

BASIC-FIT REPORTS STRONG GROWTH AND SOLID MARGINS IN H1 2019

On track to increase the club network by around 155 clubs in 2019

H1 FINANCIAL HIGHLIGHTS¹

- 8** Revenue increased by 27% to €240 million (H1 2018: €190 million)
- 8** Adjusted club EBITDA margin of 43.1% (H1 2018: 43.2%)
- 8** Adjusted EBITDA increased by 23% to €69.7 million (H1 2018: €56.7 million)
- 8** Adjusted net earnings² increased by 9% to €13.0 million (H1 2018: €11.9 million)

H1 OPERATIONAL HIGHLIGHTS

- 8** 53 net clubs opened in the period and 117 clubs year on year, growing the network to 682 clubs (FY 2018: 629 clubs; H1 2018: 565 clubs)
- 8** Acquisition of Fitland, closed in July, solidifies Basic-Fit's leading position in the Netherlands
- 8** Total number of memberships increased by 20% year on year to 2.00 million (H1 2018: 1.67 million)
- 8** Other revenue increased by 33% to €6.5 million (H1 2018: €4.9 million)

OUTLOOK 2019

- 8** We expect to open around 125 clubs organically and add 30 clubs to our network through the Fitland acquisition, bringing the expected club growth to around 155 clubs in 2019
- 8** We reiterate our target of a return on invested capital on mature clubs of at least 30%

Rene Moos, CEO Basic-Fit:

We had a memorable first half of the year, reaching a new milestone of 2 million members. Just after the close of the period, we successfully completed the acquisition of Fitland, the number three player in the Netherlands, which will help us to increase our club network to approximately 785 clubs this year.

The new membership structure and price adjustments truly paid off in the first half of the year. In the period, more than 25% of our new members chose the Premium membership, which offers great value to members with the possibility to work out with friends and share the membership with a family member. The average yield per member per month increased by 5% compared to the first half of last year.

We continue to invest in our ability to innovate and develop new revenue streams and increase the efficiency of our operations. We do this with a long-term view to strengthen the sustainability of our competitive position and to further facilitate operating leverage and operational flexibility.

¹ Based on pre IFRS 16 accounting. Full IFRS 16 reporting is provided in the condensed consolidated interim financial statements and notes to these statements

² Net earnings before PPA related amortisation, IRS valuation differences, exceptional items, one-offs and the related tax effects.
Note: Adjusted (club) EBITDA, adjusted net earnings and leverage ratio are non-GAAP measures (see page 8)

FINANCIAL AND BUSINESS REVIEW

Key figures (pre IFRS 16)

In € millions	H1 2019	H1 2018	Change
Total revenue	240.0	189.6	27%
Property rent	(49.9)	(39.5)	26%
Personnel & other operating expenses	(86.8)	(68.2)	27%
Adjusted club EBITDA	103.4	82.0	26%
Total overhead expenses	(33.7)	(25.3)	33%
Adjusted EBITDA	69.7	56.7	23%
Exceptional items	(2.1)	(0.3)	
EBITDA	67.6	56.3	20%
Depreciation	(43.6)	(35.3)	24%
Amortisation	(7.5)	(7.7)	-2%
Operating profit	16.5	13.3	23%
Finance cost	(8.2)	(4.8)	72%
Income tax	(2.5)	(2.5)	-1%
Net result	5.8	6.1	-5%
Adjusted net earnings*	13.0	11.9	9%
Adjusted EPS	0.24	0.22	9%

* Before PPA related amortisation, IRS valuation differences, exceptional items, one-offs and the related tax effects
Totals are based on non-rounded figures

IFRS 16

Basic-Fit applies IFRS 16 based on a full retrospective approach as of 1 January 2019. IFRS 16 relates to lease accounting and introduces a single, on-balance sheet lease accounting model for lessees. Under IFRS 16 we have to recognise a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. It therefore has a significant impact on our balance sheet. In the profit and loss account, EBITDA no longer includes lease costs, instead the depreciation charges on the right-of-use asset and interest charges on the financial leases are included.

Under the full retrospective approach, the lease liability and the right-of-use asset are measured on the commencement date, using the incremental borrowing rate at that time.

IFRS 16 does not change the company's underlying cash flows or our strategy, the club economics or the way we do business. For consistency purposes, we will continue to report the results on a pre-IFRS 16 basis this year, in addition to reporting the full IFRS 16 financial statements and the notes to the financial statements. The pre IFRS 16 reporting is aligned with our internal reporting and how management reviews the company's performance.

The calculation of the bank covenants is based on frozen GAAP and is therefore not influenced by the adoption of IFRS 16.

