAE

Deferred taxes

Deferred taxes relate to the following:

	Consolidated statement of financial position at 31 December		Consolidated statement of comprehensive income	
	2023	2022	2023	2022
Losses available for offsetting against future taxable income	91,296	94,090	(2,794)	158
Tax incentives (investment allowance)	718	779	(61)	62
Purchase price allocation	(5,510)	(6,106)	596	700
Goodwill amortisation for tax purposes	(14,291)	(13,327)	(964)	(1,328)
Right-of-use assets	(390,639)	(347,210)	(43,429)	-
Lease liabilities	410,184	364,295	45,889	1,900
Convertible bonds	(11,460)	(13,644)	2,184	2,060
Valuation of property, plant and equipment	(440)	241	(681)	(526)
Timing of expense recognition	720	154	566	284
Derivative financial instruments	1,157	(528)	1,685	(956)
Deferred tax benefit/(expense)			**2,991**	**2,354**
Net deferred tax assets/(liabilities)	**81,735**	**78,744**		

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

	2023	2022
Statement of profit or loss	2,991	2,354
Statement of other comprehensive income	-	-
Total	**2,991**	**2,354**

After netting deferred tax assets and deferred tax liabilities within the same tax entity for an amount of €423.0 million (2022: €381.9 million), these positions are as follows:

	2023	2022
Deferred tax assets	82,033	78,744
Deferred tax liabilities	(298)	-
Net deferred tax assets (liabilities)	**81,735**	**78,744**

Due to amendments to IAS 12 (Deferred Tax related to Assets and Liabilities arising from a Single Transaction as disclosed in note 2.5 Changes in accounting policies and disclosures), the netting amount at 31 December 2022 has been restated from €34.7 million to €381.9 million. This had no impact of the netted amount of deferred tax assets.

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

	2023	2022
To be recovered within 12 months	5,293	7,786
To be recovered after more than 12 months	76,442	70,958
Total	**81,735**	**78,744**

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

	2023	2022
Opening balance as at 1 January	78,744	76,469
Income tax benefit during the period recognised in profit or loss	2,991	2,354
Deferred taxes acquired in business combinations	-	(79)
Closing balance as at 31 December	**81,735**	**78,744**

Tax losses

As at 31 December 2023, Basic-Fit recognised €91.3 million (2022: €94.1 million) in 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 on 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. This includes the consideration that it takes time for recently opened clubs to generate positive results. As a result, tax jurisdictions with a relatively high number of recently opened clubs, or many clubs still to be opened, may suffer start-up losses in the coming years. The reason is that revenues are expected to gradually increase with the growth of the number of members, while operating costs for the club are mostly fixed and are incurred as soon as Basic-Fit starts operating the club. Once these clubs become more mature, this will have a positive impact on the taxable income and the amount of losses that can be utilised for the applicable tax jurisdiction.

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 that 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 in the taxable entities HealthCity België N.V., Basic-Fit Belgium B.V., 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 2024 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 tax 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 tax loss carry-forwards of Basic Fit Spain S.A. were incurred in the period before the company started operating under the Basic-Fit brand (at the end of 2013, with 17 clubs). Based on the budget for 2024 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 €42.3 million (2022: €43.2 million), mainly related to Basic Fit Spain S.A. There are no restrictions on the expiration of these tax loss carry-forwards.

Global minimum top-up tax

Pillar Two legislation has been enacted or substantively enacted in all jurisdictions in which the Group operates. The legislation will be effective for the Group's financial year beginning 1 January 2024. The Group has performed an assessment of the Group's potential exposure to Pillar Two income taxes.

This assessment is based on the most recent information available regarding the financial performance of the constituent entities in the Group. Based on the assessment performed, the Pillar Two effective tax rates in all jurisdictions in which the Group operates are above 15% and management is not currently aware of any circumstances under which this might change. Therefore, the Group does not expect a potential exposure to Pillar Two top-up taxes.

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 recognised 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.

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:

	2023	2022
As at 1 January	204,843	203,604
Acquired through business combinations[1]	-	1,239
As at 31 December	**204,843**	**204,843**
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:

	2023	2022
The Netherlands	104,021	104,021
Belgium	83,425	83,425
Luxembourg	12,595	12,595
France	1,607	1,607
Spain	3,195	3,195
Total	**204,843**	**204,843**

Until 2022, the recoverable amount was determined based on the calculation of the fair value less costs of disposal (FVLCD) on pre IFRS 16 basis. As of 2023, the recoverable amount of each CGU is based on value-in-use calculations based on post IFRS 16 basis. On a post IFRS 16 basis, lease liabilities and the associated cashflows are excluded from the determination of the carrying amount and the recoverable amount of the CGU as these are a form of financing activities. Right-of-use assets are included in the carrying amount of the CGU and cash outflows required to replace the right-of-use assets at the end of the lease term are incorporated in the value-in-use calculation. In determining the WACC discount rate, lease liabilities are included in net debt.

Based on the calculated recoverable amounts in the 2023 impairment test, there is significant headroom[1] for all CGUs (on average more than 100% of the total carrying amount[2]), varying from on average of 42% for the CGUs in the reportable segment France, Spain & Germany to more than 200% for all CGUs in Benelux segment. The sensitivity analysis conducted, including a terminal growth rate of 0.0% instead of 2.0% or a 2.5% lower EBITDA margin in combination with a 1% higher WACC, 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. Details of the assumptions and estimates made are presented under Significant estimates below.

[1] Headroom calculated as value-in-use minus carrying amount as a percentage of the carrying amount
[2] Including goodwill

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.

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. 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. 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 CGU 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.

Significant estimates

Calculation of the recoverable amount

The recoverable amount as at 31 December 2023 was determined based on value-in-use calculations, using the most recent cash flow projections based on financial budgets approved by management, covering a five-year period. These budgets are prepared separately for each of the Group's CGUs to which the individual assets are allocated. The cash flow projections only include existing clubs and do not take into account any new club openings.

The recoverable amount as at 31 December 2022 was determined based on fair value less cost of disposal (FVLCD) 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 included both existing clubs and new club openings.

For both years, discount rates used are post-tax and reflect current market assessments of the time value of money and the risks specific to the asset. 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 pre- and post-tax discount rates applied to the cash flow projections are shown in the tables below.

Post-tax WACC discount rate

	Netherlands	Belgium	Luxembourg	France	Spain	Germany
2023[1]	8.5%	9.1%	8.5%	9.0%	10.1%	8.4%
2022[2]	10.2%	10.9%	10.2%	10.8%	12.1%	10.2%

1 Post IFRS 16
2 Pre IFRS 16

Pre-tax WACC discount rate

	Netherlands	Belgium	Luxembourg	France	Spain	Germany
2023[1]	10.6%	11.4%	10.7%	10.8%	12.2%	10.4%
2022[2]	12.7%	13.7%	13.0%	13.0%	15.1%	12.2%

1 Post IFRS 16
2 Pre IFRS 16

Climate related risks have been taken into account when determining the values of the key assumptions, but had no material impact on the measurement of the recoverable amount.

Key assumptions used

The value-in-use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years.

The calculations of value in use for the CGUs are most sensitive to the following assumptions:
· Terminal growth rate;
· Discount rates;
· Revenue growth; and
· EBITDA margin improvement.

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

Discount rates – Discount rates represents management's market assessment of the risks specific to the CGUs regarding the time value of money and the individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its CGUs and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. CGU-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Revenue growth – The growth rates are based on historical experience of membership developments taking into account 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 budget used for the 2023 impairment testing assumes a compound annual growth rate of revenues over the forecast budget period 2024-2028 of 4.3% for the Netherlands, 4.9% for Belgium, 1.1% for Luxembourg, 5.6% for France, 10.4% for Spain and 26.5% for Germany. After the forecast period, revenues are expected to increase by 2.0% annually, which is the lowest of the current risk free rate and the long term inflation forecast.

The budget used for the 2022 impairment testing (which was based on FVLCD calculations that included both existing clubs and new club openings) assumed a compound annual growth rate of revenues over the forecast budget period 2023-2027 of 9% for the Netherlands, 11% for Belgium, 4% for Luxembourg, 18% for France, 40% for Spain and 159% for Germany. Cash flows beyond the five-year period were extrapolated using a terminal growth rate of 2.0% for all CGUs, which was the lowest of the risk free rate and the long term inflation forecast at the end of December 2022.

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 an increase in revenues per member and maturation of immature clubs.

4.2 Other intangible assets

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

	Brand name	Customer relationships	Other intangible assets	Total
As at 1 January 2022				
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**
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

	Brand name	Customer relationships	Other intangible assets	Total
Year ended 31 December 2023				
Opening net book value	24,705	1,233	16,637	42,575
Additions	-	-	11,057	11,057
Cost of disposals	-	-	(4)	(4)
Amortisation for the year	(2,246)	(657)	(6,790)	(9,693)
Accumulated depreciation of disposals	-	-	4	4
Closing net book value	**22,459**	**576**	**20,904**	**43,939**
As at 31 December 2023				
Cost	44,918	63,809	42,574	151,301
Accumulated impairments and amortisation	(22,459)	(63,233)	(21,670)	(107,362)
Net book value	**22,459**	**576**	**20,904**	**43,939**

Additions in 2023 (and 2022) are mainly related to investments in software and development costs. Disposals are related to intangible assets that were no longer in use.

There were no changes in useful lives and residual values, and no impairment charge has been recorded for intangible assets in either period presented.

Accounting policy

Customer relationships and brand name

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. Separately acquired customer relationships are recognised at historical cost. The brand name is recognised at fair value. Customer relationships and the brand name have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses. The brand name is amortised on a straight-line basis over the 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.

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.

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

Costs incurred to configure or customise a 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 used their 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, when 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.

