

BASIC-FIT REPORTS RESULT OVER FIRST HALF YEAR 2020

Very strong membership development after period of COVID-19 lockdown related club closures

H1 FINANCIAL HIGHLIGHTS¹

- ⌘ Financial results severely impacted by COVID-19 related club closures
- ⌘ Revenue decreased by 24% to €183 million (H1 2019: €240 million)
- ⌘ Underlying EBITDA of €62.2 million (H1 2019: €68.3 million)
- ⌘ €100 million additional bank financing and a successful €133 million equity raise
- ⌘ €189 million cash at hand at end of period and €30 million of bank facility still available for drawdown

H1 OPERATIONAL HIGHLIGHTS

- ⌘ 47 net clubs opened in the period and 149 clubs year on year, growing the network to 831 clubs (FY 2019: 784 clubs; H1 2019: 682 clubs)
- ⌘ Higher membership growth in June compared to last year despite continued COVID-19 lockdown related club closures in the Netherlands
- ⌘ Total number of memberships increased by 9% year on year to 2.17 million (H1 2019: 2.00 million)

RECENT DEVELOPMENTS

- ⌘ Growth of membership base in July to 2.20 million
- ⌘ Number of joiners in July is around 70% higher than in same month last year whilst the number of leavers is comparable
- ⌘ 22 clubs in Antwerp, Belgium, temporarily closed on 29 July due to local government measures
- ⌘ Construction processes of the clubs that were put on hold at the time of the COVID-19 lockdown related club closures have been restarted

OUTLOOK

- ⌘ We expect to open around 100 clubs in 2020
- ⌘ Target of 1,250 clubs in 2022 maintained

Rene Moos, CEO Basic-Fit:

The past half year was the toughest period in the history of the industry. The COVID-19 related club closures impacted our members, employees, partners, landlords and banks. The last decade we have been building the largest and fastest growing fitness chain in Europe together and I am proud how we, together, have been handling this crisis.

During the closure of the clubs, we have experienced great loyalty from our members. Overall only 9% of our members left, which is even less than the percentage of leavers in prior years in the same period.

Since the reopening of the clubs we have seen encouraging developments regarding the recovery of our membership base. The number of visits is approaching pre-COVID-19 levels with 2.2 million visits per week. The number of joiners in June and July has been significantly above the level of joiners in the same months last year.

¹ Full IFRS reporting is provided in the condensed consolidated interim financial statements and notes to these statements

The number of leavers in these two months has been similar to the level of last year. With these positive developments, we expect our membership base to have recovered from the club closures by September.

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

Our employees have been eagerly anticipating the reopening of our clubs. We have seen great support from them in the reopening preparation phase. Now that all clubs are open again, 98% of employees have returned to the clubs.

We have seen great support from our building partners, suppliers, banks and landlords during the difficult period of club closures. Together we have sailed through the storm and we are looking forward to returning to our growth path together.

We successfully executed a heavily oversubscribed accelerated book offer of new shares grossing €133 million. With the €100 million additional bank financing, of which €30 million still has to be drawn, we ended the period with close to €190 million in cash. This provides us with the liquidity to cope with the impact of potential future COVID-19 related lockdowns and at the same time reignite the execution of our growth plans.

We have restarted the rollout of new clubs. If the current positive membership development trends continue and if there are no further large-scale lockdowns, we expect to open around 100 clubs in 2020.

We continue to closely monitor the developments regarding COVID-19 and will be adjusting our plans accordingly. Longer term, the market fundamentals, our strategy and targets have not changed and we continue to expect to reach the 1,250 clubs mark in 2022.

FINANCIAL AND BUSINESS REVIEW

The outbreak of COVID-19 and the consecutive government measures in March significantly impacted our business and results over the first half of the year. We had to close all our clubs as of mid-March. After communication with our members regarding compensation options, we were able to continue to collect membership fees of around 75% of our membership base until 1 May. As of 29 May, we could reopen our clubs in Luxembourg. The clubs in France except for Paris and Ile-de-France followed shortly after on 2 June. We reopened the clubs in Belgium and the clubs in Spain outside Madrid on 8 June. The clubs in Paris and Ile-de-France reopened on 14 June. The clubs in Madrid were reopened on 22 June. Finally, on 1 July, we could reopen the clubs in the Netherlands after being closed for 15 weeks.

Because of the membership freeze and compensation that our members receive for the time that they paid their fees whilst the clubs were closed, we will ultimately lose 2.5 to 3.5 months in membership fees this year.

P&L and key figures

In € millions

	H1 2020 unaudited	H1 2019 unaudited
Total revenue	182.5	240.0
Total club revenue	181.7	239.1
Fitness revenue	178.4	233.5
Other club revenue	3.3	5.6
Non-club revenue	0.8	0.9
Club operating costs	(85.2)	(86.7)
Personnel costs	(22.1)	(34.9)
Other	(63.2)	(51.8)
Club EBITDA	96.5	152.4
Total overhead	(26.6)	(32.9)
International overhead	(12.3)	(14.6)
Country overhead (incl. marketing)	(14.3)	(18.3)
EBITDA	69.9	119.5
D&A	(125.1)	(97.9)
Depreciation and impairment tangibles	(55.2)	(43.0)
Amortisation and impairment intangibles	(7.8)	(6.2)
Depreciation right-of-use assets	(62.1)	(48.7)
Lease concessions	8.6	-
EBIT	(46.6)	21.6
Finance costs	(6.8)	(8.2)
Interest lease liabilities	(14.0)	(12.0)
Corporation tax	15.4	(0.6)
Net result	(51.9)	0.9

UNDERLYING KEY FIGURES

Club EBITDA	96.5	152.4
Cash rent costs (open clubs)	(46.4)	(49.2)
Exceptional items - clubs	41.4	0.7
Underlying Club EBITDA (open clubs)	91.5	103.9
EBITDA	69.9	119.5
Cash rent costs clubs and overhead, incl. car leases	(49.1)	(52.4)
Exceptional items - total	41.4	1.2
Underlying EBITDA	62.2	68.3
Underlying net result*	(2.7)	13.5
Underlying result per share (in EUR)	-0.05	0.25

* Before IFRS 16, PPA related amortisation, IRS valuation differences, (COVID-19 related) exceptional items, one-offs and the related tax effects

Totals are based on non-rounded figures

EXCEPTIONAL COVID-19 COSTS

We aim to provide the market with a clear view on the underlying performance of our business. To that end we have reported adjusted EBITDA and earnings numbers, and since this year after the introduction of IFRS 16, underlying EBITDA and earnings numbers. The COVID-19 measures issued by local governments in the countries where we are active have forced us to close all of our clubs for a few months. In line with the past practice, we treat the costs associated with closed clubs (to the extent that we could not reduce the cost base and could not make up for it through governments compensation schemes or discounts received from landlords) as exceptional items and exclude such costs from EBITDA. The total exceptional costs at the clubs relating to COVID-19, consisting of cash rent, employee and other club operating costs were assessed to be €46.8 million, of which €41.4 million was booked this period. The remaining exceptional costs will be booked in the second half of the year and relate to postponed payment of club rent during the COVID-19 lockdown related closures which will be paid in the coming months.

CLUB AND MEMBERSHIP DEVELOPMENT

In the first half of the year we opened 47 clubs compared to 53 net club openings in the first half of 2019. At the end of the period we operated 831 clubs compared to 682 clubs a year ago; an increase of 149.

Club development

	H1 2020	FY 2019	H1 2019
Netherlands	202	199	164
Belgium	188	183	179
Luxembourg	10	9	10
France	393	357	296
Spain	38	36	33
Total	831	784	682

At the end of the period we had 2.17 million memberships, compared to 2.22 million at the end of 2019 and 2.00 million a year ago.