Below table shows the key figures based on pre IFRS 16 accounting, the restatements based on IFRS 16 and the key figures according to IFRS 16 accounting.

H1 2019 key figures pre IFRS 16 restated to IFRS 16

In € millions	Pre IFRS 16	Restatement	Post IFRS 16
Total revenue	240.0	-	240.0
Property rent	(49.9)	49.9	(0.0)
Personnel & other operating expenses	(86.8)	0.0	(86.7)
Adjusted club EBITDA	103.4	49.9	153.3
Total overhead expenses	(33.7)	1.1	(32.6)
Adjusted EBITDA	69.7	51.0	120.7
Exceptional items	(2.1)	0.9	(1.2)
EBITDA	67.6	51.9	119.5
Depreciation and impairment tangibles	(43.6)	0.6	(43.0)
Depreciation right of use assets	-	(48.7)	(48.7)
Amortisation	(7.5)	1.3	(6.2)
Operating profit	16.5	5.1	21.6
Finance cost	(8.2)	0.0	(8.2)
Interest lease liabilities	-	(12.0)	(12.0)
Income tax	(2.5)	1.9	(0.6)
Net result	5.8	(4.9)	0.9

Totals are based on non-rounded figures

CLUB AND MEMBERSHIP DEVELOPMENT

In the first half of the year we opened 57 clubs and closed 4 clubs resulting in 53 net additions to our network (H1 2018: 44 net club openings). At the end of the period we operated 682 clubs compared to 565 clubs a year ago; an increase of 117 clubs.

Club development

	H1 2019	FY 2018	H1 2018
Netherlands	164	161	154
Belgium	179	173	168
Luxembourg	10	10	10
France	296	252	200
Spain	33	33	33
Total number of clubs	682	629	565

At the end of the period we had 2.00 million memberships, compared to 1.84 million at the end of 2018 and 1.67 million a year ago. This represents an increase of 157 thousand and 328 thousand memberships respectively.

We started the year with 410 mature clubs, of which 3 were closed during the period. Even though these 407 clubs are mature, they still showed a modest membership growth in the first half of the year with 3,329 memberships on average per club at the end of the period compared to 3,287 at the start of the year. In the period the mature clubs achieved revenue of €168 million and adjusted club EBITDA of €83.7 million, which represents a margin of 49.7% (H1 2018: 49.5%).

FITLAND ACQUISITION

The intended acquisition of all 37 Fitland clubs, the third largest fitness operator in the Dutch market by number of clubs, announced in April, was successfully closed early July after which we started the integration process. We expect to integrate around 30 clubs into our network. The integration process

will be finalised before the end of 2019. As the acquisition was closed after the period under review, the financial implication will be fully reflected in the full year 2019 financial statements. The acquisition is expected to be earnings accretive as of 2020.

REVENUE

In the first half of the year, revenue increased by 27% to €240 million compared to €190 million in H1 2018.

Fitness revenue increased by 26% to €234 million (H1 2018: €185 million) mainly as a result of the ramp up of memberships at our immature clubs and the increased yield per member. Other revenue increased by 33% to €6.5 million (H1 2018: €4.9 million) due to the increase of online product sales, like NXT Level food supplements, and the roll-out of the personal trainer concept and vending machines in France.

Geographic revenue split

<i>In € millions</i>	H1 2019	H1 2018	change
Netherlands	65.3	58.7	11%
Belgium	67.1	60.7	10%
Luxemburg	5.6	4.8	16%
France	90.2	54.2	66%
Spain	12.0	11.2	7%
Total revenue	240.0	189.6	27%

Totals are based on non-rounded figures

All countries showed revenue growth compared to H1 2018. Whilst growth in the Benelux was solid with double digit growth percentages, we were able to deliver revenue growth of 66% in France due to the continued fast expansion.

The average yield per member per month increased by 5% year over year to €20.25 compared to €19.26 in H1 2018. The increase is mainly the result of the adjusted pricing and new membership structure that we introduced in December last year, partly offset by France representing an increasing part in the revenue mix, where the VAT rate is 20%, as well as the VAT rate increase from 6% to 9% in the Netherlands. We have also seen further uptake of the sports water subscription, with 21% of our membership base paying for this as an add-on.

We have seen a strong demand for the Premium membership, with more than 25% of the new members taking this membership. The “bring a friend” option is well utilized with more than 80% of the Premium members working out with “Friends”.

In April we started a pilot with a lower priced membership called Basic in Spain. The €14.99 per four weeks membership has been received well with a healthy uptake of the Basic membership and a positive impact on the membership growth. We will continue to test the Basic membership in Spain and will evaluate the results of the pilot in the fourth quarter.