4.3 Property, plant and equipment

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

	Land and building	Building improvement	Other fixed assets	Total
As at 1 January 2022				
Cost	2,000	855,360	511,082	1,368,442
Accumulated impairments and depreciation	(550)	(253,943)	(276,753)	(531,246)
Net book value	**1,450**	**601,417**	**234,329**	**837,196**
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

	Land and building	Building improvement	Other fixed assets	Total
Year ended 31 December 2023				
Opening net book value	1,425	717,487	270,647	989,559
Additions	-	277,299	88,906	366,205
Cost of disposals	(2,000)	(7,428)	(4,790)	(14,218)
Depreciation for the year	(25)	(102,840)	(76,123)	(178,988)
Impairment	-	-	(1,280)	(1,280)
Accumulated depreciation of disposals	600	7,491	2,825	10,916
Closing net book value	**-**	**892,009**	**280,185**	**1,172,194**
As at 31 December 2023				
Cost	-	1,309,871	667,962	1,977,833
Accumulated impairments and depreciation	-	(417,862)	(387,777)	(805,639)
Closing net book value	**-**	**892,009**	**280,185**	**1,172,194**

As at 31 December 2023, the carrying amount of 'Other fixed assets' includes assets under construction of €5.3 million (2022: €20.4 million) and fitness equipment leased out or available to be leased out as part of the All-in membership for a total of €11.8 million (2022: €21.2 million).

Disposals in 2023 and 2022 related primarily to building improvements and other fixed assets with no carrying value that were no longer in use, as well as the disposal of a building (in 2023).

In 2023, the impairment loss of €1.3 million represented the write-down to the recoverable amount of fitness equipment available to be leased out as part of the All-in membership in the segment the Netherlands, due to lower than expected sales. The impairment loss was recognised in the statement of profit or loss as part of depreciation, amortisation and impairment charges. The recoverable amount of €11.8 million as at 31 December 2023 was based on fair value less costs of disposal. In 2022, no impairment losses were recognised,

In July 2022, additions to other fixed assets included a €44 million transfer from inventories related to fitness equipment. Part of this equipment, with a book value of €18 million, was acquired by a fitness equipment supplier in December 2022. This disposal was partly settled with purchase invoices in 2022 and for the remaining outstanding balance 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

Group as a lessee (Right-of-use assets)

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 2022	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**
Additions	219,244	-	66	219,310
Remeasurements	136,621	6,633	-	143,254
Disposals	-	-	(71)	(71)
Depreciation for the year	(198,284)	(2,622)	(71)	(200,977)
As at 31 December 2023	**1,537,149**	**6,670**	**58**	**1,543,877**

1 Note 4.5 Business combinations

Group as a lessee (lease liabilities)

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

	2023	2022
As at 1 January	1,481,539	1,305,159
Additions	222,183	231,285
Remeasurements	143,026	117,045
Accretion of interest	41,293	32,573
COVID-19 rent credits	(526)	(2,415)
Payment of lease instalments	(228,203)	(202,108)
As at 31 December	**1,659,312**	**1,481,539**
Of which:		
Non-current lease liabilities	1,405,291	1,265,086
Current lease liabilities	254,021	216,453

Remeasurements of right-of-use assets and lease liabilities are related to the (periodical) indexation of lease payments, 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 2023 as reported in the overview above (€228.2 million), are recognised in the statement of cash flows as lease liabilities interest paid (€40.1 million) and repayment of lease liability principal (€188.1 million) respectively. Lease payments in 2022 (€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.

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 €0.5 million (2022: €2.4 million). This is recognised as part of other operating income in the consolidated statement of profit or loss.

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

	2023	2022
Depreciation expense of right-of-use assets	(200,977)	(171,566)
Interest expense on lease liabilities	(41,293)	(32,573)
COVID-19 rent credits	526	2,415
Expense relating to short-term leases[1]	(1,892)	(1,156)
Expense relating to leases of low-value assets[1]	(923)	(576)
Expense relating to lease recalculations and other lease related cost[1]	(102)	83
Total amounts recognised in profit or loss	**(244,661)**	**(203,373)**

1 Included in Other operating expenses

The Group recorded total lease-related cash outflows of €231.0 million in 2023 (2022: €203.8 million). The Group also recorded non-cash additions to right-of-use assets and lease liabilities of €365.2 million in 2023 (2022: €348.3 million). The future cash outflows relating to leases that have not yet commenced are disclosed in note 7.2 Contingencies and commitments.

Basic-Fit determines the incremental borrowing rate (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 ranged from 3.3% to 5.6% in 2023 (2022: 1.3% to 5.4%).

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. When 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 recognises 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. With respect to vehicle 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 in 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 terms of 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. 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

Leases – 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. These factors include 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.

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

4.5 Business combinations

Acquisitions 2023

There were no acquisitions of business combinations in the year 2023.

Acquisitions 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	Share deal[1]	March 2022
Veldhoven (NL)	The Netherlands	Asset deal	April 2022
Amstelveen (NL)	The Netherlands	Asset deal	July 2022
Rotterdam (NL)	The Netherlands	Asset deal	July 2022
Waalwijk (NL)	The Netherlands	Asset deal	July 2022

1 HealthCity Germany GmbH

All acquisitions are considered good opportunities for further growth and the acquisition in Germany 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 in the locations and that these locations are a good fit with 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.

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

Fair value recognised on acquisition	2023	2022
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**

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.

4.6 Acquisition of non-controlling interests

On 4 July 2023, the Group acquired the remaining 49% interest in B-Securité B.V., increasing[1] its ownership interest to 100%. The Group paid a cash consideration of €350 thousand to the non-controlling shareholder. The carrying value of the net assets of B-Securité B.V. was nil. The difference between consideration paid and carrying amount of the net assets of €350 thousand was recognised in retained earnings.

4.7 Investment in an associate

At the end of November 2023, the Group acquired a 25% interest in HKNA Participaties B.V., which (with its 100% subsidiaries) is involved in maintenance, repair and cleaning activities in commercial buildings in the Netherlands, Belgium, Luxembourg, France, Spain and Germany. HKNA Participaties B.V. is a private entity that is not listed on any public exchange. The registered office is in Hoofddorp, the Netherlands. The Group's interest in HKNA Participaties B.V. is considered individually immaterial and accounted for using the equity method in the consolidated financial statements.

The carrying amount at 31 December 2023 of €750 thousand consists of the acquisition price of €1.5 million less €750 thousand dividend received in December 2023. In 2023, no result from this associate was recognised. As at 31 December 2023, the Group had no contingent liabilities or commitments relating to its interest in HKNA Participaties B.V.

Accounting policy

Investments in associates are accounted for using the equity method. The aggregate of the Group's share in the profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

According to the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Share of profit of an associate' in the statement of profit or loss.

[1] Previous years, the non-controlling interests of 49% was not recognised in the consolidated statement of comprehensive income and consolidated statement of financial position, as the amounts were nil.

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:

	2023	2022
Food and drinks	4,042	3,621
Fitness equipment	-	755
Other goods	19,748	16,517
Total	**23,790**	**20,893**

'Food and drinks' consist primarily of sports water that members with a (paid) 'sports water add-on' can drink in the clubs.

'Other goods' includes goods that are sold via the online store, vending machines and to third parties. The increase is in line with an increase in other revenues.

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

	2023	2022
Member and trade receivables	68,044	54,082
Less: allowance for expected credit losses	(26,695)	(18,436)
Receivables – net	**41,349**	**35,646**
Security deposits	10,064	8,912
Loan receivable	-	29
Taxes and social charges (mainly VAT)	7,689	17,709
Prepayments	4,692	5,236
Other receivables and accrued income	26,517	18,213
Total receivables	**90,311**	**85,745**
Less: non-current portion of security deposits	10,064	8,912
Less: non-current loans receivable	-	29
Total non-current portion	**10,064**	**8,941**
Total current portion	**80,247**	**76,804**

The decrease in taxes and social charges receivable is mainly related to VAT and is the result of the timing of invoices issued and received, and whether purchases are invoiced with or without VAT.

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 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:

	2023	2022
As at 1 January	(18,436)	(18,594)
Provision for impairment recognised during the year	(36,324)	(14,647)
Receivables written off during the year as uncollectable	28,065	14,805
As at 31 December	**(26,695)**	**(18,436)**

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:

	2023	2022
Cash in bank and on hand	68,067	42,165
Cash in transit	2,867	1,345
Total	**70,934**	**43,510**

All cash and cash equivalents are available for immediate use by the Group, except for an amount of €205 thousand (2022: €205 thousand) related to bank guarantees.

Accounting policy

In the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions and bank overdrafts (if any). 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:

	2023	2022
Trade payables	120,488	149,167
Deferred revenues	29,888	17,435
Holiday allowance and vacation days accrual	12,814	11,274
VAT payable	2,182	3,303
Payroll tax payable	6,574	7,012
Interest payable	4,696	1,705
Accruals related to capital expenditure	69,471	10,894
Housing cost payable	25,224	12,608
Other liabilities and accrued expenses	16,844	9,418
Total	**288,181**	**222,816**

All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the carrying amount due to their short-term nature.

The increase in deferred revenues is disclosed in more detail in note 3.2 Revenue.

Accruals related to capital expenditure are related to investments in opened or to be opened clubs, to the extend that no invoice is received while construction work has already been completed. The increase of these accruals is a result of the high number of clubs that were opened in January 2024, for which all or most construction work was already completed at 31 December 2023, while no invoice was received.

The increase in other lines in the table above are mostly directly related to the growth in members and clubs and for housing costs payable also due to increased energy and gas prices compared to one year ago.

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 authorised share capital of the Company amounts to €9.0 million and is divided into 150,000,000 shares with a nominal value of €0.06. The subscribed share capital as at 31 December 2023 amounted to €3.96 million (2022: €3.96 million) and was divided into 66,000,000 shares fully paid-up with a nominal value per share of €0.06. There were no movements in authorised and subscribed share capital in the reporting periods.