We have seen continued strong demand for the Premium membership, with more than 30% of new members taking this membership. Of our membership base, more than 20% now has this membership type.

Our 513 mature clubs had on average 3,078 members a club at the end of June. This compares to 3,329 members on average in our mature clubs a year ago. The decrease is explained by the COVID-19 lockdown related club closures during which period we did have the usual leavers but no joiners.

REVENUE

In the first half of the year, revenue was €183 million compared to €240 million in H1 2019. The decline is explained by the COVID-19 lockdowns related closure of our clubs. When we closed the clubs, we communicated to our members that we would compensate them for the period that they could not access our clubs from mid-March to May. As of 1 May, all memberships were frozen, meaning that we no longer collected membership fees. We offered our members the choice between a number of compensation options: an upgrade to a Premium membership, payback of paid fees as a discount over a 6-month period, a goodie bag and no pay-back of membership fees. 75% of our members supported us by opting for one of the compensation options. 25% of members indicated that they did not want to be debited for April and got an immediate freeze of their membership until their clubs reopened again. We have started to compensate the members who continued to pay membership fees in the lockdown period as of June. For the vast majority this will be over a six-month period as a discount on the membership fees. Revenue recognised during the time that our clubs were closed, was almost entirely related to our online fitness platform, GXR, which members could continue to access via the app.

Geographic revenue split

<i>In € millions</i>	H1 2020 <i>unaudited</i>	H1 2019 <i>unaudited</i>	change
Netherlands	40.4	65.3	-38%
Belgium	48.0	67.1	-28%
Luxemburg	3.9	5.6	-30%
France	83.5	90.2	-7%
Spain	6.7	12.0	-44%
Total revenue	182.5	240.0	-24%

Totals are based on non-rounded figures

All countries showed revenue decline due to the COVID-19 related club closures.

The average yield per member per month was €13.53 compared to €20.25 in H1 2019. The decrease is the result of the COVID-19 lockdown related closures of the clubs. The member compensation for the period of club closures and the loss of revenue for the period that memberships were frozen, will continue to have a lowering effect on the yield per member per month for the remainder of the year.

UNDERLYING CLUB EBITDA

Underlying club EBITDA of opened clubs, which is club EBITDA of open clubs excluding exceptional items and adjusted for cash rent costs, was €91.5 million compared to €104 million in H1 2019. Total club operating expenses were €85.2 million compared to €86.7 million in H1 2019. The decrease in operating costs is the result of the cost savings measures at the time of the COVID-19 lockdown related club closures.

EBITDA AND UNDERLYING EBITDA

Total overhead expenses were €26.6 million compared to €32.9 million in H1 2019. The decrease is mainly explained by the cost savings measures after the COVID-19 outbreak which include postponement of HQ projects, employee cost compensation schemes and lower marketing costs. International overhead costs were €12.3 million (H1 2019: €14.6 million) and country overhead costs were €14.3 million (H1 2019: €18.3 million)

EBITDA of the group was €69.9 million compared to €120 million in H1 2019. Underlying EBITDA, which is calculated by adjusting the EBITDA for the cash rent costs and exceptional items, was €62.2 million, compared to €68.3 million in H1 2019.

The cash rent costs in the period were €49.1 million compared to €52.4 million in H1 2019. The lower cash rent costs are the result of temporary COVID-19 related rent reductions and postponements.

Exceptional items were €41.4 million compared to €1.2 million in H1 2019. The exceptional items in the period mainly comprised of the costs incurred at the clubs at the time of the mandatory closures during the COVID-19 related lockdowns.

DEPRECIATION & AMORTISATION

Depreciation and impairment of tangibles were €55.2 million compared to €43.0 million in H1 2019.

Depreciation of right-of-use assets was €62.1 million compared to €48.7 million in H1 2019. The increase of both is explained by the strong growth of our club network the past 12 months.

Amortisation costs in the period were €7.8 million compared to €6.2 million in H1 2019. In the period, €5.4 million (H1 2019: €5.6 million) was linked to the purchase price allocation (PPA) from when Basic-Fit was partly acquired by 3i Investments Plc.

LEASE CONCESSIONS

Lease concessions in the period were €8.6 million and include property rent discounts received from our landlords which did not entail an amendment of lease contracts. In case of lease contract amendments, adjustments were made to the right-of-use assets and lease liabilities.

INTEREST

The finance expenses in the first half of the year decreased to €6.8 million compared to €8.2 million in H1 2019. Temporary valuation differences of interest rate swaps were €0.6 million negative in the period (H1 2019: €3.6 million negative).

CORPORATE TAX

In the first half of the year, we recorded a corporate tax income of €15.4 million (H1 2019: €0.6 million expense) representing an effective tax rate of 23% (H1 2019: 41%).

UNDERLYING NET EARNINGS

The net loss in the first half of the year was €51.9 million compared to a net profit of €0.9 million in H1 2019. Net earnings, when adjusted for IFRS 16, PPA related amortisation, interest rate swap valuation differences, exceptional items and one offs and the related tax effects, were a loss of €2.7 million compared to a profit of €13.5 million in H1 2019.

Reconciliation net result to underlying net result

<i>In € millions</i>	H1 2020 <i>unaudited</i>	H1 2019 <i>unaudited</i>
Net result	(51.9)	0.9
Amortisation	5.4	5.6
Valuation differences IRS	0.6	3.6
Exceptional items	41.4	1.2
IFRS 16 adjustments	26.9	8.2
Lease concessions	(8.6)	-
Tax effects (25%)	(16.4)	(4.6)
One-off tax effects	0.0	(1.3)
Underlying net result	(2.7)	13.5

Totals are based on non-rounded figures

NET DEBT

At the end of the period net debt (adjusted for IFRS 16), was €399 million compared to €451 million at the end of 2019 and €386 million at the end of H1 2019. The leverage ratio² at the end of the period was 2.3, compared to 2.5 times underlying EBITDA at the end of 2019.

The IFRS net debt, including lease liabilities, was €1,455 million compared to €1,456 million at the end of 2019 and €1,237 million at the end of H1 2019.

Cash and cash equivalents at the end of the period were €189 million compared to €66.5 million at the end of 2019. The increase is the result of €100 million of additional bank financing, of which €30 million is still undrawn, and a successful placing of new shares with gross proceeds of €133 million. Including the €30 million still to be drawn we have €219 million at our disposal.

WORKING CAPITAL

Working capital at the end of the period was €108 million negative compared to €111 million negative at the end of 2019. As a percentage of revenue working capital was 24%.

CAPITAL EXPENDITURE

Maintenance capex in H1 2020 was €17.8 million compared to €11.9 million in H1 2019. The increase is mainly explained by the refurbishments of many clubs in the weeks before the reopening. The average maintenance costs per club were €22 thousand compared to €18 thousand in H1 2019. We expect maintenance capex of around €50 thousand per club on average for the full year.

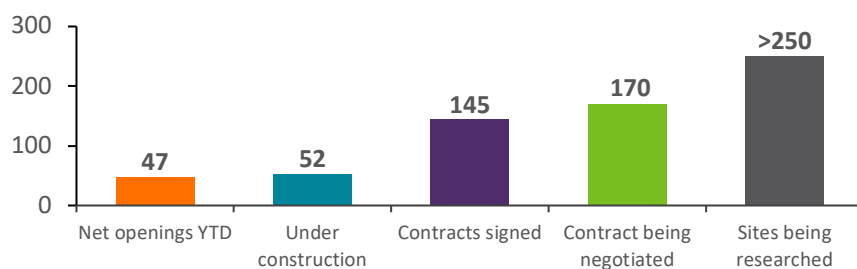
² Net debt/LTM underlying EBITDA, as defined in the bank facilities agreement.