ADJUSTED CLUB EBITDA AND ADJUSTED EBITDA

Adjusted club EBITDA increased by 26% to €103 million. The adjusted club EBITDA margin was 43.1% (H1 2018: 43.2%). Total operating expenses increased by 27% to €137 million (H1 2018: €108 million).

Adjusted EBITDA increased by 23% to €69.7 million compared to €56.7 million in H1 2018. The adjusted EBITDA margin was 29.0% compared to 29.9% in the same period last year.

Total overhead expenses increased by 33% to €33.7 million compared to €25.3 million in H1 2018. The increase is mainly explained by the higher marketing spend related to the national advertising campaign in France (up €2.5 million to €10.7 million), and the higher international overhead (up €4.7 million), mainly due to the expansion of our headquarters to support initiatives in the development of new revenue streams and cost savings.

In the period, we have set up a department to support the successful implementation and utilisation of the earlier communicated smart camera system in our clubs. After a couple of years of developing and testing, we are now gradually rolling out this camera system across our network. To fully utilise the potential of the camera system we have built a control room to remotely monitor these clubs ourselves and increase the number of 24/7 clubs without having to increase the number of staff at these clubs.

Other new initiatives are aimed at, amongst others, the further improvement of our group classes offering, member retention and digitisation of our customer service.

EBITDA AND EXCEPTIONAL ITEMS

EBITDA of the group increased by 20% to €67.6 million compared to €56.3 million in H1 2018. Exceptional items mainly comprise of non-cash pre-opening costs and costs related to the retention share plan awarded to key people after the IPO. Exceptional items totalled €2.1 million compared to €0.3 million in H1 2018. In the first half of last year, exceptional costs were largely compensated by a one-off insurance benefit, limiting the impact on EBITDA.

DEPRECIATION & AMORTISATION

Depreciation costs were €43.6 million, an increase of 24% compared to the first half of 2018. As a percentage of revenue this was 18.1%.

Amortisation costs in the period were €7.5 million, of which €5.6 million was linked to the purchase price allocation (PPA) from when Basic-Fit was partly acquired by 3i Investments Plc. This part continues to become a smaller and reducing part of the total amortisation. We will therefore no longer adjust for the full amortisation but only adjust the net earnings for this specific part.

INTEREST

The finance expenses in the first half of the year increased to €8.2 million compared to €4.8 million in H1 2018. The increase is for €3.6 million explained by temporary valuation differences of our interest rate swaps as the interest rates declined in the period.

CORPORATE TAX

In the first half of the year, corporate tax expenses amounted to €2.5 million (H1 2018: €2.5 million) representing an effective tax rate of 30% compared to 29% in H1 2018. The increase in our reported corporate tax rate is the result of the growth of France in the mix with its higher corporate tax rate and the CVAE tax (cotisation sur la valeur ajoutée des entreprises).

ADJUSTED NET EARNINGS

The net profit in the first half of the year was €5.8 million compared to €6.1 million in H1 2018. Adjusted for PPA related amortisation, interest rate swap valuation differences, exceptional items and one offs and the related tax effects, net earnings increased by 9% to €13.0 million compared to €11.9 million in H1 2018.

Reconciliation net result to adjusted net earnings

<i>In € millions</i>	H1 2019	H1 2018
Net result (pre IFRS 16)	5.8	6.1
Amortisation	5.6	6.1
Valuation differences IRS	3.6	0.5
Exceptional items	2.1	0.3
Pre-opening costs	0.9	0.6
Other exceptional costs	1.2	(0.2)
One-off impairments	0.0	0.8
Tax effects (25%)	(2.8)	(1.9)
One-off tax effects	(1.3)	-
Adjusted net earnings	13.0	11.9

Totals are based on non-rounded figures

NET DEBT

At the end of the period our net debt was €386 million compared to €333 million at the end of 2018 and €301 million at the end of H1 2018. The increase is the result of the large number of club openings. The leverage ratio³ at the end of the period was 2.4, a small increase compared to the 2.3 times adjusted EBITDA at the end of the first half of 2018. Excluding the €10 million prepayment for the Fitland acquisition the leverage ratio would have been 2.3 times adjusted EBITDA.

Under IFRS 16, due to the inclusion of lease liabilities for an amount of €851 million, net debt was €1,237 million. Because we have a frozen GAAP clause in our bank facilities agreement, the bank covenant definition is used for calculating the leverage ratio.

WORKING CAPITAL

Working capital at the end of the period was €107 million negative compared to €90.0 million negative at the end of 2018. As a percentage of revenue working capital was 24%, in line with our guidance.

CASH FLOW & CAPITAL EXPENDITURE

The cash flow pre-expansion capex, defined as adjusted EBITDA minus maintenance capex, was €57.8 million, an increase of 25% compared to €46.3 million in H1 2018.