Share premium

As at 31 December 2023, the share premium amounted to €690.5 million. There were no movements in the reporting periods.

Reserves

Treasury shares

In 2023, the Company purchased 6,108 shares for a total amount of €221 thousand to meet obligations related to the equity-settled share-based compensation plans. For 2022, this amounted to 22,263 shares for a total amount of €878 thousand.

Equity settled share-based payments reserve

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

	2023	2022
As at 1 January	880	1,937
Share-based payments expense during the year	2,050	28
Exercised share-based payments during the year	(183)	(1,085)
As at 31 December	**2,747**	**880**

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 equity component of the convertible bonds reserve amounted to €48.7 million, is recognised net of tax and relates to the convertible bonds issued by the Group in June 2021. There were no movements in the periods 2023 and 2022.

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

Retained earnings

The losses for the respective periods 2023 and 2022 have been included in retained earnings.

Accounting policy

Ordinary shares

Ordinary shares are classified as share capital.

Share premium

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

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:

	2023	2022
Earnings		
Profit (loss) for the period attributable to the ordinary equity holders of the Company	(2,679)	(3,687)
Interest on convertible bonds (net of tax)	10,169	9,811
Profit attributable to ordinary equity holders of the parent adjusted for the effect of dilution	**7,490**	**6,124**
Number of shares		
Weighted average number of ordinary shares for basic earnings per share	66,000,000	66,000,000
Effect of dilutive potential ordinary shares	5,999,012	5,999,012
Weighted average number of ordinary shares for diluted earnings per share	**71,999,012**	**71,999,012**
Earnings per share (in €)		
Basic earnings per share	(0.04)	(0.06)
Diluted earnings per share	(0.04)	(0.06)

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 for both 2023 and 2022. 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 2023 and 31 December 2022, including the movements during 2023 and 2022, are summarised in the following tables:

2023	Balance as at 1 January 2023	Cash settled: New loans	Cash settled: Repayments	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 2023
Floating rate borrowings (non-current and current)								
Bank borrowings	250,000	-	-	-	-	-	-	250,000
Drawn revolving credit facility	210,000	145,000	-	-	-	-	-	355,000
GO-C facility	13,333	-	(13,333)	-	-	-	-	-
Schuldschein	10,000	-	-	-	-	-	-	10,000
Borrowing costs	(1,470)	(3,505)	-	781	-	-	-	(4,194)
	481,863	**141,495**	**(13,333)**	**781**	**-**	**-**	**-**	**610,806**
Fixed rate borrowings and lease liabilities (non-current and current)								
Convertible bonds – liability component	247,248	-	-	-	-	-	9,149	256,397
Schuldschein	8,000	-	-	-	-	-	-	8,000
Lease liabilities	1,481,539	-	(228,203)	-	365,209	(526)	41,293	1,659,312
	1,736,787	**-**	**(228,203)**	**-**	**365,209**	**(526)**	**50,442**	**1,923,709**
	2,218,650	**141,495**	**(241,536)**	**781**	**365,209**	**(526)**	**50,442**	**2,534,515**
Of which:								
Non-current lease liabilities	1,265,086							1,405,291
Non-current borrowings	723,778							857,203
Current lease liabilities	216,453							254,021
Current borrowings	13,333							18,000

		Cash settled		Other changes (non-cash)				
2022	Balance as at 1 January 2022	New loans	Repayments	Amortisation	Additions (lease liabilities)	COVID-19 rent credits	Accretion of interest	Balance as at 31 December 2022
Floating rate borrowings (non-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

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 on 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.

	2023	**2022**
Carrying amount of liability at 1 January	247,248	238,581
Accrued interest	13,704	13,222
Interest paid	(4,555)	(4,555)
Carrying amount of liability at 31 December 2023	**256,397**	**247,248**

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

In June 2023, the Group successfully completed an amendment and extension of its existing facilities agreement, which is recognised as a modification with a prospective adjustment of the effective interest rate to reflect the new market rate and without recognising a modification gain or loss. Citibank was added as a new member of the syndicate, which already included Rabobank, ABN AMRO, ING Bank, BNP Paribas and KBC Bank.

The amended and extended facilities agreement consists of a €250 million term loan and a €400 million revolving credit facility, totalling €650 million. In addition to the term loan and revolving credit facility, the agreement includes a new uncommitted revolving credit facility accordion of up to €150 million. In December 2023, the Company received commitment from its syndicate banks to draw €110 million from the accordion facility. At 31 December 2023, this amount had not yet been drawn. In January 2024, the Company received commitment from its syndicate banks to draw another €20 million. Basic-Fit can request the syndicated banks to make the remaining €20 million of the accordion facility available under the terms of the senior facility agreement, but the amount is not yet committed. Furthermore, in December 2023, the Company signed an agreement with Banco Santander for a €30 million uncommitted revolving credit facility. At 31 December 2023 no amount was drawn.

The maturities of both the term loan and revolving credit facility have been extended to June 2027, with the option to request further extensions of one year in both 2024 and 2025, ultimately to 2029. The margins in the ratchet on both facilities have been increased by 25 basis points, reflecting the lending environment at the moment of the amendment and extension of the facilities agreement.

As at 31 December 2023, an amount of €11.0 million (31 December 2022: €10.1 million) of the revolving credit facility including the committed part of the accordion of €510 million (31 December 2022: €320 million) had been used for bank guarantees and €355 million (31 December 2022: €210 million) had been drawn in cash.

The interest is variable and based on the three-month Euribor rate plus a margin that depends on certain leverage covenants (Euribor plus margin stood at 6.1% as at 31 December 2023 and 4.4% as at 31 December 2022). The term loan and RCF are unsecured.

GO-C facility

In May 2020, the Company entered into a €60 million GO-C facility agreement, repayable quarterly in a straight line over two years, after an initial one-year grace period. The last repayment was made in May 2023.

Schuldschein

In October 2019, Basic-Fit completed a Schuldschein issuance in euro-denominated tranches. As at 31 December 2023, the outstanding amount was €18.0 million (2022: €18.0 million). For an amount of €8.0 million, the interest is fixed at 1.55% (2022: 1.55%) and for the remaining part, the interest is variable and based on the Euribor rate plus a margin, together 5.68% at 31 December 2023 (2022: 3.45%). This loan is unsecured. As at 31 December 2023, the total outstanding amount is classified as current borrowings as repayment must be made within 12 months.

Borrowing costs

The carrying amount of the borrowings is presented net of finance costs (2023: €4.2 million; 2022: €1.5 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. The increase in the carrying amount of the borrowing costs relates to the refinancing in June 2023 and the fee related to the accordion commitment in December 2023.

Other bank borrowings
This loan was repayable in quarterly instalments of €15 thousand. The interest rate was 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:

	2023	2022
Overdue <30 days	11,610	19,265
Overdue 31-60 days	3,513	2,470
Overdue 61-90 days	5,399	3,632
Overdue >90 days	20,827	10,279
Balance incl. provision	**41,349**	**35,646**

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 increase in economic uncertainty in 2022 and 2023, 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 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 2023, the provision stood at €26.7 million (2022: €18.4 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, BNP Paribas and Citibank. 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 the intra-month cash needs on a daily basis by assessing the cash inflows and outflows. In direct response to the ongoing economic uncertainty as of 2022, management intensified the monitoring of cash needs and frequently updated the forecasts based on the latest available information and expectations.

The revolving credit facility of €510 million (including committed part of the accordion facility) has a maturity date of June 2027, with the option to request further extensions of one year in 2024 and 2025, ultimately to 2029 (2022: €320 million with a maturity date of June 2025). Basic-Fit can request the syndicated banks to make the remaining €40 million of the additional accordion facility available under the terms of the senior facilities agreement[1], 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 2023:

(In € millions)	Facility (committed)	Undrawn	Covenant applicable
Term loan	250.0	-	Yes
Revolving credit facility[1]	510.0	144.0	Yes
Schuldschein	18.0	-	Yes
	778.0	**144.0**	

1 €11.0 million used for bank guarantees.

Contractual maturities of financial liabilities

The following table is an analysis of 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

[1] In January 2024, the Company received commitment from its syndicate banks to draw another €20 million.

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 (continued)

	2023						
	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	315,089	-	324,200	256,397
Borrowings[1]	19,275	37,398	37,981	661,972	-	756,626	623,000
Lease liabilities	130,693	127,302	254,514	686,538	676,133	1,875,180	1,659,312
Trade payables	120,488	-	-	-	-	120,488	120,488
Total non-derivatives	**272,734**	**166,978**	**297,050**	**1,663,599**	**676,133**	**3,076,494**	**2,659,197**

1 Excluding capitalised financing costs

	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**

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. To reduce the energy costs per club, Basic-Fit established an energy department to scrutinise the energy consumption and identify where further efficiencies can be achieved. In 2023, Basic-Fit was able to sign more favourable energy contracts compared to the contracts in place for 2022 and 2023. In France, Basic-Fit has fixed price energy contracts for nearly 100% of its energy consumption in 2024 and 2025. In Belgium, Basic-Fit has fixed price energy contacts for 40% of the gas consumption and 100% of the electricity consumption in 2024. In the Netherlands and Germany, Basic-Fit has fixed price energy contract for 100% of the energy consumption in 2024. In Spain, Basic-Fit has no fixed price energy contracts. The fixed price contracts are executory contracts and not financial instruments/derivatives.

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. At the end of 2023, 41% of the interest exposure (excluding lease liabilities) was hedged using a combination of floating-to-fixed interest rate swaps and extendible swaps comprised of swaps and swaptions which are used to reduce the fixed interest of the swap. The interest rate risk is hedged for the period of the swap agreement. As the swaption can be exercised at the discretion of the fixed receivers, the swaptions of the extendable swaps are only expected to be exercised when the market rates at the expiration date are lower than the fixed rate. When market rates are higher than the fixed rates of the extendable swaps at the expiration dates, the swaptions are not expected to be exercised and the swaps will terminate. The swaptions will be cash settled at fair value on the expiration date. 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. Including the convertible bond, 60% of our interest-bearing debt has a fixed interest rate.