Expansion capex in the period was €67.5 million compared to €80.0 million in H1 2019, which included the €10 million prepayment for the Fitland acquisition. Expansion capex also includes the expenses for the expansion of existing clubs and expenses for yet to open clubs. On the 47 clubs that we built, we spent €57.9 million, which is on average €1.23 million per club.

Other capex was €6.9 million compared to €7.0 million in H1 2019. In the period we acquired the full IP rights of our exclusive membership administration software. Other capex further consisted mainly of investments in innovations and software development. For the full year we expect other capex to be around €10 million.

OUTLOOK

Club openings pipeline (# clubs)



In June we restarted the construction process of the clubs which construction process we stopped at the time of the COVID-19 outbreak. We currently expect to open around 100 clubs in 2020. We will closely monitor the developments regarding COVID-19 and will be adjusting our plans accordingly. Longer term our strategy and targets have not changed and we continue to expect to reach the 1,250 clubs mark in 2022. We will also continue to follow our site selection process and only open clubs when we expect to achieve a return on invested capital of at least 30%.

– END –

FOR MORE INFORMATION

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AUDIO WEBCAST HALF YEAR 2020 RESULTS

Date and time: 31 July 2020 at 14.00 CET

corporate.basic-fit.com

Basic-Fit is listed on Euronext Amsterdam in the Netherlands

ISIN: NL0011872650 Symbol: BFIT

FINANCIAL CALENDAR

Q3 trading update 30 October 2020

ABOUT BASIC-FIT

With more than 830 clubs, Basic-Fit is the largest and fastest growing fitness operator in Europe. We operate in five countries and in our clubs more than 2.1 million members can work on improving their health and fitness. Basic-Fit operates a straightforward membership model and offers a high-quality, value-for-money fitness experience that appeals to the fitness needs of all active people who care about their personal health and fitness.

NOTES TO THE PRESS RELEASE

The interim results are unaudited and presented in millions of euros and all values are rounded to the nearest million unless otherwise stated. Change percentages and totals are calculated before rounding. As a consequence, rounded amounts may not add up to the rounded total in all cases.

This press release contains inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

NON-IFRS FINANCIAL MEASURES

The financial information in this report includes non-IFRS financial measures and ratios (e.g. club EBITDA, underlying EBITDA, exceptional items, underlying net earnings and net debt) which are not recognised measures of financial performance or liquidity under IFRS. In addition, certain other operational data, such as the number of clubs, number of members and number of countries in which Basic-Fit is present, are disclosed. The non-IFRS financial measures presented are measures used by management to monitor the underlying performance of the business and operations 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 non-IFRS 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 liquidity. Not all companies calculate non-IFRS financial 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 or similar names.

Term	Definition
Underlying club EBITDA	Club EBITDA adjusted for exceptional items, minus cash rent costs of open clubs and excluding non-club revenue
Underlying club EBITDA margin	Underlying club EBITDA divided by club revenue
EBITDA	Profit (loss) before interest, taxes, depreciation and amortisation
EBITDA margin	EBITDA divided by total revenue
Underlying EBITDA	EBITDA minus cash rent costs and adjusted for exceptional items
Underlying EBITDA margin	Underlying EBITDA divided by total revenue
EBIT	Earnings before interest and taxes
Underlying net earnings	Net earnings adjusted for IFRS16, PPA amortisation, SWAP valuation differences, exceptional items, one-offs and the related tax effects
Underlying EPS	Underlying net earnings divided by the weighted average number of diluted shares
Net debt	IFRS net debt minus lease liabilities

FORWARD-LOOKING STATEMENTS / IMPORTANT NOTICE

Some statements in this press release may be considered 'forward-looking statements'. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. These forward-looking statements involve known and unknown risks, uncertainties and other factors that are outside of our control and impossible to predict and may cause actual results to differ materially from any future results expressed or implied. These forward-looking statements are based on current expectations, estimates, forecasts, analyses and projections about the industry in which we operate and management's beliefs and assumptions about possible future events. You are cautioned not to put undue reliance on these forward-looking statements, which only express views as at the date of this press release and are neither predictions nor guarantees of possible future events or circumstances. We do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events, except as may be required under applicable securities law.

Condensed consolidated interim financial statements (unaudited)

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Interim condensed consolidated statement of comprehensive income

Consolidated statement of profit or loss

For the six months ended	Note	30 June 2020 Unaudited € 000	30 June 2019 Unaudited € 000
Revenue	5	182,503	240,040
		182,503	240,040
Costs of consumables used	6	(7,592)	(6,214)
Employee benefits expense	7	(34,829)	(41,638)
Depreciation, amortisation and impairment charges	8	(125,060)	(97,888)
Lease concessions	18	8,616	-
Other operating income	9	1,080	470
Other operating expenses	10	(71,279)	(73,149)
Operating profit		(46,561)	21,621
Finance income		59	3
Finance costs		(20,830)	(20,167)
Finance costs - net	11	(20,771)	(20,164)
Profit (loss) before income tax		(67,332)	1,457
Income tax	12	15,388	(595)
Profit (loss) for the period		(51,944)	862

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

Basic earnings per share (in €)	19	(0.94)	0.02
Diluted earnings per share (in €)	19	(0.94)	0.02

Other comprehensive income

For the six months ended	Note	30 June 2020 Unaudited € 000	30 June 2019 Unaudited € 000
Profit (loss) for the period		(51,944)	862
Other comprehensive income for the period net of tax		-	-
Total comprehensive income (loss) for the period		(51,944)	862

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Interim condensed consolidated statement of financial position

As at	Note	30 June 2020 Unaudited	31 December 2019 Audited
Assets			
Non-current assets			
Goodwill	13	202,634	202,634
Other intangible assets	14	52,938	54,180
Property, plant and equipment	15	692,665	662,113
Right-of-use assets	16	983,408	950,261
Deferred tax assets	12	21,788	12,623
Receivables		5,716	5,146
Total non-current assets		1,959,149	1,886,957
Current assets			
Inventories		6,698	6,497
Income tax receivables		255	393
Trade and other receivables		45,616	30,817
Cash and cash equivalents		189,477	66,487
		242,046	104,194
Assets held for sale		2,000	2,000
Total current assets		244,046	106,194
Total assets		2,203,195	1,993,151
Equity			
Share capital	19	3,600	3,280
Share premium	19	490,332	358,360
Other capital reserves		2,340	3,240
Retained earnings		(111,268)	(58,394)
Total equity		385,004	306,486
Liabilities			
Non-current liabilities			
Lease liabilities	18	898,877	866,741
Borrowings	18	584,394	517,283
Derivative financial instruments	17	3,262	3,268
Deferred tax liabilities	12	6,286	10,970
Provisions		603	549
Total non-current liabilities		1,493,422	1,398,811
Current liabilities			
Trade and other payables		160,697	147,994
Lease liabilities	18	157,758	138,787
Borrowings	18	3,408	60
Current income tax liabilities		2,156	772
Derivative financial instruments	17	635	-
Provisions		115	241
Total current liabilities		324,769	287,854
Total liabilities		1,818,191	1,686,665
Total equity and liabilities		2,203,195	1,993,151

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Interim condensed consolidated statement of changes in equity

Attributable to equity owners of Basic-Fit N.V.