Maintenance capex in H1 2019 was €11.9 million compared to €10.4 million in H1 2018. This translates into an average of €18 thousand maintenance costs per club (H1 2018: €19 thousand). We have planned to do more maintenance in the second half of the year and continue to expect maintenance capex of around €55 thousand on average per club for the full year.

Expansion capex in the period was €84.1 million compared to €53.6 million in H1 2018. The increase is largely explained by the larger number of gross club openings – 57 clubs in H1 2019 compared to 44 clubs in H1 2018, and the €10 million prepayment for the Fitland acquisition which was closed just after close

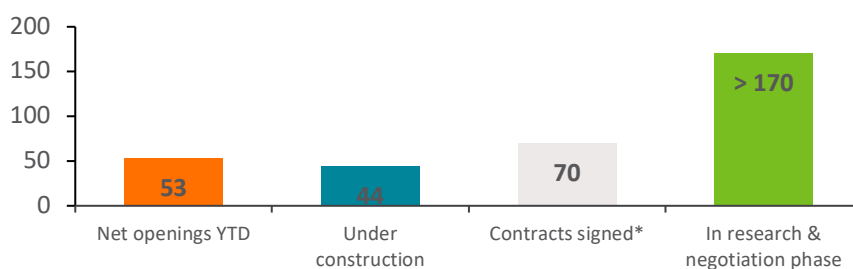
³ Net debt/LTM adjusted EBITDA, as defined in the bank facilities agreement. This bank covenant definition is based on frozen GAAP and is therefore not influenced by the adoption of IFRS 16.

of the period. Expansion capex also includes the expenses for the expansion of existing clubs, expenses for yet to open clubs and acquired clubs totalling €6.6 million (H1 2018: €4.8 million). On the 57 clubs that we built ourselves, we spent €67.5 million, which is on average €1.18 million per club (H1 2018: €1.14 million).

Other capex was €7.3 million compared to €2.0 million in H1 2018. Other capex mainly consisted of investments in innovations and software development. As mentioned above, we have started a number of initiatives, including the smart camera system, which resulted in an increase in innovation spend. We also had additional spend due to the expansion and reorganisation of our head-office and the launch of the new website. We expect other capex to be around €10 million in the full year.

OUTLOOK

Club openings pipeline (# clubs)



* *Contracts signed includes sites for which we are awaiting permit approval*

At the end of H1 we had 54 clubs under construction, 70 clubs for which contracts are signed and over 160 clubs that are in the research or negotiation phase.

We expect to open around 155 clubs in 2019, of which around 125 clubs organically and around 30 clubs through the acquisition of Fitland.

For the clubs that we plan to open we will continue to follow our club openings process and only open clubs when we expect to achieve a return on invested capital of at least 30%.

– END –

The full half year report including notes to the interim condensed consolidated financial statements is available on [Basic-Fit's corporate website](https://www.basic-fit.com/corporate).

FOR MORE INFORMATION

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AUDIO WEBCAST HALF YEAR 2019 RESULTS

Date and time: 23 July 2019 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 1 November 2019
Basic-Fit Investor Day 7 November 2019
FY 2019 results 11 March 2020

ABOUT BASIC-FIT

With more than 700 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 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, adjusted EBITDA, exceptional items, adjusted 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
Adjusted club EBITDA	Profit (loss) before overhead, interest, taxes, depreciation and amortisation, and before exceptional expenses
Adjusted club EBITDA margin	Adjusted club EBITDA divided by revenue
Adjusted EBITDA	Profit (loss) before interest, taxes, depreciation and amortisation, and before exceptional expenses
Adjusted EBITDA margin	Adjusted EBITDA divided by revenue
EBITDA	Profit (loss) before interest, taxes, depreciation and amortisation
EBITDA margin	EBITDA divided by revenue
EBIT	Earnings before interest and taxes
Adjusted net earnings	Net earnings adjusted for PPA related amortisation, IRS valuation differences, exceptional items, one-offs and the related tax effects
Adjusted EPS	Adjusted net earnings divided by the weighted average number of diluted shares

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

(In € x 1,000)	Note	30 June 2019 Unaudited	30 June 2018 Unaudited and Restated (*)
Revenue	5	240,040	189,643
		240,040	189,643
Costs of consumables used	6	(6,214)	(2,948)
Employee benefits expense	7	(41,638)	(33,986)
Depreciation, amortisation and impairment charges	8	(97,888)	(78,438)
Other operating income	9	470	1,332
Other operating expenses	10	(73,149)	(56,720)
Operating profit		21,621	18,883
Finance income		3	62
Finance costs		(20,167)	(15,166)
Finance costs - net	11	(20,164)	(15,104)
Profit before income tax		1,457	3,779
Income tax	12	(595)	(1,180)
Profit for the period		862	2,599