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:

	2023	2022
Variable rate borrowings	615,000	483,333
Fixed interest rate borrowings (including lease liabilities)	1,923,709	1,736,787
Total	**2,538,709**	**2,220,120**

Financial instruments in use by the Group

At 31 December 2023, swaps in place cover approximately 40.7% (2022: 42.4%) 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 2023			31 December 2022		
	Weighted average interest rate	**Balance**	**% of the total loans**	**Weighted average interest rate**	**Balance**	**% of the total loans**
Bank overdrafts and bank loans	6.11%	615,000	24.22%	4.36%	483,333	21.77%
Interest rate swaps (notional amount)		(250,000)			(205,000)	
Net exposure to cash flow interest rate risk		**365,000**	**14.38%**		**278,333**	**12.54%**

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 and swaption (2023 only):

	2023	**2022**
Gain (loss) recognised in profit or loss	(6,531)	3,705
Reclassified from other comprehensive income to profit or loss	-	-

Sensitivity analysis

According to interest rate sensitivity analyses performed for the years ending 31 December 2023 and 2022, the impact on the consolidated statement of profit or loss (post-tax) due to upward or downward movements in the interest rates of 1% for the non-derivative financial instruments[1] were as follows:

	2023	**2022**
Increase by 100 basis points (non-derivative financial instruments)	(2,708)	(3,586)
Decrease by 100 basis points (non-derivative financial instruments)	2,708	3,586

[1] The sensitivity analyses for derivative financial instruments are disclosed in note 6.5 Financial instruments

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	2023		2022	
	Derivatives at FVPL[1]	Loans and receivables	Derivatives at FVPL[1]	Loans and receivables
Loan receivable	-	-	-	29
Derivative financial instruments (current)	1,769	-	2,045	-
Trade and other receivables excluding prepayments	-	41,349	-	35,646
Cash and cash equivalents	-	70,934	-	43,510
Total	**1,769**	**112,283**	**2,045**	**79,185**

1 Fair value through profit and loss

Liabilities	2023		2022	
	Derivatives at FVPL[1]	Other financial liabilities at amortised cost	Derivatives at FVPL[1]	Other financial liabilities at amortised cost
Borrowings (excluding lease liabilities)	-	875,203	-	737,111
Lease liabilities	-	1,659,312	-	1,481,539
Derivative financial instruments	6,255	-	-	-
Trade and other payables excluding non-financial liabilities	-	120,488	-	149,167
Total	**6,255**	**2,655,003**	**-**	**2,367,817**

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.

For all years presented, the Group only held financial instruments that classify as Level 2 fair values, in accordance with the fair value hierarchy as described in IFRS 13. 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).

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.

In 2023, new hedges were put in place for a total notional amount of €250 million to replace the hedges that expired in May 2023 (notional €205 million). In order to optimise the Group's interest rate structure, the company used a mix of plain vanilla swaps (€100 million) and extendible swaps, comprised of swaps and swaptions (€150 million). A swaption is sold by the company to reduce the cost of the swap, making use of the inverted swap curve at the time. The swaption can be used to extend the swap at the agreed fixed rate at the discretion of the fixed rate receiver at the time of the expiration date of the swap. This will most likely only be done when the fixed rate is above the market rate at that time. The fixed rate receiver also has the option of settling the swaption in cash. If the market rate is above the fixed rate of the swaption at the expiration date, the fixed rate receiver will most likely not exercise the swaption.

This combination of instruments effectively converts part of the company's variable rate debt into a fixed rate debt, providing more stability in interest payments and mitigating the impact of interest rate fluctuations. The interest rate swaps swap quarterly interest payments, with the Group paying a fixed interest and receiving interest based on the three-month Euribor rate.

The financial instruments are held at fair value with no hedge accounting applied. The fair value of these new financial instruments per 31 December 2023 are categorised below. The sensitivity analysis is pre-tax and based on the direct fair value movement at year end. The impact on the Group's equity is nil.

	Notional amount	Inception	Maturity date	Weighted average fixed rate	Fair value 2023	Increase by 100 bps	Decrease by 100 bps
Interest rate swaps	250,000	Q2-2025 to Q4-2028	June 2025	2.637%	(715)	6,063	(6,328)
Swaptions	150,000	Q2-2025[1]	November 2025	2.632%	(3,771)	2,362	(3,790)
Total					**(4,486)**	**8,425**	**(10,118)**

1 When exercised the swaptions extend the interest rate swaps to June 2028

The movements in 2023 and 2022 arising from cash flows and non-cash changes in the Group's derivative financial instruments are summarised in the following table:

		Cash flows	Non-cash changes	
	Balance as at 1 January[1]	Repayments	Fair value changes through P&L[2]	Balance as at 31 December[3]
2023	2,045	-	(6,531)	(4,486)
2022	(1,660)	-	3,705	2,045

1 Receivable / (liability)
2 Profit / (loss)
3 Receivable / (liability) - netted

Fair values, including valuation methods and assumptions

- As at 31 December 2023 and 31 December 2022, 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 2023 and 31 December 2022, the fair values of other long-term financial assets (security deposits) were not materially different from the carrying amounts.
- As at 31 December 2023 and 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 2023, the fair values of the convertible bonds amounted to €244 million (carrying amount €256 million). As at 31 December 2022, the fair values of the convertible bonds amounted to €224 million (carrying amount €247 million).

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.

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 and swaptions 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 2023 and 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.

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 ongoing economic uncertainty prevailing since 2022 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 June 2023, the Group successfully completed an amendment and extension of its existing facilities agreement that had been in place since 2016 (and amended and restated for the first time in 2018). The amended and extended facilities agreement consists of a €250 million term loan and a €400 million revolving credit facility, totalling €650 million. In addition to the term loan and revolving credit facility, the agreement includes a new uncommitted revolving facility accordion of up to €150 million. In December 2023, the Company received commitment from its syndicate banks to draw €110 million from the accordion facility. At 31 December 2023, this amount was had not yet been drawn. In January 2024, the Company received commitment from its syndicate banks to draw another €20 million. Basic-Fit can request the syndicated banks to make the remaining €20 million of the accordion facility available under the terms of the senior facility agreement, but the amount is not yet committed. The maturities of both the term loan and revolving credit facility have been extended to June 2027, with the option to request further extensions of one year in 2024 and 2025, ultimately to 2029. Furthermore, in December 2023, the Company signed an agreement with Banco Santander for a €30 million uncommitted revolving credit facility. At 31 December 2023 no amount was drawn.

In 2019, the Group completed a Schuldschein issuance with a German private placement. At 31 December 2023, an amount of €18.0 million was outstanding (2022: €18.0 million).

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 convertible bonds, including its carrying amount, are further disclosed in note 6.3 Borrowings.

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 less rent 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 2023 and at 31 December 2022 was as follows (including and excluding lease liabilities related to right-of-use assets):

	2023	**2022**
Total borrowings (incl. capitalised finance costs)	2,534,515	2,218,650
Less: cash and cash equivalents	(70,934)	(43,510)
Net debt including lease liabilities	**2,463,581**	**2,175,140**
Lease liabilities[1]	1,659,312	1,481,516
Net debt excluding lease liabilities	**804,269**	**693,624**

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.

Loan covenants

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 2023, the Group complied with these covenants. The leverage ratio was 2.6 (2022: 2.9) and the interest cover ratio was 8.9 (2022: 11.7).

	2023	2022
Net debt excluding lease liabilities	804,269	693,624
Capitalised finance costs	4,194	1,470
Net debt (as defined under the bank covenants)	**808,463**	**695,094**
Operating profit	90,710	55,492
Plus: Depreciation, amortisation and impairment charges	390,938	331,389
Less: COVID-19 rent credits	(526)	(2,415)
Less: Rent costs clubs and overhead, incl. car leases	(227,518)	(191,227)
Plus: Permitted exceptionals and pro forma adjustments	53,505	44,802
Consolidated adjusted EBITDA (as defined under the bank covenants)	**307,109**	**238,041**
Leverage ratio for bank covenants	**2.6**	**2.9**

	2023	2022
Consolidated adjusted EBITDA (see previous table)	307,109	238,041
Finance costs - net	92,426	58,633
Less: non-cash adjustments:		
- Valuation difference derivative financial instruments	(6,531)	3,705
- Lease liabilities interest	(41,293)	(32,573)
- Amortisation capitalised finance costs	(780)	(716)
- Accrued non-cash interest convertible bond	(9,149)	(8,667)
Cash interest (as defined under the bank covenants)	**34,673**	**20,382**
Interest cover ratio for bank covenants	**8.9**	**11.7**

The Group aims to ensure that it meets financial covenants attached to the interest-bearing debt. Breaches in meeting the financial covenants would permit the banks to immediately call the loans. There were no breaches of the financial covenants of any interest-bearing loans and borrowings in 2023 and 2022.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 2022.

6.7 Finance income and finance costs

	2023	2022
Finance income:		
Other interest income	1	2
Total finance income	**1**	**2**
Finance costs:		
Interest on convertible bonds	(13,705)	(13,222)
Interest on external debt and borrowings	(30,120)	(15,384)
Lease liabilities interest	(41,293)	(32,573)
Valuation difference derivative financial instruments	(6,531)	3,705
Other finance costs (including waiver fees)	(778)	(1,161)
Total finance costs	**(92,427)**	**(58,635)**
Total finance costs – net	**(92,426)**	**(58,633)**

Valuation differences of derivative financial instruments are the result of increasing interest rates in 2023 and changes in the expected interest rate developments on 31 December 2023 compared to 31 December 2022.