	Share capital	Share premium	Treasury shares	Other capital reserves	Retained earnings	Total equity
For the six months ended 30 June 2019 (in € 000)						
Balance – 1 January 2019	3,280	358,360	-	2,105	(68,785)	294,960
Profit for the period	-	-	-	-	862	862
Total comprehensive income for the period	-	-	-	-	862	862
Equity settled share-based payments	-	-	-	1,027	-	1,027
Purchase of treasury shares	-	-	(771)	-	-	(771)
Exercised share-based payments	-	-	134	(173)	(100)	(139)
Transactions recognised directly in equity	-	-	(637)	854	(100)	117
Balance – 30 June 2019 (unaudited)	3,280	358,360	(637)	2,959	(68,023)	295,939
For the six months ended 30 June 2020 (in € 000)						
Balance – 1 January 2020	3,280	358,360	-	3,240	(58,394)	306,486
Profit (loss) for the period	-	-	-	-	(51,944)	(51,944)
Total comprehensive income for the period	-	-	-	-	(51,944)	(51,944)
Issue of ordinary shares	320	131,972	-	-	-	132,292
Equity settled share-based payments	-	-	-	917	-	917
Purchase of treasury shares	-	-	(1,435)	-	-	(1,435)
Exercised share-based payments	-	-	1,435	(1,817)	(930)	(1,312)
Transactions recognised directly in equity	320	131,972	-	(900)	(930)	130,462
Balance – 30 June 2020 (unaudited)	3,600	490,332	-	2,340	(111,268)	385,004

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Interim condensed consolidated statement of cash flows

For the six months ended	Note	30 June 2020 Unaudited € 000	30 June 2019 Unaudited € 000
Operating activities			
Profit (loss) before income tax		(67,332)	1,457
<i>Non-cash adjustments to reconcile profit before tax to net cash flows:</i>			
Depreciation and impairment of property, plant and equipment and right-of-use assets	8	117,283	91,675
Amortisation and impairment of intangible assets	8	7,777	6,213
Lease concessions	18	(8,616)	-
Share-based payment expense	20	917	1,027
Gain on disposal of property, plant and equipment	9	(768)	(244)
Finance income	11	(59)	(3)
Finance costs	11	20,830	20,167
Movements in provisions		(73)	4
<i>Working capital adjustments:</i>			
Change in inventories		(201)	(692)
Change in trade and other receivables		(14,798)	1,497
Change in trade and other payables		29,647	3,265
Cash generated from operations		84,607	124,366
Interest received		59	3
Interest paid		(15,631)	(15,949)
Income tax paid		3,409	(2,656)
Net cash flows from operating activities		72,444	105,764
Investing activities			
Proceeds from sale of property, plant and equipment		493	392
Purchase of property, plant and equipment		(101,739)	(99,806)
Purchase of other intangible assets, including initial direct costs related to right-of use assets		(7,310)	(4,149)
Acquisition of a subsidiary, net of cash acquired	4	(400)	-
Repayment of loans granted		13	70
Investments in other financial fixed assets		(583)	(13,531)
Net cash flows used in investing activities		(109,526)	(117,024)
Financing activities			
Proceeds from borrowings		75,000	70,000
Repayments of borrowings		(5,015)	-
Lease payments		(39,110)	(40,450)
Proceeds from issuance of ordinary shares		133,333	-
Transaction costs of issue of shares		(1,388)	-
Purchase less sale treasury shares and exercised share-based payments		(2,748)	(910)
Net cash flows from (used in) financing activities		160,072	28,640
Net increase (decrease) in cash and cash equivalents		122,990	17,380
Cash and cash equivalents at 1 January		66,487	5,626
Cash and cash equivalents at 30 June	22	189,477	23,006

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the interim condensed consolidated financial statements

1 Corporate information

Basic-Fit N.V. (the 'Company') is a company domiciled in the Netherlands. The address of the Company's registered office is Wegalaan 60, Hoofddorp, the Netherlands. The Company is registered under trade registration number of 66013577 in the Chamber of Commerce in Amsterdam.

The interim condensed consolidated financial statements of the Company for the period 1 January 2020 to 30 June 2020 comprise the Company and its subsidiaries (together referred as the 'Group' and individually as 'Group entities').

With 831 clubs and almost 2.2 million members, Basic-Fit is the largest fitness chain in Europe. The Group is active in five countries: the Netherlands, Belgium, Luxembourg, France and Spain. Basic-Fit aims to make fitness easy, affordable and fun, and give its members unbeatable value.

1.1 COVID-19

Following the COVID-19 pandemic declaration, governments in the countries where we operate have taken measures to limit the consequences of the outbreak. As a result of these measures, Basic-Fit had to close all fitness clubs as of mid-March 2020. Shortly after that, Basic-Fit communicated to the members that they would be compensated for the period that they could not access the clubs. Following that, Basic-Fit worked on a compensation scheme for members and held an extensive survey among them to that end. The options presented included an upgrade to a Premium membership, payback of paid fees as a discount over a 6-month period, a goodie bag and no pay-back of membership fees. 75% of all members supported Basic-Fit by opting for one of the compensation options. 25% of members indicated that they did not want to be debited for April and got an immediate freeze¹ of their membership until the clubs were opened again. As of 1 May, all memberships were frozen.

Following the closure of all clubs, Basic-Fit took swift action to manage cash and halted the construction and opening of new clubs. Also maintenance activities, like replacements of equipment and refurbishments, were minimised to bring the capital expenditures to a minimum. In addition, Basic-Fit lowered the club operating costs and the overhead costs. These cost reductions have partially been realised with support of the various government facilities and arrangements largely compensating for staff costs.

In addition to the operational measures, Basic-Fit has taken action to guarantee sufficient liquidity. In April 2020, Basic-Fit has reached an agreement for a €40 million accordion facility in the form of a revolving credit facility (RCF). To further secure liquidity throughout the COVID-19 crisis, Basic-Fit obtained an additional €60 million government backed term facility in May 2020. The three-year GO-C facility will be repaid quarterly in a straight line in two years, after an initial one-year grace period. With these additional funds, Basic-Fit had sufficient liquidity to absorb the consequences of the club closings.

Furthermore, in June 2020 Basic-Fit announced a successful raise of €133.3 million through an accelerated bookbuild offering of 5,333,333 new ordinary shares. Basic-Fit intends to use the net proceeds to strengthen the balance sheet providing the Company with the financial flexibility to recommence its growth strategy which includes the opening of new clubs and acquisitions. At 30 June 2020, Basic-Fit had €189 million in cash and €30 million undrawn GO-C facility.

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

At the time of publication of these interim consolidated financial statements, it is not possible to determine the ultimate impact of the COVID-19 pandemic on our business operations and financial results, which is highly dependent on numerous factors, including:

- the duration and spread of the pandemic and any resurgence of COVID-19;
- actions taken by governments;
- the impact of the pandemic on business and economic conditions;
- the response of businesses and individuals to the pandemic.

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

Taken into account the aforementioned uncertainties, management will remain focusing on the business and the group's financial position. The recent impairment test (note 13) did not result in any impairment of goodwill or (in) tangible fixed assets.

Within these circumstances, Basic-Fit does not have any reason to believe that the group is not able to continue as a going concern.

2 Basis of preparation and changes to the Group's accounting policies

2.1 Basis of preparation and statement of compliance

The interim condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with Accounting Standard IAS 34 interim financial reporting as issued by the International Accounting Standard Board (IASB) and as adopted by the European Union.

The interim condensed consolidated financial statements do not include all the notes and all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's financial statements for the year ended 31 December 2019.