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

Basic earnings per share (in €)	20	0.02	0.05
Diluted earnings per share (in €)	20	0.02	0.05

(In € x 1,000)	Note	30 June 2019 Unaudited	30 June 2018 Unaudited and Restated (*)
Profit for the period		862	2,599

Other comprehensive income

Items that may be reclassified to profit or loss

Cash flow hedges		-	245
Deferred tax on cash flow hedges	12	-	(61)
Other comprehensive income for the period net of tax		-	184
Total comprehensive income for the period		862	2,783

(*) The Group has adopted IFRS 16 as of 1 January 2019 using the full retrospective method. As a result, comparative information has been restated. See Note 2.3.

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

Interim condensed consolidated statement of financial position

		30 June 2019	31 December 2018
(In € x 1,000)	Note	Unaudited	Unaudited and restated (*)
Assets			
Non-current assets			
Goodwill	13	187,351	187,351
Other intangible assets	14	54,027	57,685
Property, plant and equipment	15	552,372	510,626
Right-of-use assets	2.3	805,730	737,944
Deferred tax assets	12	12,346	11,480
Non-current financial assets		17,082	3,621
Total non-current assets		1,628,908	1,508,707
Current assets			
Inventories		3,740	3,048
Income tax receivables		3,011	3,151
Trade and other receivables		26,155	27,653
Cash and cash equivalents		23,006	5,626
Total current assets		55,912	39,478
Total assets		1,684,820	1,548,185
Equity			
Share capital		3,280	3,280
Share premium		358,360	358,360
Treasury shares		(637)	-
Other capital reserves		2,959	2,105
Retained earnings		(68,023)	(68,785)
Total equity		295,939	294,960
Liabilities			
Non-current liabilities			
Borrowings	18	409,072	338,662
Lease liabilities	2.3	734,964	673,347
Derivative financial instruments	17	4,651	1,068
Deferred tax liabilities	12	10,860	11,940
Provisions		628	556
Total non-current liabilities		1,160,175	1,025,573
Current liabilities			
Current portion of lease liabilities		115,762	102,999
Trade and other payables		112,186	123,572
Current income tax liabilities		577	832
Provisions		181	249
Total current liabilities		228,706	227,652
Total liabilities		1,388,881	1,253,225
Total equity and liabilities		1,684,820	1,548,185

(*) The Group has adopted IFRS 16 as of 1 January 2019 using the full retrospective method. As a result, comparative information has been restated. See Note 2.3.

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.

(In € x 1,000)	Share capital	Share premium	Treasury shares	Other capital reserves	Retained earnings	Cash flow hedge reserve	Total equity
Balance – 1 January 2018 (Restated) (*)	3,280	358,360	-	1,344	(77,628)	(360)	284,996
Comprehensive income:							
Profit for the period	-	-	-	-	2,599	-	2,599
Other comprehensive income	-	-	-	-	-	184	184
Total comprehensive income for the period	-	-	-	-	2,599	184	2,783
Purchase of treasury shares	-	-	(666)	-	-	-	(666)
Equity settled share-based payments	-	-	-	711	-	-	711
Transactions recognised directly in equity	-	-	(666)	711	-	-	45
Balance – 30 June 2018 (unaudited)	3,280	358,360	(666)	2,055	(75,029)	(176)	287,824
Balance – 1 January 2019 (Restated) (*)	3,280	358,360	-	2,105	(68,785)	-	294,960
Comprehensive income:							
Profit for the period	-	-	-	-	862	-	862
Total comprehensive income for the period	-	-	-	-	862	-	862
Purchase of treasury shares	-	-	(771)	-	-	-	(771)
Equity settled share-based payments	-	-	-	1,027	-	-	1,027
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

(*) The Group has adopted IFRS 16 as of 1 January 2019 using the full retrospective method. As a result, comparative information has been restated. See Note 2.3.