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:

	2023	**2022**
As at 1 January	1,680	1,271
Charged to profit or loss	498	540
New in consolidation[1]	-	166
Utilised	(33)	(103)
Unused amounts reversed	(1,309)	(194)
As at 31 December	**836**	**1,680**
Of which:		
Non-current portion of provisions (> 1 year)	836	1,285
Current portion of provisions (< 1 year)	-	395

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 the reporting date, before the end of the reporting period but not recognised as a liability, are as follows:

	2023	2022
Property, plant and equipment	68,334	94,630

(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:

	2023	2022
Within one year	8,973	10,842
After one year but not more than five years	96,404	111,547
More than five years	149,087	157,803
Total	**254,464**	**280,192**

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 building is not delivered by the lessor in the condition as agreed.

No discount factor is used in determining these commitments.

Sub-lease payments

	2023	2022
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases	7,886	4,064

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

Other commitments

As at 31 December 2023, €11.0 million had been issued in bank guarantees (31 December 2022: €10.1 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)

During the entire year of 2023, 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. For VAT purposes, the aforementioned companies and B-Securité B.V. formed a fiscal unity. As a result, the companies within the fiscal unities are jointly and severally liable for each other's income tax and VAT debts.

Tax group liability (Belgium)

During the entire year of 2023, HealthCity België N.V. formed a VAT unity with Basic-Fit Belgium BV. 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

Total key management remuneration was €5,018 thousand (2022: €3,541 thousand), allocated to the following remuneration categories: Short-term employee benefits €3,798 thousand (2022: €3,313 thousand), post-employment benefits €248 thousand (2022: €239 thousand) and share-based payments €972 thousand (2022: minus €11 thousand).

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	
	2023	2022	2023	2022	2023	2022	2023	2022
Base Salary	729	729	651	601	797	703	2,177	2,033
Pension allowance	109	109	98	90	41	40	248	239
Total fixed compensation	**838**	**838**	**749**	**691**	**838**	**743**	**2,425**	**2,272**
Short-term incentive	263	182	247	198	310	232	820	612
Long-term share-based payments	399	-22	274	-10	299	21	972	-11
Total variable compensation	**662**	**160**	**521**	**188**	**609**	**253**	**1,792**	**601**
Social charges	18	17	15	13	305	212	338	242
Other	39	32	39	43	62	44	140	119
Total other benefits/expenses	**57**	**49**	**54**	**56**	**367**	**256**	**478**	**361**
Total remuneration	**1,557**	**1,047**	**1,324**	**935**	**1,814**	**1,252**	**4,695**	**3,234**

In 2023, the annual base salaries for René Moos and Hans van der Aar amounted to €729 thousand (2022: €729 thousand) and €651 thousand (2022: €601 thousand) 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 2023 for the Management Board was approved by the Supervisory Board on 6 February 2024. This resulted in an STI pay-out for 2023 of 36% of the annual base salary for the CEO and 38% for the CFO. The STI amount will be paid in 2024 after the adoption of the Financial Statements for 2023.

'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 2023	Number of shares granted on target 2023	Performance adjustment / forfeited	Vested in 2023	Outstanding at 31 December 2023	Fair value at grant date	lock-up date
René Moos	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
	2023	-	12,806	-	-	12,806	€34.16	21-6-2028
Total shares		**47,803**	**12,806**	**(28,535)**	**-**	**32,074**		
Hans van der Aar	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
	2023	-	9,532	-	-	9,532	€34.16	21-6-2028
Total shares		**31,224**	**9,532**	**(18,326)**	**-**	**22,430**		

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.

As at 31 December 2023, 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 €323 thousand in 2023 (2022: €307 thousand).

	2023	2022
Kees van der Graaf	16	65
Jan van Nieuwenhuizen	45	-
Hans Willemse	58	58
Carin Gorter	60	60
Pieter de Jong	-	13
Herman Rutgers	55	55
Rob van der Heijden	58	56
Joëlle Frijters	31	-
Total	**323**	**307**

None of the Supervisory Board members have been granted, nor do they possess, any Basic-Fit options or shares, with the exception of Herman Rutgers who held 3,000 shares and Hans Willemse who held 40,029 shares in Basic-Fit on 31 December 2023.

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.

[1] See note 4.5 Business combinations

The following transactions were carried out with related parties:

- Management Board and Supervisory Board compensation;
- Purchases from/sales to related parties (Key management personnel); and
- Acquisition of fitness clubs from Key management personnel[1] (in 2022);
- Purchases from an associate (starting December 2023)

All transactions with related parties are made at terms equivalent to those that prevail in arm's length transactions.

Management Board compensation and Supervisory Board compensation

Management Board compensation is disclosed in note 8.1 Remunerations of key management personnel and Supervisory Board compensation is disclosed in note 8.2 Remunerations of members of the Supervisory Board.

Purchases from/sales to related parties (Key management personnel)

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 (mainly leases from related parties). In addition, the table provides an overview of all balances held with these related parties.

	2023	2022
Sales to related parties	-	48
Purchases from related parties	7,167	6,408
Amounts owed by related parties[1]	-	38
Amounts owed to related parties[2]	1,031	695

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.

Purchases from an associate
Since the acquisition of a 25% interest in HKNA Participaties B.V., purchases from (subsidiaries) of the associate amounted to €5.4 million. The amount owed to HKNA Participaties B.V. and its subsidiaries at 31 December 2023 was €10.8 million.

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

	2023	2022
Within one year	7,033	6,072
After one year but not more than five years	27,823	24,148
More than five years	36,394	35,094
Total	**71,250**	**65,314**

The amounts disclosed relate to the amounts to be invoiced by related parties. The increase is the result of indexation of all lease contracts, renewal of one lease contract and one newly agreed lease contract.

8.4 Auditor's remuneration

The following table sets out the audit costs, as recognised in the consolidated statement of profit or loss and incurred over the past two 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	
	2023	2022	2023	2022	2023	2022
Audit of the financial statements	1,148	842	138	116	1,286	958
Other audit procedures	133	98	-	2	133	100
Total	**1,281**	**940**	**138**	**118**	**1,419**	**1,058**

8.5 Events after the reporting period

In December 2023, Basic-Fit reached an agreement with RSG Group GMBH for the acquisition of RSG Spain S.A.U. including all 47 clubs in Spain. The total consideration agreed by the Parties for the sale and purchase of the shares is €48 million, subject to changes according to the sale and purchase agreement. At the date of publication of these financial statements, the agreement is still subject to clearance from the Spanish competition authority. The acquisition is expected to be completed in March or April 2024. With the intended acquisition, Basic-Fit will acquire all 42 McFit clubs and all 5 Holmes Place clubs in Spain. Basic-Fit intends to rebrand and fully integrate the acquired clubs. The integration of the clubs is expected to be completed in 2024. In 2022, RSG Spain reported revenue of €39 million. Basic-Fit received commitment from its syndicate banks for €110 million of the €150 million revolving facility accordion. Basic-Fit will use the additional liquidity to finance the acquisition, including club refurbishments and restructuring costs, and increase the financial headroom. The terms and conditions of the bank facilities remain unchanged. As agreed between parties in the sale and purchase agreement, Basic-Fit granted a loan to RSG Group GMBH of €9.6 million (interest 6.35%) in January 2024. Provided that closing takes place, the loan will be offset against the consideration. In the event closing does not take place, the loan must be repaid within ten days after written notice by Basic-Fit to RSG Group GMBH.

No other subsequent events occurred that are significant to the Group that would require adjustment or disclosure in the financial statements now presented. Subsequent events were evaluated up to 13 March 2024, which is the date the financial statements included in this annual report were authorised for issue.

COMPANY FINANCIAL STATEMENTS

Company balance sheet

(Before result appropriation)

As at 31 December	Note	2023	2022
		€ 000	€ 000
Assets			
Non-current assets			
Financial fixed assets	B	1,304,389	1,156,374
Total non-current assets		**1,304,389**	**1,156,374**
Current assets			
Trade and other receivables	C	171	577
Derivative financial instruments	G	1,769	2,045
Cash and cash equivalents	D	2,031	553
Total current assets		**3,971**	**3,175**
Total assets		**1,308,360**	**1,159,549**

	Note	2023	2022
		€ 000	€ 000
Shareholders' equity			
Share capital		3,960	3,960
Share premium		690,526	690,526
Legal reserves		5,269	2,871
Equity component of convertible bonds		48,720	48,720
Equity settled share-based payments reserve		2,747	880
Retained earnings		(344,567)	(337,875)
Profit (loss) for the year		(2,679)	(3,687)
Total equity	E	**403,976**	**405,395**
Provisions			
Deferred tax liabilities	H	10,530	14,478
Total provisions		**10,530**	**14,478**
Non-current liabilities			
Borrowings	F	857,203	723,778
Derivative financial instruments	G	6,255	-
Total non-current liabilities		**863,458**	**723,778**
Current liabilities			
Trade and other payables	I	12,396	2,565
Borrowings	F	18,000	13,333
Total current liabilities		**30,396**	**15,898**
Total equity, provisions and liabilities		**1,308,360**	**1,159,549**

Company statement of profit or loss

For the year ended 31 December	Note	2023	2022
		€ 000	€ 000
Revenue	J	2,826	2,402
		2,826	**2,402**
Salaries, wages and social security charges	K	(3,796)	(1,495)
Other operating expenses	L	(1,694)	(1,471)
Operating profit		**(2,664)**	**(564)**
Finance income	M	71,540	27,692
Finance costs	M	(50,680)	(25,126)
Finance costs - net		**20,860**	**2,566**
Profit (loss) before income tax		**18,196**	**2,002**
Income tax	N	(5,224)	(523)
Profit (loss) after income tax		**12,972**	**1,479**
Net income of subsidiaries	B	(15,651)	(5,166)
Profit (loss) for the year		**(2,679)**	**(3,687)**

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 policies apply 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 Dutch accounting standards 100.108.