The interim consolidated financial statements of Basic-Fit N.V. as at and for the six months ended 30 June 2020 have not been audited or reviewed. The interim consolidated financial statements were authorised for publication in a Management Board and Supervisory Board meeting on 30 July 2020.

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

2.2 Critical accounting estimates and judgements

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements for the year ended 31 December 2019.

2.3 New standards, interpretations and amendments adopted by the Group

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2019. As further explanation related to the accounting policy of the derecognition of financial lease liabilities under IFRS 9 Financial Instruments as described in those financial statements, Basic-Fit accounts lease concessions in case of a voluntary forgiveness of a lease liability granted by the lessor without other changes to the lease as a (partial) derecognition of a lease liability with a credit to profit or loss.

To the extent relevant, all IFRS standards and interpretations including amendments that were in issue and effective from 1 January 2020, have been adopted by the group from 1 January 2020. These standards and interpretations had no material impact for the group.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2020 and have not been applied in preparing these condensed consolidated financial statements. These amendments are not expected to have a significant impact on the Company's consolidated financial statements.

Covid-19-Related Rent Concessions (Amendment to IFRS 16)

The standard issued on 28 May 2020 provides a practical expedient that allows lessees to account for Covid-19 rent concessions as if they were not a lease modification. The amendment is effective for annual reporting periods beginning on or after 1 June 2020 with earlier application permitted. The amendment has not yet been endorsed by the EU and has not been applied in preparing these condensed financial statements.

3 Segment information

The following tables present revenues and underlying EBITDA information for the Group's operating segments for the six months ended 30 June 2020 and 2019 respectively, and include a reconciliation of underlying EBITDA to profit before tax for the Group:

Six months ended 30 June 2020 (unaudited)

	Benelux	France & Spain	Total
Revenues	92,264	90,239	182,503
Underlying EBITDA segments	44,940	29,808	74,748
Other reconciling items			(12,532)
Total underlying EBITDA			62,216

Reconciliation of underlying EBITDA to profit before tax:

Underlying EBITDA		62,216
<i>Depreciation, amortisation and impairment charges</i>		(125,060)
<i>Finance costs – net</i>		(20,771)
<i>Cash rent payments</i>		49,115
<i>Lease concessions</i>		8,616
<i>Exceptional items:</i>		
- COVID-19 related costs		(41,373)
- Other exceptional costs and profits		(75)
Profit (loss) before tax		(67,332)

Six months ended 30 June 2019 (unaudited)

	Benelux	France & Spain	Total
Revenues	137,892	102,148	240,040
Underlying EBITDA segments	55,125	27,894	83,019
Other reconciling items			(14,744)
Total underlying EBITDA			68,275

Reconciliation of underlying EBITDA to profit before tax:

Underlying EBITDA		68,275
<i>Depreciation, amortisation and impairment charges</i>		(97,888)
<i>Finance costs – net</i>		(20,164)
<i>Cash rent payments</i>		52,418
<i>Exceptional items:</i>		
- Other exceptional costs and profits		(1,184)
Profit (loss) before tax		1,457

Other reconciling items represent corporate costs that are not allocated to operating segments.

Entity-wide information

The Group operates in five countries. Note 5 contains a breakdown of revenues of these countries. Revenue in the Netherlands, the Group's country of domicile, is €40,386 thousand (2019: €65,258 thousand). Furthermore, there are no customers that account for 10% or more of revenue in any period presented.

	30 June 2020	31 December 2019
Breakdown of non-current intangible and tangible assets is as follows:	Unaudited	Audited
The Netherlands (country of domicile)	508,522	490,511
Belgium	369,303	374,067
Luxembourg	36,376	38,857
France	939,687	888,515
Spain	77,757	77,238
Total	1,931,645	1,869,188

4 Business combinations

Acquisitions 2020

During the first six months of 2020 the Group acquired one fitness club through an asset deal. The purchase price net of cash was €400 thousand, which was mostly allocated to property, plant and equipment, customer relationships, leased assets and related lease liabilities. There was no excess of the consideration transferred, after the recognition of newly acquired net identifiable assets. As a result no goodwill was recognised.

Acquisitions 2019

There were no acquisitions during the first six months of 2019.

The fair value of the identifiable assets and liabilities of the acquisitions in the first six months of 2020 and 2019 as at the date of acquisition was as follows:

	Six months ended (unaudited)	
Fair value recognised on acquisition	30 June 2020	30 June 2019
Assets		
Property, plant and equipment	277	-
Right-of-use assets	1,099	-
Customer relationships	148	-
Liabilities		
Lease liabilities	(1,099)	-
Deferred income tax assets and liabilities	(25)	-
Total identifiable net assets acquired at fair value	400	-
Goodwill arising on acquisition	-	-
Purchase consideration transferred	400	-
Less: cash acquired	-	-
Net outflow of cash - investing activities	400	-

5 Revenue

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers.

5.1 Disaggregation of revenue

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

	Six months ended (unaudited)	
	30 June 2020	30 June 2019
Type of goods or service		
Fitness revenue	178,394	233,536
Other revenue	4,109	6,504
Total	182,503	240,040
Geographical markets		
The Netherlands	40,386	65,258
Belgium	47,968	67,078
Luxembourg	3,910	5,556
France	83,547	90,196
Spain	6,692	11,952
Total	182,503	240,040
Timing of revenue recognition		
Products and services transferred over time	172,864	231,754
Products transferred at a point in time	9,639	8,286
Total	182,503	240,040

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

5.2 Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers:

	30 June 2020	31 December 2019
	Unaudited	Audited
Receivables, which are included in 'Trade and other receivables'	21,768	15,721
Contract liabilities, which are included in 'Trade and other payables'	45,636	26,990

The receivables relate to amounts due from customers for services performed in the past period(s), less provision for impairment. The contract liabilities primarily relate to the advance consideration received from customers, for which revenue is recognised over time.

5.3 Seasonality of operations

Membership growth varies through the year due to seasonality and marketing activities, with January/February and the end of the summer holidays (usually the second half of August and September) being the most active membership recruitment periods.

6 Cost of consumables used

	Six months ended (unaudited)	
	30 June 2020	30 June 2019
Cost of food and drinks	(2,398)	(3,025)
Other cost of sales	(5,194)	(3,189)
Total	(7,592)	(6,214)

7 Employee benefits expense

The employee benefits expense can be broken down as follows:

	Six months ended (unaudited)	
	30 June 2020	30 June 2019
Salaries and wages	(26,583)	(33,262)
Social security contributions	(7,590)	(7,814)
Pension costs – defined contribution plans	(656)	(562)
Total	(34,829)	(41,638)

8 Depreciation, amortisation and impairment charges

	Six months ended (unaudited)	
	30 June 2020	30 June 2019
Depreciation of property, plant and equipment	(55,305)	(42,876)
Depreciation of right-of-use assets	(61,978)	(48,661)
Amortisation of other intangible assets	(7,777)	(6,213)
Impairment on property, plant and equipment	-	(138)
Total	(125,060)	(97,888)

9 Other operating income

	Six months ended (unaudited)	
	30 June 2020	30 June 2019
Net gain on disposal of property, plant and equipment and right-of-use assets	768	244
Insurance reimbursements	306	46
Other	6	180
Total	1,080	470

10 Other operating expenses

	Six months ended (unaudited)	
	30 June 2020	30 June 2019
Other personnel expenses	(6,680)	(9,225)
Housing expenses	(36,951)	(35,579)
Net marketing expenses	(8,525)	(10,676)
Write-off of bad debts, incl. collection agency costs	(5,299)	(5,786)
Short-term and low-value lease expenses and other lease adjustments	(819)	(424)
Other car expenses	(475)	(368)
Overhead and administrative expenses	(12,530)	(11,091)
Total	(71,279)	(73,149)