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

Interim condensed consolidated statement of cash flows

		30 June 2019	30 June 2018
(In € x 1,000)	Note	Unaudited	Unaudited and Restated (*)
Cash flows from operating activities			
Profit before income tax		1,457	3,779
<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	91,675	72,169
Amortisation and impairment of intangible assets	8	6,213	6,269
Share-based payment expense	19	1,027	711
Gain on disposal of property, plant and equipment		(244)	(55)
Finance income	11	(3)	(62)
Finance expense	11	20,167	15,166
Movements in provisions		4	27
<i>Working capital adjustments:</i>			
Change in inventories		(692)	(203)
Change in trade and other receivables		1,497	6,697
Change in trade and other payables		3,265	(6,117)
Cash generated from operations		124,366	98,381
Interest received		3	62
Interest paid		(15,949)	(14,607)
Income tax paid		(2,656)	(2,717)
Net cash flows from operating activities		105,764	81,119
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		392	56
Purchase of property, plant and equipment	15	(99,806)	(65,246)
Purchase of other intangible assets, including initial direct costs related to right-of use assets	14	(4,149)	(2,348)
Acquisitions, net of cash acquired	4	-	(425)
Repayment of loans granted		70	14
Investments in other financial fixed assets		(13,531)	(408)
Net cash flows used in investing activities		(117,024)	(68,357)
Cash flows from financing activities			
Proceeds from borrowings		70,000	15,003
Repayments of borrowings		-	(17)
Payment of lease liabilities		(40,450)	(31,158)
Purchase of treasury shares and exercised share-based payments		(910)	(665)
Net cash flows from financing activities		28,640	(16,837)
Net increase (decrease) in cash and cash equivalents		17,380	(4,075)
Cash and cash equivalents at 1 January	22	5,626	13,033
Cash and cash equivalents at 30 June	22	23,006	8,958

(*) The Group has adopted IFRS 16 as of 1 January 2019 using the full retrospective method. As a result, comparative information has been restated. See Note 2.3.

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 2019 to 30 June 2019 comprise the Company and its subsidiaries (together referred as the 'Group' and individually as 'Group entities').

With 682 clubs and more than 2.0 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.

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 2019 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 2018. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements for the year ended 31 December 2018.

The interim consolidated financial statements of Basic-Fit N.V. as at and for the six months ended 30 June 2019 have not been audited or reviewed. The interim consolidated financial statements were authorised for publication in a Management Board meeting on 22 July 2019.

All financial information presented in euro has been rounded to the nearest thousand ('€ x 1,000'), unless 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 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 2018, except for any new significant judgements and key sources of estimation uncertainty related to the application of IFRS 16, which are disclosed in note 2.3.

2.3 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 16 *Leases* that requires restatement of previous financial statements. As required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements of the Group.

2.3.1 IFRS 16 *Leases*

IFRS 16 *Leases* supersedes IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. This standard is effective for annual periods beginning on or after 1 January 2019.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g. a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

Basic-Fit adopted IFRS 16 using the full retrospective method of adoption with the date of initial application of 1 January 2019. Basic-Fit performed a full assessment as to whether the company's arrangements contain a lease. This means that the practical expedient under IFRS 16.C3, not to reassess whether a contract is, or contains, a lease, has not been applied. Basic-Fit elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption of IFRS 16 is as follows:

i. Impact on the statement of financial position as at 31 December 2018:

31 December 2018	Published accounts (audited)	Restatements	Restated to IFRS 16
Assets			
Non-current assets			
Goodwill	187,351	-	187,351
Other intangible assets	73,171	(15,486)	57,685
Property, plant and equipment	521,758	(11,132)	510,626
Right-of-use assets	-	737,944	737,944
Deferred tax assets	6,477	5,003	11,480
Non-current financial assets	3,621	-	3,621
Total non-current assets	792,378	716,329	1,508,707
Current assets			
Inventories	3,048	-	3,048
Income tax receivables	3,151	-	3,151
Trade and other receivables	28,080	(427)	27,653
Cash and cash equivalents	5,626	-	5,626
Total current assets	39,905	(427)	39,478
Total assets	832,283	715,902	1,548,185
Equity			
Share capital	3,280	-	3,280
Share premium	358,360	-	358,360
Other capital reserves	2,105	-	2,105
Retained earnings	(36,678)	(32,107)	(68,785)
Total equity	327,067	(32,107)	294,960
Liabilities			
Non-current liabilities			
Borrowings	338,662	-	338,662
Lease liabilities	-	673,347	673,347
Derivative financial instruments	1,068	-	1,068
Deferred tax liabilities	16,742	(4,802)	11,940
Other non-current liabilities	18,005	(18,005)	-
Provisions	2,721	(2,165)	556
Total non-current liabilities	377,198	648,375	1,025,573
Current liabilities			
Current portion of lease liabilities	-	102,999	102,999
Trade and other payables	126,168	(2,596)	123,572
Current income tax liabilities	832	-	832
Provisions	1,018	(769)	249
Total current liabilities	128,018	99,634	227,652
Total liabilities	505,216	748,009	1,253,225
Total equity and liabilities	832,283	715,902	1,548,185

ii. Impact on the statement of profit or loss for the six months ended 30 June 2018:

Six months ended 30 June 2018	Published accounts		
	(unaudited)	Restatements	Restated to IFRS 16
Revenue	189,643	-	189,643
Cost of consumables used	(2,948)	-	(2,948)
Employee benefits expense	(33,986)	-	(33,986)
Depreciation, amortisation and impairment charges	(42,956)	(35,482)	(78,438)
Other operating income	1,332	-	1,332
Other operating expenses	(97,735)	41,015	(56,720)
Operating profit	13,350	5,533	18,883
Finance costs - net	(4,762)	(10,342)	(15,104)
Profit before income tax	8,588	(4,809)	3,779
Income tax	(2,504)	1,324	(1,180)
Profit for the period	6,084	(3,485)	2,599
Earnings per share:			
Basic earnings per share (in €)	0.11	(0.06)	0.05
Diluted earnings per share (in €)	0.11	(0.06)	0.05

iii. Impact on the statement of cash flows (increase/(decrease)) for the six months ended 30 June 2018:

Six months ended 30 June 2018	Published accounts		
	(unaudited)	Restatements	Restated to IFRS 16
Cash flows from operating activities	52,019	29,100	81,119
Cash flows from investing activities	(70,414)	2,057	(68,357)
Cash flows from financing activities	14,320	(31,157)	(16,837)
Net increase (decrease) in cash and cash equivalents	(4,075)	-	(4,075)

There is no impact on other comprehensive income.

a) Nature of the effect of adoption of IFRS 16

The Group has lease contracts for real estate, vehicles and other equipment. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the statement of profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively. Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases that it is the lessee, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. In accordance with the full retrospective method of adoption, the Group applied IFRS 16 at the date of initial application as if it had already been effective at the commencement date of existing lease contracts. Accordingly, the comparative information in these interim condensed consolidated financial statements has been restated.

As at 31 December 2018:

- Right-of-use assets of €737,944,000 were recognised and presented separately in the statement of financial position. Pre-opening rent capex previously included under Property, plant and equipment for an amount of €11,132,000 were derecognised. Initial direct costs related to rent contracts and favourable lease rights recognised as part of the purchase price allocation included under Other intangible assets for an amount of €15,486,000 were transferred to right-of-use assets.

- Lease liabilities of €776,346,000 were recognised and presented separately in the statement of financial position (split in €673,347,000 non-current and €102,999,000 current).
- Prepayments of €427,000 related to previous operating leases were derecognised.
- Other non-current liabilities of €18,005,000 and trade and other payables of €2,596,000 related to rental incentives regarding previous operating leases were derecognised.
- Provisions of €2,934,000 (of which €769,000 current) related to previous unfavourable operating leases were transferred to right-of-use assets.
- Deferred tax assets increased by € 5,003,000 and deferred tax liabilities decreased by €4,802,000 because of the deferred tax impact of the changes in assets and liabilities.
- The net effect of these adjustments had been adjusted to Retained earnings (decrease €32,107,000).

For the six months ended 30 June 2018:

- Depreciation expense increased by €35,482,000 relating to the depreciation of additional assets recognised (i.e., increase in right-of-use assets, net of decrease in Property, plant and equipment and Other intangible assets).
- Rental expenses and Car expenses decreased by €41,015,000 relating to previous operating leases.
- Finance costs increased by €10,342,000 relating to the interest expense on additional lease liabilities recognised.
- Income tax expense decreased by €1,324,000 relating to the tax effect of these changes in expenses.
- Cash outflows from operating activities decreased by €29,100,000 and cash outflows from investing activities related to pre-opening rent previously recognised as capex decreased by €2,057,000 while cash outflows from financing activities increased by the aggregated amount of the amounts mentioned before (€31,157,000), representing the payments for the principal portion of recognised lease liabilities.

b) Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of IFRS 16:

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 rights recognised as part of the purchase price allocation. 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 its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

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 on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Lease component and non-lease components

The Company has elected to separate lease and non-lease components included in lease payments for property leases. Regarding vehicles leases, Basic-Fit applies the practical expedient not to separate non-lease components from lease components. Therefore, the full monthly lease fees will be reflected on Basic-Fit's balance sheet.