Financial Instruments

For information on the risk exposure, risk management and fair values of financial instruments see notes 6.4 Financial risk management and 6.5 Financial instruments 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 an accrual basis.

B. Financial fixed assets

	2023	2022
Investment in consolidated subsidiaries	17,877	33,878
Receivables from consolidated subsidiaries	1,286,512	1,122,496
Balance as at 31 December	**1,304,389**	**1,156,374**

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:

	2023	2022
Balance as at 1 January	33,878	39,044
Acquisition of non-controlling interests	(350)	-
Net income of subsidiaries	(15,651)	(5,166)
Balance as at 31 December	**17,877**	**33,878**

Receivables from consolidated subsidiaries

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

	2023	2022
Balance as at 1 January	1,122,496	985,641
Additions	164,016	136,855
Balance as at 31 December	**1,286,512**	**1,122,496**

The fair value of receivables from this receivable approximates the carrying amount. The interest rate 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

	2023	2022
Receivables from Group companies	-	293
Other receivables and prepayments	171	284
Total	**171**	**577**

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 rate 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 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**
As at 1 January 2023	**3,960**	**690,526**	**-**	**2,871**	**48,720**	**880**	**(337,875)**	**(3,687)**	**405,395**
Prior year result appropriation	-	-	-	-	-	-	(3,687)	3,687	-
Net result for the year	-	-	-	-	-	-	-	(2,679)	(2,679)
Acquisition of non-controlling interests[1]	-	-	-	-	-	-	(350)	-	(350)
Purchase of treasury shares	-	-	(221)	-	-	-	-	-	(221)
Exercised share-based payments	-	-	221	-	-	(183)	(257)	-	(219)
Equity-settled share-based payments	-	-	-	-	-	2,050	-	-	2,050
Development expenditures	-	-	-	2,398	-	-	(2,398)	-	-
Total movements	**-**	**-**	**-**	**2,398**	**-**	**1,867**	**(6,692)**	**1,008**	**(1,419)**
As at 31 December 2023	**3,960**	**690,526**	**-**	**5,269**	**48,720**	**2,747**	**(344,567)**	**(2,679)**	**403,976**

1 Via BF Developments B.V. (100% subsidiary of Basic Fit International B.V.)

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 carrying amount of capitalised development expenditures incurred by Basic Fit International B.V. (2023: €4.5 million; 2022: €2.3 million) and a non-distributable reserve that is recognised for an amount equal to the restricted and non-distributable reserves of subsidiaries and associates of Basic Fit International B.V. (2023: €0.7 million; 2022: €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

	2023	2022
Opening balance as at 1 January	14,478	15,624
Income tax benefit during the period recognised in profit or loss	(3,948)	(1,146)
Closing balance as at 31 December	**10,530**	**14,478**

The deferred tax liabilities are recognised due to temporary differences in the valuation of assets and liabilities. The Company expects to offset €2.9 million in 2023 (2022 €2.8 million) within twelve months.

I. Trade and other payables

The composition of Trade and other payables was as follows:

	2023	2022
Trade payables	177	79
Payables to Group companies	6,828	-
Payroll tax payable	26	90
Interest payable	4,695	1,704
Other liabilities and accrued expenses	670	692
Total	**12,396**	**2,565**

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.

Payables to Group companies relate to Basic Fit International B.V. The interest rate is Euribor plus a margin of 2.4%.

J. Revenue

	2023	2022
Overhead costs charged on to Group companies	2,826	2,402
Total	**2,826**	**2,402**

K. Salaries, wages and social security charges

Salaries, wages and social security charges include an amount of €2,050 thousand (2022: €28 thousand) related to share-based payments (see note 3.5 Share-based payments of the consolidated financial statements) and an amount of €15 thousand (2022: €13 thousand) related to social security charges. The number of employees employed by Basic-Fit N.V. at year-end 2023 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 Remunerations of key management personnel of the consolidated financial statements.

L. Other operating expenses

Other operating expenses consist primarily of Supervisory Board compensation (see note 8.2 Remunerations of members of the Supervisory Board 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

	2023	**2022**
Finance income:		
Group companies	71,540	27,692
Total finance income	**71,540**	**27,692**
Finance costs:		
Interest on convertible bonds	(13,705)	(13,222)
Interest on external debt and borrowings	(29,767)	(15,083)
Valuation difference derivative financial instruments	(6,531)	3,705
Other finance costs	(677)	(526)
Total finance costs	**(50,680)**	**(25,126)**
Total finance costs – net	**20,860**	**2,566**

N. Income tax and deferred income tax

Income tax

The major components of income tax expense for the years 2023 and 2022 are as follows:

	2023	2022
Current income tax:		
Current income tax charge current year	(9,172)	-
	(9,172)	**-**
Deferred income tax:		
Change in deferred tax asset for carry-forward losses available for offsetting against future taxable income (via fiscal unity)	-	(1,669)
Changes in other deferred tax assets and liabilities	3,948	1,146
	3,948	**(523)**
Total income tax	**(5,224)**	**(523)**

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.

	2023	%	2022	%
Profit (loss) before income tax	18,196		2,002	
Income tax based on Basic-Fit N.V.'s domestic rate	**(4,695)**	**25.8%**	**(516)**	**25.8%**
Non-deductible share-based payment expenses	(529)	2.9%	(7)	0.3%
At the effective income tax rate	**(5,224)**	**28.7%**	**(523)**	**26.1%**

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% (2022: 25.8%) 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.

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 in 2023 and 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 2023. For VAT purposes, the aforementioned companies and B-Securité B.V. formed a fiscal unity at year-end 2023. 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 Events after the reporting period in the consolidated financial statements.

R. Proposed result appropriation

The Management Board proposes to add the loss for 2023 (€2,679 thousand) to the retained earnings.

S. Authorisation of the financial statements

Hoofddorp, the Netherlands
13 March 2024

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 its shareholders provided that the Company's shareholders' equity exceeds the sum of the called-up and paid-in capital of the Company, plus legal and statutory reserves. If the adopted financial statements show a profit, the Management Board shall determine which part of the profits shall be reserved. The General Meeting may only resolve on any distribution from the Company's reserves pursuant to and in accordance with a proposal to that effect by the Management Board, which proposal has been approved by the Supervisory Board.

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report

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

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

We have audited the financial statements 2023 of Basic-Fit N.V. (the Company), based in Hoofddorp, the Netherlands.

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 2023 and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards as adopted in the European Union (EU-IFRSs) 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 2023 and of its result for 2023 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 2023
- The following statements for 2023: the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows
- The notes comprising material accounting policy information and other explanatory information

The company financial statements comprise:

- The company balance sheet as at 31 December 2023
- The company statement of profit and loss for 2023
- 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.

Page 2

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 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	€8.0 million (2022: €6.0 million)
Benchmark applied	Approximately 0.8% of consolidated revenue (2022: approximately 0.8% of consolidated revenue)
Explanation	We used revenues as the basis for the materiality, as it is one of the most 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.

Page 3

We agreed with the supervisory board that misstatements in excess of € 400.000, 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 an audit or review had to be carried out on the complete set of financial information or specific items.

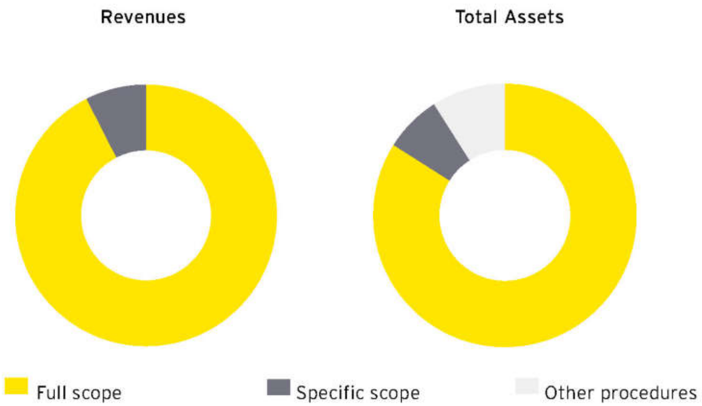
Our group audit mainly focused on significant group entities. We selected Basic-Fit N.V., Basic Fit Nederland B.V., Basic-Fit Belgium B.V. and Basic Fit II S.A. as significant entities based on their size and/or their risk profile. We selected HealthCity België N.V. as significant entity for statutory obligations. We 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., Basic-Fit Spain S.A. and Basic-Fit Germany GmbH as specific scope entities, based on the size and risk profile and performed specific scope procedures with respect to these entities. 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 B.V., Basic Fit II S.A., HealthCity België N.V., Basic Fit International B.V., Basic-Fit Spain S.A. and Basic-Fit Germany GmbH
- used the work of other EY network auditors for the audit of employee expenses and local taxes for the group entities Basic-Fit Belgium B.V., Basic Fit II S.A. and HealthCity België N.V.
- performed other procedures at other group entities

In total these procedures represent 100% of revenues and 91% of the group’s total assets.

Page 4



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 which are needed for the audit of a listed client in the fitness industry. We included specialists in the areas of IT audit, forensics, corporate governance, sustainability and income tax and have made use of our own experts in the areas of valuations of the right-of-use assets, lease liabilities, goodwill and derivatives.

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 reported in the section "Non-financial information" of the management board report how the Company is addressing climate-related and environmental risks and summarized Basic-Fit N.V.'s commitments and obligations. Further information is included in Note 2.3 in the financial statements.

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 and the Company's commitments and (constructive) obligations, are taken into account in estimates and significant assumptions as well as in the design of relevant internal control measures. Furthermore, we read the management board report and considered whether there is any material inconsistency between the non-financial information in section "Non-financial information" and the financial statements.

Building a better working world

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 Company and its environment and the components of the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes. We refer to section "Risk management and control systems" of the management board report for management's (fraud) risk assessment 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 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.