11 Finance income and costs

	Six months ended (unaudited)	
	30 June 2020	30 June 2019
Finance income:		
Other interest income	59	3
Total finance income	59	3
Finance costs:		
Interest on external debt and borrowings	(6,195)	(4,616)
Lease liabilities interest	(14,006)	(11,968)
Valuation difference derivative financial instruments	(629)	(3,583)
Total finance costs	(20,830)	(20,167)
Finance costs - net	(20,771)	(20,164)

12 Income tax

Income tax in the interim condensed consolidated statement of comprehensive income

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of the income tax expense in the interim condensed consolidated statement of comprehensive income are:

	Six months ended (unaudited)	
	30 June 2020	30 June 2019
Consolidated statement of profit or loss		
Current income tax:		
Current income tax charge	(1,661)	(2,541)
Adjustments in respect of current income tax of previous year	3,548	-
	1,887	(2,541)
Deferred income tax:		
Change in deferred tax asset for carry forward losses available for offsetting against future taxable income	11,840	517
Changes in other deferred tax assets and liabilities recognised in profit or loss	1,661	1,429
	13,501	1,946
Total income tax	15,388	(595)

The current income tax charge for the six months ended 30 June 2020 includes an amount of €1.3 million (2019: €1.0 million) related to CVAE tax in France ("Cotisation sur la Valeur Ajoutée des Entreprises"). CVAE is a corporate value added contribution which meets the definition of an income tax as established under IAS 12.

The effective income tax rate is calculated as follows:

	Six months ended (unaudited)	
	30 June 2020	30 June 2019
Profit (loss) before income tax	(67,332)	1,457
Income tax	15,388	(595)
<i>Effective income tax rate</i>	22.9%	40.8%
<i>Applicable income tax rate</i>	25.0%	25.0%

Amounts recognised directly in equity

All aggregate current and deferred tax arising in the reporting periods have been recognised in the net profit or loss. Furthermore, an amount of €347 thousand in deferred taxes has been directly credited to equity relating to incremental costs directly attributable to the newly issued shares amounting to €1.4 million.

Deferred taxes in the interim condensed consolidated statement of financial position

The deferred income tax assets and liabilities on 30 June 2020 and 31 December 2019 can be specified as follows:

Deferred tax assets and liabilities relating to:	30 June 2020	31 December 2019
	Unaudited	Audited
Losses available for offsetting against future taxable income	19,995	7,808
Purchase price allocation	(8,864)	(10,208)
Goodwill amortisation for tax purposes	(8,523)	(7,826)
Leases	10,448	9,243
Temporary differences in the valuation of other assets and liabilities	2,446	2,636
Total deferred tax assets and liabilities before offsetting	15,502	1,653

After netting deferred tax assets and deferred tax liabilities within the same tax entity for an amount of €11.5 million (31 December 2019: €7.6 million), these positions are as follows:

	30 June 2020	31 December 2019
	Unaudited	Audited
Deferred tax assets	21,788	12,623
Deferred tax liabilities	(6,286)	(10,970)
Deferred tax liabilities net	15,502	1,653

13 Goodwill and impairment testing

During the six months ended June 2020 and June 2019, there was no movement in goodwill.

Impairment testing

The Group performs its annual impairment test in December and in addition when circumstances indicate the carrying value may be impaired. The outbreak of the COVID-19 virus, followed by the forced closing of all clubs, is considered as a triggering event to perform a new impairment test on goodwill and other assets in relation to these interim financial statements.

The Group's impairment test for goodwill and intangible assets with indefinite lives is based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in

the annual consolidated financial statements for the year ended 31 December 2019. These assumptions were updated in the light of the impairment test in relation to these interim financial statements.

The pre-tax discount rates applied to the cash flow projections are shown in the table below. Cash flows beyond the five-year period are extrapolated using a terminal growth rate of 0.0% for all CGUs (2019: 0.5%). The compound annual growth rate of fitness membership revenues over the forecast budget period is in line with those used at yearend 2019.

<i>Pre-tax WACC discount rate</i>	Netherlands	Belgium	Luxembourg	France	Spain
Year ended 31 December 2019	7.6%	8.7%	7.9%	8.5%	9.9%
Six months ended 30 June 2020	9.3%	10.7%	9.6%	10.5%	12.1%

As the uncertainty related to the future economic development is high and visibility is still limited at the moment of publication of these interim financial statements, we used various scenarios on future profitability and related cash flows. Based on the calculated recoverable amounts as at 30 June 2020, there is significant headroom and the sensitivity analysis conducted does not indicate that a reasonably possible change in the key assumptions (terminal growth rate, discount rate and member growth) on which the Group has based its determination of the recoverable amounts would result in impairment.

14 Intangible assets

The movement in intangible assets during the periods was as follows:

	Six months ended 30 June 2020 (unaudited)				Six months ended 30 June 2019
	Trademark	Customer relationships	Other intangible assets	Total	Total (unaudited)
At 1 January					
Cost	44,918	63,025	19,568	127,511	117,452
Accumulated amortisation	(13,476)	(49,242)	(10,613)	(73,331)	(59,767)
Net book value	31,442	13,783	8,955	54,180	57,685
Period ended 30 June					
Opening net book value	31,442	13,783	8,955	54,180	57,685
Additions	-	-	6,387	6,387	2,556
Cost of disposals	-	-	(2)	(2)	(1)
Acquired through business combinations	-	148	-	148	-
Amortisation	(1,123)	(4,851)	(1,803)	(7,777)	(6,213)
Accumulated amortisation of disposals	-	-	2	2	-
Closing net book value	30,319	9,080	13,539	52,938	54,027
At 30 June					
Cost	44,918	63,173	25,953	134,044	120,007
Accumulated amortisation	(14,599)	(54,093)	(12,414)	(81,106)	(65,980)
Net book value	30,319	9,080	13,539	52,938	54,027

15 Property, plant and equipment

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

	Six months ended 30 June 2020 (unaudited)			Six months ended 30 June 2019 Total (unaudited)
	Building improvement	Other fixed assets	Total	
At 1 January				
Cost	613,202	355,647	968,849	733,869
Accumulated impairments and depreciation	(146,974)	(159,762)	(306,736)	(223,243)
Net book value	466,228	195,885	662,113	510,626
Period ended 30 June				
Opening net book value	466,228	195,885	662,113	510,626
Additions	58,602	26,989	85,591	84,932
Cost of disposals	(1,074)	(1,602)	(2,676)	(4,859)
Acquired through business combinations	240	37	277	-
Depreciation	(28,864)	(26,441)	(55,305)	(42,876)
Impairment	-	-	-	(138)
Accumulated depreciation of disposals	1,073	1,592	2,665	4,687
Closing net book value	496,205	196,460	692,665	552,372
At 30 June				
Cost	670,970	381,071	1,052,041	813,942
Accumulated impairments and depreciation	(174,765)	(184,611)	(359,376)	(261,570)
Closing net book value	496,205	196,460	692,665	552,372

The additions and disposals of the first six months of 2020 mainly relate to the opening of 47 new clubs. In the first six months of 2019, 57 new clubs were opened and 4 clubs were closed.