We addressed the risks related to management override of controls, as this risk is present in all companies. For these risks we have performed procedures, among other things 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 2.1 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.

When identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition. We identified specific fraud risks on "Revenue recognition - Overstatement of fitness revenues as a result of manual journal entries" which is set out as a key audit matter. We also identified a fraud risk on "Over- or under-valuing of fitness equipment due to incorrect recognition of agreements with the sole supplier of fitness equipment" as management is in an unique position to make (price) agreements with their preferred supplier, which could impact both the capitalized expenditures and operational expenses to manage the EBITDA and other performance measures. We designed and performed our audit procedures relating to valuation of fitness equipment responsive to this fraud risk. Specifically we checked material transactions with this supplier existing mostly out of purchases of fitness equipment. We evaluated whether a business rationale exists for these transactions and if the agreed upon prices are at arms' length. Furthermore we verified whether (formalized) agreements are the basis for the transactions.

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

The fraud risks 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. We 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 2.2 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. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern. 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.

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 our key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.
In comparison with previous year, the nature of our key audit matters did not change.

EY Building a better working world

Revenue recognition - Overstatement of fitness revenues as a result of manual journal entries	
Risk	Recorded revenues are an important performance indicator to stakeholders. Management could have the incentive to accelerate revenue recognition as management's variable remuneration depends amongst others on total revenue targets. Therefore we presumed that there are risks of fraud in revenue recognition. Because revenue recognition and the accounting for accrued - and deferred revenues comprise different components, estimations and recognition elements, we consider this topic a key audit matter. These revenues are disclosed in Note 3.2 in the financial statements.
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 procedures with respect to sources of revenue and the correlation between revenue, accounts receivable and cash receipts. We audited the full revenue reconciliation, including the reported revenues in the membership administration, the revenue recorded in the financial administration, the movements in the membership debtors and the subsequent cash receipts. We have specifically assessed the accuracy, completeness and proper cut-off of revenues that have been accrued as at 31 December 2023 by recalculation of accrued 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. Furthermore we deem the disclosure notes to be adequate.

Completeness of 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 €1,534 million (2022: €1,382 million) and the lease liabilities € 1,649 million (2022: €1,482 million) as per 31 December 2023. These accounts are disclosed in Note 4.4 in the financial statements.

Completeness of right-of-use assets and lease liabilities	
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. we verified that for each club generating income a property rent contract is recorded in both the right-of-use assets and lease liabilities). On a sample basis we tested lease contracts for clubs planned, but not open yet and assessed lease contracts entered into in both 2023 and early 2024 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 the lease contracts used as a basis for the IFRS 16 calculations. Furthermore we deem the disclosure notes to be 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. The management board and the supervisory board are responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 sub-section 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the supervisory board as auditor of Basic-Fit N.V. on 16 November 2015, as of the audit for the year 2015 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

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 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-IFRSs 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 of the supervisory board 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.

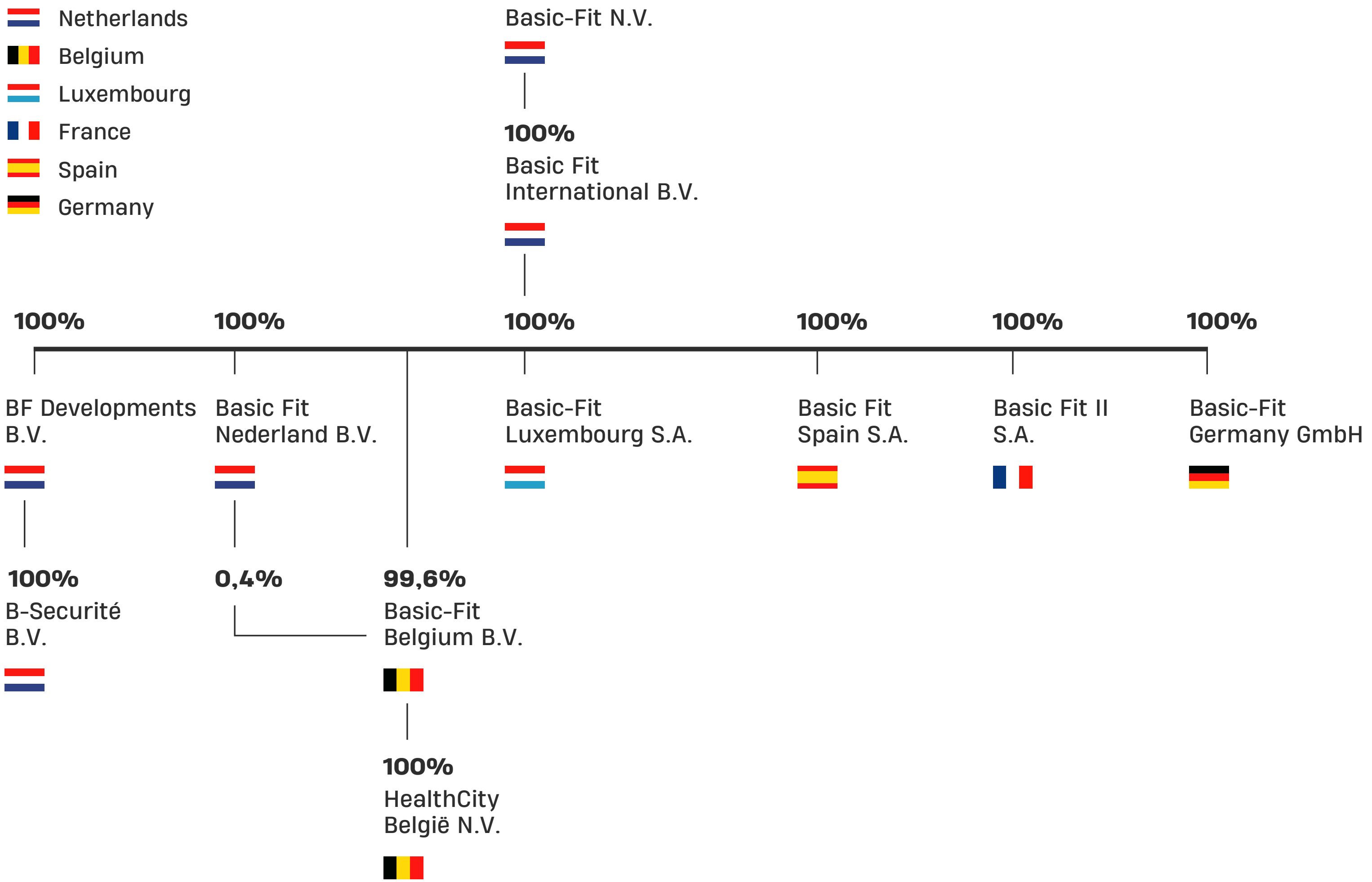
From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter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

Rotterdam, 13 March 2024

Ernst & Young Accountants LLP

signed by P.W.A. Eimers

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 21st day following the end of a calendar year and on the 1st day following the end of the first quarter, the end of first half year and the end of the third quarter of the calendar year. Our quiet periods end on the date of first publication of the corresponding annual and half year financial statements and the first and third quarter 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 2023

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 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 bonds carry 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 was €28.16 at year-end 2023, 15% higher than the €24.48 closing price at year-end 2022. The average daily traded volume was 110,000 shares in 2023, compared with 149,000 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 2023, there were three shareholders reportedly owning more than 10% in the company; René Moos, our CEO and founder (14.3%), 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 (9.9%) and 3i Group plc (6.6%). Shareholders reportedly owning between 3% and 5% are JP Morgan Chase & Co (5.2%) and CAS Investment Partners, LCC (3.0%).

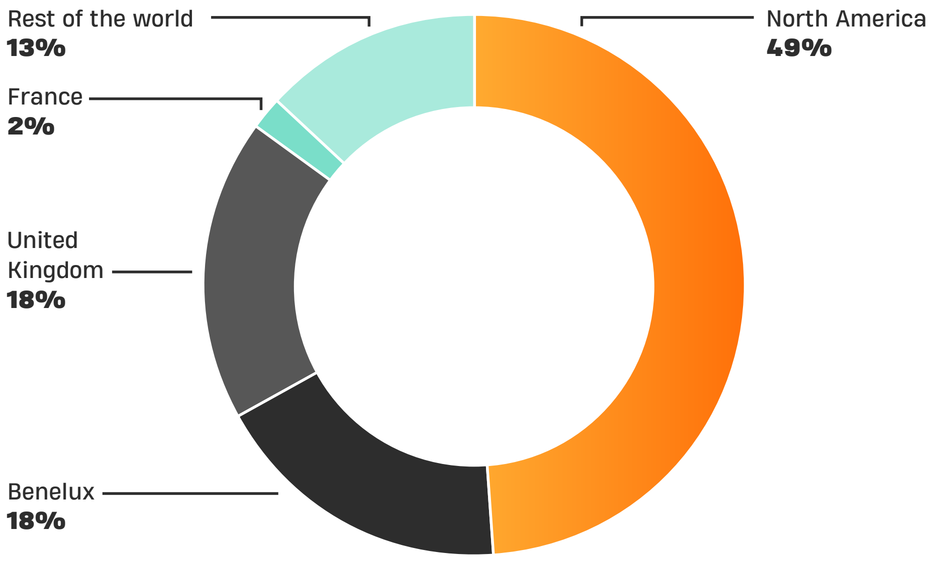
Shareholders holding more than 3%

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	9.9%
3i Group plc	6.6%
JP Morgan Chase & Co	5.2%
CAS Investment Partners, LLC	3.0%

Source: AFM public filings

An indicative 49% of Basic-Fit shares are held by North American investors, up from 46% a year ago. UK-based investors account for 18% versus 23% the previous year. Benelux-based investors account for 18% (unchanged from the previous year) and French investors account for 2% (6% at year-end 2022). The remaining 13% of the shares are held by investors in the rest of the world.