16 Right-of-use assets

	Six months ended 30 June 2020 (unaudited)			Six months ended 30 June 2019 Total (unaudited)
	Property	Vehicles	Total	
Carrying amount as at 1 January	947,596	2,665	950,261	737,944
Period ended 30 June				
Opening net book value	947,596	2,665	950,261	737,944
Additions	80,490	-	80,490	115,648
Remeasurements	14,469	166	14,635	799
Depreciation	(61,180)	(798)	(61,978)	(48,661)
Carrying amount as at 30 June	981,375	2,033	983,408	805,730

17 Financial assets and financial liabilities

Set out below is an overview of financial assets, other than cash and short-term deposits, held by the Group as at 30 June 2020 and 31 December 2019:

	30 June 2020 (unaudited)		31 December 2019 (audited)	
	Derivatives at FVPL (*)	Loans and receivables at amortised costs	Derivatives at FVPL (*)	Loans and receivables at amortised costs
Assets				
Loan receivable	-	128	-	142
Trade and other receivables excluding prepayments	-	21,768	-	15,721
Total	-	21,896	-	15,863
(*) Fair value through profit and loss				
Total current	-	21,768	-	15,721
Total non-current	-	128	-	142

Set out below is an overview of financial liabilities held by the Group as at 30 June 2020 and 31 December 2019:

	30 June 2020 (unaudited)		31 December 2019 (audited)	
	Derivatives at FVPL	Other financial liabilities at amortised costs	Derivatives at FVPL	Other financial liabilities at amortised costs
Liabilities				
Borrowings (excluding lease liabilities)	-	587,802	-	517,343
Lease liabilities	-	1,056,635	-	1,005,528
Derivative financial instruments	3,897	-	3,268	-
Trade and other payables excluding non-financial liabilities	-	69,198	-	80,123
Total	3,897	1,713,635	3,268	1,602,994
Total current	635	230,364	-	218,970
Total non-current	3,262	1,483,271	3,268	1,384,024

Financial risk management

The Group's activities expose the Group to a variety of financial risks: market risk (including currency risk and price risk), credit risk and liquidity risk. The interim condensed financial statements do not include all financial risk management information and should be read in conjunction with the Group's 2019 annual financial statements as at 31 December 2019. Furthermore, reference is made to chapter "Risk overview" for an update of the risk profile of the Group following the impact of the COVID-19 pandemic.

Fair value estimation

On 30 June 2020, the Group had nine financial instruments measured at fair value (31 December 2019: nine). These instruments relate to interest rate swaps which are designated as hedging instrument in a cash flow hedge relationship. The derivatives are classified as Level 2 valuation in accordance with the fair value hierarchy as described in IFRS 13.

The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

For all periods presented, the Group only held financial instruments which classify as Level 2 fair values. The Group did not hold any Level 1 or Level 3 financial instruments and there were also no transfers between levels during the years.

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 which 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 fair value an instrument are observable, the instrument is included in Level 2. The fair value of the interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves (discounted cash flow model).

Fair values, including valuation methods and assumptions

- On 30 June 2020 and 31 December 2019, the carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables, and short-term borrowings approximated their fair values due to the short-term maturities of these assets and liabilities.
- On 30 June 2020 and 31 December 2019, the fair values of other long-term financial assets were not materially different from the carrying amounts.
- On 30 June 2020 and 31 December 2019, the fair values of bank borrowings were not materially different from the carrying amounts.

18 Borrowings

The Group's interest-bearing borrowings as at 30 June 2020 and 31 December 2019 are summarised in the following table:

	30 June 2020 Unaudited	31 December 2019 Audited
Floating rate borrowings (non-current)		
Bank borrowings (*)	250,000	250,000
Drawn revolving credit facility (*) (**)	210,500	170,500
GO C-facility (*)	30,000	-
Schuldschein (*)	92,000	92,000
Borrowing costs	(2,863)	(3,337)
	579,637	509,163
Fixed rate borrowings and lease liabilities (non-current and current)		
Schuldschein	8,000	8,000
Lease liabilities	1,056,635	1,005,528
Other bank borrowings	165	180
	1,064,800	1,013,708
	1,644,437	1,522,871
Of which:		
Non-current lease liabilities	898,877	866,741
Non-current borrowings	584,394	517,283
Current lease liabilities	157,758	138,787
Current borrowings	3,408	60

* Variable interest rates plus margin

** Drawn on a 3-month basis

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 maturity date.

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

The facilities agreement originally consists of a €250.0 million term loan and a €200.0 million revolving facility. In April 2020, the Company has drawn an additional €40 million of a total € 150 million accordion facility in the form of a revolving credit facility (RCF). This is part of the Term and RCF facilities agreement as amended and extended in 2018. The interest is variable and based on Euribor plus a margin that depends on certain leverage covenants (currently 1.7%). The term loan and RCF are unsecured and is repayable in full in June 2024. As at 30 June 2020, an amount of €9.0 million

(31 December 2019: €8.3 million) of the revolving facility of €240 million had been used for bank guarantees and €210.5 million (31 December 2019: €170.5 million) had been drawn in cash.

GO C-facility

In May 2020, the Company entered into a €60 million GO C-facility agreement, repayable quarterly in a straight line in two years, after an initial one-year grace period. At 30 June 2020, an amount of €30 million was drawn. The interest is variable and based on Euribor plus a margin that depends on certain leverage covenants (currently 2.5%). As part of the GO-C Regulation, the Dutch State ("Staat der Nederlanden") guarantees 80% of the loan for the benefit of the lenders. Furthermore, as part of the GO-C Regulation, the Company is not allowed to pay any dividends until the loan has been fully repaid.

Schuldschein

In October 2019, Basic-Fit completed a Schuldschein issuance with a German Private Placement. The total volume is €100 million in Euro-denominated tranches with maturities of three and five years. For an amount of €8.0 million the interest is fixed at 1.55% and for the remaining part, the interest is variable and based on Euribor plus an average weighted margin of 1.47%. This loan is unsecured and the financial covenants are similar to the bank borrowings.

Borrowing costs

The carrying value of the borrowings is presented net of finance costs (30 June 2020: €2.9 million; 31 December 2019: €3.3 million). The finance costs are charged to the income statement based on the effective interest rate method over the period to maturity of the loans.

Other bank borrowings

In October 2019, as part of an acquisition, Basic-Fit took over a bank debt with a remaining value of €195 thousand. This loan is repayable in quarterly instalments of €15 thousand. The interest rate is fixed at 1.90%.

Lease liabilities

The Group recognises lease liabilities to make lease payments regarding the right to use the underlying assets. Following the COVID-19 outbreak, numerous lessors granted the company a voluntary forgiveness of (a part of) one or more lease payments without other changes to the lease up to an amount of €8.6 million. These lease concessions have been accounted for as a (partial) derecognition of a lease liability and, applying IFRS 9 Financial Instruments, credited to profit or loss.

Contractual maturities

As at 30 June 2020 and 31 December 2019, the contractual maturities of the Group's non-derivative financial liabilities were as follows:

	30 June 2020 (unaudited)						Carrying amount
	Less than 6 months	6 months to 1 year	1-2 years	2-5 years	Over 5 years	Total	
Non-derivatives							
Borrowings	5,707	8,902	24,593	593,939	-	633,141	590,665
Lease liabilities	85,655	75,258	146,948	406,816	483,023	1,197,700	1,056,635
Trade payables	69,198	-	-	-	-	69,198	69,198
Total non-derivatives	160,560	84,160	171,541	1,000,755	483,023	1,900,039	1,716,498

	31 December 2019 (audited)						Carrying amount
	Less than 6 months	6 months to 1 year	1-2 years	2-5 years	Over 5 years	Total	
Non-derivatives							
Borrowings	4,299	4,422	8,720	540,562	-	558,003	520,680
Lease liabilities	68,506	69,936	138,927	389,859	472,944	1,140,172	1,005,528
Trade payables	80,123	-	-	-	-	80,123	80,123
Total non-derivatives	152,928	74,358	147,647	930,421	472,944	1,778,298	1,606,331

19 Equity

Share capital

The subscribed capital as at 30 June 2020 amounts to €3.6 million and is divided into 60,000,000 shares fully paid-up with a par value per share of €0.06.