Indicative geographic spread of ordinary shares



Source: NASDAQ IR Insight

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 Sustainability

John David Roeg
Investor Relations Manager

Email: investor.relations@basic-fit.com

5 YEARS OF BASIC-FIT

Amounts in € million, unless stated otherwise	2023	2022	2021	2020	2019
Revenue	1,047.2	794.6	340.7	376.8	515.2
Growth	32%	133%	-10%	-27%	28%
Underlying club EBITDA less rent	398.4	316.4	93.6	153.8	222.9
Underlying EBITDA less rent	260.5	203.8	31.6	93.8	151.3
Underlying EBITDA less rent margin %	25%	26%	9%	25%	29%
Underlying net earnings	27.5	17.8	(91.7)	(32.9)	33.5
Diluted underlying EPS (€)	0.42	0.27	(1.43)	(0.57)	0.61
Free cash flow before new club capex per share (diluted, €)*	1.98	1.48	(1.63)	(1.04)	1.48
Maintenance capex	71.4	61.2	47.7	35.7	39.1
Free cash flow before new club capex*	130.7	97.6	(104.6)	(59.9)	81.1
Initial capex newly built club	1.18	1.17	1.15	1.20	1.19
Shareholders' equity	404.0	405.4	410.6	310.7	306.5
Net debt (excluding lease liabilities)	804.3	693.6	547.9	539.1	450.9
Net debt / adjusted EBITDA**	2.6x	2.9x	2.1x	4.9x	2.5x

* Underlying EBITDA less rent, minus cash exceptionals, maintenance capex, other capex, cash interest and cash taxes
** Adjusted EBITDA under the bank covenants is defined as the underlying EBITDA less rent adjusted for permitted pro forma adjustments, which are capped at 15% of the total adjusted EBITDA

Amounts in € million, unless stated otherwise	**2023**	**2022**	**2021**	**2020**	**2019**
Non-financials (number)					
Total number of clubs	1,402	1,200	1,015	905	784
o.w. The Netherlands	237	231	216	211	199
o.w. Belgium	223	219	195	193	183
o.w. Luxembourg	10	10	10	10	9
o.w. France	781	647	528	447	357
o.w. Spain	139	90	56	44	36
o.w. Germany	12	3	-	-	-
Total number of mature clubs	882	502	504	510	405
Total number of memberships (million)	3.80	3.35	2.22	2.00	2.22
Yield (ARPU) per month (€)	23.54	22.86	13.05	14.50	20.56
Number of employees (year-end)	8,182	7,564	6,964	5,628	5,110
Market capitalisation, year-end	1,859	1,616	2,772	1,800	1,850
Share price, year-end (€)	28.16	24.48	42.00	30.00	33.85
Share price, high (€)	39.96	44.78	49.24	35.75	34.25
Share price, low (€)	23.70	21.66	27.10	10.52	24.05
Average daily volume ('000)	110	149	178	329	69
Average number of shares outstanding	66.0	66.0	64.1	57.6	54.7
Number of shares outstanding	66.0	66.0	66.0	60.0	54.7
Fully diluted number of shares	72.0	72.0	72.0	60.0	54.7
Fully diluted number of shares used in diluted underlying EPS calculation*	66.0	66.0	64.1	57.6	54.7

* Any anti-dilutive impact has been disregarded

See page 235 for alternative performance measures

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 less rent, underlying EBITDA less rent, 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 less rent, 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 less rent, 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 less rent	Club EBITDA adjusted for exceptional items and minus invoiced rent costs of opened clubs
Underlying club EBITDA less rent margin	Underlying club EBITDA less rent as a percentage of club revenue
Overhead	Total costs related to (local) headquarters, including all IT development, customer care and marketing
EBITDA	Profit (loss) before interest, taxes, depreciation, amortisation and COVID-19 rent credit
EBITDA margin	EBITDA as a percentage of total revenue
Underlying EBITDA less rent	EBITDA adjusted for exceptional items and minus invoiced rent costs
Underlying EBITDA less rent margin	Underlying EBITDA less rent as a percentage of total revenue
Exceptional items	Exceptional items include start-up costs for new countries, costs related to club closures and other costs or profits that are of a one-off nature or do not reflect the normal operations of the business
EBIT	Profit (loss) before interest and taxes
Underlying net result	Net result adjusted for IFRS16, PPA amortisation, IRS valuation differences and non-cash convertible bond interest charges, exceptional items, one-offs and the related 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 liabilities)	Total of long-term and short-term borrowings, less cash and cash equivalents
Mature club ROIC	Underlying mature club EBITDA less rent 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 less rent	Underlying EBITDA less rent of mature clubs
Mature club underlying EBITDA less rent margin	Underlying EBITDA less rent of mature clubs as a percentage of mature club revenue
Fitness revenue	Revenue from memberships, as well as from add-ons like sports water and personal online coach
Club revenue	Total of fitness revenue and other club revenue
Yield (ARPU) per month	Fitness revenue divided by average members of the period (divided by number of months in the period)
Free cash flow before new club capex	Underlying EBITDA less rent, minus cash exceptional items, maintenance capex, other capex, cash interest and cash taxes
Expansion capex	Total expenses of newly built clubs, acquisitions, existing club enlargements and expenses for clubs that are not yet open
Initial capex newly built club	Total expenses newly built clubs divided by the number of newly built clubs
Maintenance capex	Capex to maintain the club and replace or refurbish the fitness equipment
Average maintenance capex per club	Total maintenance capex divided by the average number of clubs

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 2023 reporting year, which ran from 1 January 2023 to 31 December 2023 (aligned with financial reporting).

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 2021 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 2023.

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 8,000 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 3.8 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. We plan to perform a new materiality assessment in line with the CSRD (EU Corporate Sustainability Reporting Directive) in 2024.

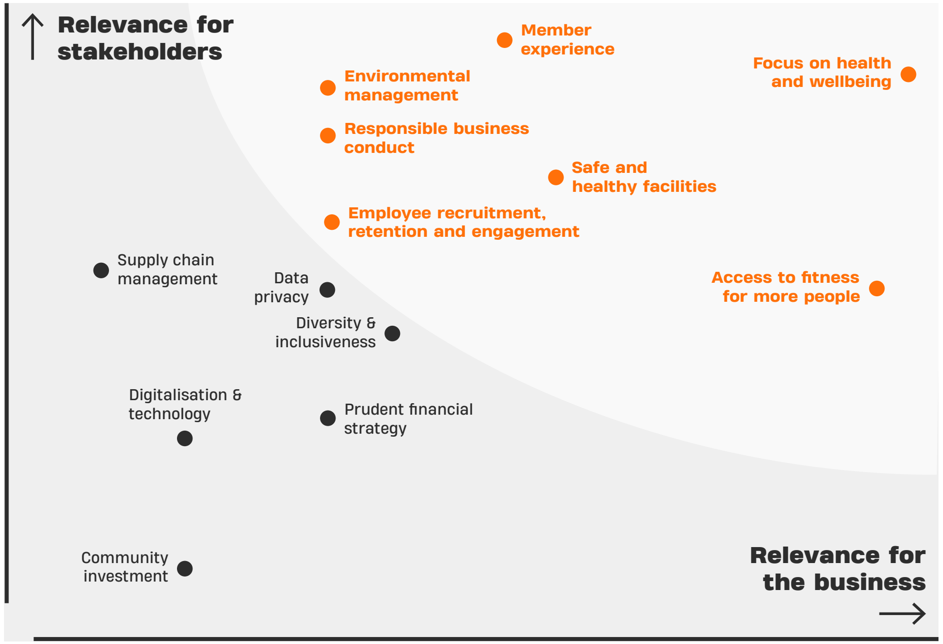
We define material topics as those that reflect significant economic, environmental and social impacts, or that substantively influence the decisions of our stakeholders. We identify these topics with the feedback from our stakeholders. The results are highlighted in the materiality matrix below, with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

For the latest 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 continued including a number of KPIs in the Annual Report. 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. Our current calculations are performed using actual data received. Actual yearly data can be only available after publication of this report, therefore related metrics (such as related emissions) are reported with one year delay. We used the Greenhouse Gas Protocol to calculate our CO_2 emissions. In view of our ambition to become carbon neutral, 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.

GRI CONTENT INDEX

Statement of use	Basic-Fit has reported with reference to the GRI Standards for the period 1 January 2023 to 31 December 2023
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	n/a	
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 Speak-Up policy (formerly Whistleblower policy) is available at Corporate Governance (basic-fit.com)	We refer to our Speak-Up 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 Speak-Up policy (formerly 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	Fitter 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	Fitter people Fitter people - Safety at clubs and workplaces	
Own Indicator	Clubs equipped with RS	Healthy people - Safety at clubs and workplaces	
Material topic: Member experience			
GRI-3-3	Management approach	Non-financial information	
Material topic: Employee recruitment, retention & engagement			
GRI-3-3	Management approach	Fitter people - Employee overview Fitter people - Employee development Fitter Communities - Diversity and inclusion	
Own Indicator	% female employees (manager)	Fitter Communities - Diversity and inclusion	
Own Indicator	Internal promotion rate	Fitter people - Employee development	
Material topics: Focus on health and wellbeing; Fitness accessibility for more people			
GRI-3-3	Management approach	Our strategy Fitter people - Fitness accessibility and healthy lifestyles	
Own Indicator	# of memberships & increase rate (%)	Business and financial review Fitter people - Fitness accessibility and healthy lifestyles	
Own Indicator	# of clubs & increase in clubs (%)	Business and financial review Fitter people - Fitness accessibility and healthy lifestyles	

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

Colophon

Address
Wegalaan 60
2132 JC Hoofddorp
The Netherlands

corporate.basic-fit.com

Photography
Nopoint Studio's

Design & production
Mattmo Creative

BASIC·FIT