In June 2020, the Company issued 5,333,333 ordinary shares at a price of €25.00 per share resulting in an increase in total equity value of €133.3 million. Of this amount, €133 million is recorded in the share premium reserve and €320 thousand in the share capital.

	Six months ended 30 June 2020 Unaudited	31 December 2019 Audited
As at 1 January	3,280	3,280
Issued ordinary shares on 9 June 2020	320	-
As at 30 June 2020 respectively 31 December 2019	3,600	3,280

Share premium

The share premium from the proceeds of the issuance of new shares of €133 million is recorded less incremental costs qualified to be directly attributable to the newly issued shares of €1.4 million, net of the related tax impact of €347 thousand.

	Six months ended 30 June 2020 Unaudited	31 December 2019 Audited
As at 1 January	358,360	358,360
Issuance of share capital on 9 June 2020	131,972	-
As at 30 June 2020 respectively 31 December 2019	490,332	358,360

Earnings per share

The weighted average number of shares used for calculating the basic and diluted earnings per share for the six months ended 30 June 2020 is 55.195 million.

The weighted average number of shares used for calculating the basic and diluted earnings per share for the six months ended 30 June 2019 is 54.666 million.

20 Share-based payments

The Company's long-term incentive plan ('LTIP'), classifies as equity-settled plan as this plan is settled with the company's own equity instruments. This plan is for members of the Management Board and eligible employees.

The performance shares under the LTIP will vest three years after the award date, subject to continued employment and based on achievement of a target revenue growth per annum and a target Debt / EBITDA ratio over a 3-year performance period. Linear vesting applies between threshold (50%), target (100%) and maximum (150%) vesting levels. In June 2020 the shares awarded in 2017 vested. As result of overperformance, a performance adjustment was recognised.

Where a given participant's employment terminates, unvested awards will be forfeited. The unvested awards do not entitle the participant to any share ownership rights, such as the right to receive dividends and voting rights.

Ordinary shares released to the members of the Management Board after vesting of awards are subject to a mandatory holding period of five years from the award date, provided that a board member is permitted to sell a sufficient number of such ordinary shares in order to cover any taxes due upon vesting.

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

	2020 Unaudited	2019 Audited
At January 1	211,827	206,368
Awarded during the year	73,728	53,933
Performance adjustment	23,427	1,522
Exercised during the year	(117,125)	(49,996)
At 30 June and 31 December respectively	191,857	211,827

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

The share-based payment expenses recognised in the first six months of 2020, with a corresponding entry directly in equity, amount to €917 thousand (first six months of 2019: €854 thousand).

21 Contingencies and commitments

Except as disclosed otherwise below, there are no material changes to the Group's contingencies and commitments during the first six months of 2020, compared to 31 December 2019.

Capital commitments

Significant capital expenditure contracted for the end of the reporting period but not recognised as liability is as follows:

	30 June 2020 Unaudited	31 December 2019 Audited
Property, plant and equipment	51,307	54,319

(Long-term) financial obligations

The Group entered into several lease agreements for which the low-value or short-term exemption option of IFRS 16 will be used and several agreements that do not (or not yet) meet the definition of a lease.

Future payment obligations under these agreements are as follows:

	30 June 2020 Unaudited	31 December 2019 Audited
Within one year	1,828	2,789
After one year but not more than five years	17,493	17,160
More than five years	31,197	23,620
Total	50,518	43,569

Furthermore, before 30 June 2020 the Group has entered into a number of rental agreements for new locations for a total amount of €197 million (31 December 2019 €165 million), of which approximately €116 million (31 December 2019) €96 million expires after more than five years). These agreements can be dissolved on the basis of resolutive conditions, for example if the required permits are not obtained.

No discount factor is used in determining these commitments.

Other commitments

As per 30 June 2020 an amount of approximately €9.0 million in total was issued in bank guarantees (31 December 2019: €8.3 million).

22 Cash and cash equivalents

For the purpose of the interim condensed consolidated statement of cash flow, cash and cash equivalents are comprised of the following:

	30 June 2020 Unaudited	30 June 2019 Unaudited
Cash in bank and on hand	189,477	23,006
Bank overdrafts	-	-
Total	189,477	23,006

23 Related party transactions

Except as disclosed otherwise and below, there are no material changes to the Group's related parties, related party transactions (including their terms and conditions) and (future) obligations towards related parties, compared to 31 December 2019.

Transactions and balances held with related parties

The table below provides the total amount of transactions that have been entered into with related parties during the six months ended 30 June 2020 and 30 June 2019 (both unaudited). In addition, the table provides an overview of all balances held with these related parties as at 30 June 2020 (unaudited) and 31 December 2019 (audited).

		Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Management Board of the Group:					
Other director's interest	2020	-	1,979	-	-
	2019	-	3,370	303	597

24 Events after the reporting period

Subsequent events were evaluated up to 30 July 2020. There are no subsequent events.

Management Board's statement on the interim consolidated financial statements for the six months ended 30 June 2020

We have prepared the interim condensed consolidated financial statements for the six months ended 30 June 2020 of Basic-Fit N.V. and the undertakings included in the consolidation taken as a whole in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Dutch disclosure requirements for half-yearly financial reports.

To the best of our knowledge:

- The interim financial statements prepared in accordance with IAS 34, "Interim Financial Reporting", give a true and fair view of the assets, liabilities and financial position at 30 June 2020, and of the profit of our consolidated operations for the first half year of 2020.
- The financial and business review as included in the press release related to the first half year 2020 includes a fair review of the information required pursuant to section 5:25d, subsections 8 and 9 of the Dutch Act on Financial Supervision.

Hoofddorp, 30 July 2020

Management Board

René Moos – Chief Executive Officer

Hans van der Aar – Chief Financial Officer

Overview risks

In the Directors' Report in our Annual Report 2019 we set out an overview of our primary strategic, operational, legal and compliance and financial risks. Financial risks are also described in more detail in the Notes to the Consolidated Financial Statements 2019 (Note 5.4). Risk management policies of the Group are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Basic-Fit re-opened its clubs in all countries in compliance with the COVID-19 guidelines of the local governments in order to make sure its employees can work, and its members can exercise in a safe and comfortable way.

With an online reservation system, we are able to manage the flow of people to our clubs and the number of people in our clubs at any given time. Through signage and clear communications members can safely move around in the clubs whilst keeping the required distance between each other. We increased the already high standard cleaning protocols and have ample availability of cleaning stations in the club so people can clean their equipment before and after their workout. In addition, we have optimized the ventilation in the clubs to make sure that there is no recirculation of air and the inflow of fresh air is well above the expected recommended levels. These are a few of the measures that we have taken to make it possible for our members to safely work out and for our employees to work in our reopened clubs.

The risk profile as included in the Annual Report 2019 is still applicable. Due to the impact of the COVID -19 outbreak, the risks in relation to working from home by our employees on a more regular basis together with the implementation of the re-opening protocol are added to the risk profile. We do realize however that this COVID-19 pandemic and its uncertainty remain a risk. Despite the mitigation actions that are taken, it may still have a further impact on the Basic-Fit activities (such as potential closure of clubs, possible additional member cancellations and less membership growth).