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 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (i.e., below €5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal 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 to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain to exercise options to renew lease contracts. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. 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 (e.g., a change in business strategy).

c) Impact on calculation of bank covenants

The calculation of bank covenants is based on frozen GAAP and is therefore not influenced by the adoption of IFRS 16. Basic-Fit will continue to report the leverage ratio based on the bank covenant definition.

d) Amounts recognised in the statement of financial position and profit or loss

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the six months ended 30 June 2019:

Right-of-use assets	Property	Vehicles	Total
As at 31 December 2018	735,237	2,707	737,944
Additions	115,195	453	115,648
Remeasurements	1,140	(341)	799
Depreciation expense	(48,062)	(599)	(48,661)
As at 30 June 2019	803,510	2,220	805,730

Lease liability	Property	Vehicles	Total
As at 31 December 2018	773,607	2,739	776,346
Additions	113,601	453	114,054
Remeasurements	1,119	(343)	776
Interest expense	11,943	25	11,968
Payments	(51,778)	(640)	(52,418)
As at 30 June 2019	848,492	2,234	850,726
Of which:			
Non-current lease liabilities	733,764	1,200	734,964
Current lease liabilities	114,728	1,034	115,762

Set out below, are the amounts recognised in profit or loss:

	Six months ended 30 June 2019	Six months ended 30 June 2018
Depreciation expense of right-of-use assets	(48,661)	(37,222)
Interest expense on lease liabilities	(11,968)	(10,342)
Rent expense - short-term leases	(132)	(54)
Rent expense - leases of low-value assets	(245)	(217)
Total amounts recognised in profit or loss	(61,006)	(47,835)

2.3.2 Interim condensed consolidated statement of comprehensive income without the adoption of IFRS 16

The following table summarises the impact of adopting IFRS 16 on the Group's interim statement of profit or loss for the six months ended 30 June 2019 for each of the affected line items, compared with the six months ended 30 June 2018:

	Published accounts		Without adoption of IFRS 16	
	Six months ended June 2019 (unaudited)	Adjustments six months ended June 2019	Six months ended June 2019 (unaudited)	Six months ended June 2018 (unaudited)
Revenue	240,040	-	240,040	189,643
Costs of consumables used	(6,214)	-	(6,214)	(2,948)
Employee benefits expense	(41,638)	-	(41,638)	(33,986)
Depreciation, amortisation and impairment charges	(97,888)	46,767	(51,121)	(42,956)
Other operating income	470	(23)	447	1,332
Other operating expenses	(73,149)	(51,881)	(125,030)	(97,735)
Operating profit	21,621	(5,137)	16,484	13,350
Finance costs - net	(20,164)	11,968	(8,196)	(4,762)
Profit before income tax	1,457	6,831	8,288	8,588
Income tax	(595)	(1,892)	(2,487)	(2,504)
Profit for the period	862	4,939	5,801	6,084

3 Segment information

The following tables present revenues and adjusted EBITDA information for the Group's operating segments for the six months ended 30 June 2019 and 2018 respectively, and include a reconciliation of adjusted EBITDA to profit before tax for the Group:

Six months ended 30 June 2019 (unaudited)			
	Benelux	France & Spain	Total
Revenues	137,892	102,148	240,040
Adjusted EBITDA	81,710	53,251	134,961
Other reconciling items			(14,267)
Total Adjusted EBITDA			120,694
Reconciliation of adjusted EBITDA to profit before tax:			
Adjusted EBITDA			120,694
Depreciation, amortisation and impairment charges			(97,888)
Finance costs – net			(20,164)
Exceptional items:			
- Other exceptional costs and profits			(1,185)
Profit (loss) before tax			1,457

Six months ended 30 June 2018 (unaudited)			
	Benelux	France & Spain	Total
Revenues	124,204	65,439	189,643
Adjusted EBITDA	75,568	31,211	106,779
Other reconciling items			(9,664)
Total Adjusted EBITDA			97,115
Reconciliation of adjusted EBITDA to profit before tax:			
Adjusted EBITDA			97,115
Depreciation, amortisation and impairment charges			(78,438)
Finance costs – net			(15,104)
Exceptional items:			
- Other exceptional costs and profits			206
Profit (loss) before tax			3,779

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 €65,258 thousand (2018: €58,666 thousand). Furthermore, there are no customers that account for 10% or more of revenue in any period presented.

	30 June 2019 Unaudited	31 December 2018 Unaudited
Breakdown of non-current assets is as follows:		
The Netherlands (country of domicile)	407,075	409,600
Belgium	360,574	356,397
Luxembourg	36,964	38,597
France	726,361	620,965
Spain	68,506	68,047
Total	1,599,480	1,493,606

4 Business combinations

Acquisitions 2019

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

Acquisitions 2018

During the first six months of 2018 the Group acquired one fitness club through an asset deal. The purchase price net of cash was €425 thousand, which was allocated to leasehold improvements and the acquired customer relationships. There was no excess of the consideration transferred, after the recognition of newly acquired net identifiable assets. As a result, no goodwill was recognised.

	Six months ended 30 June 2019	Six months ended 30 June 2018
Fair value recognised on acquisition		
Assets		
Property, plant and equipment	-	282
Customer relationships	-	143
Total identifiable net assets acquired at fair value	-	425
Goodwill arising on acquisition	-	-
Purchase consideration transferred	-	425
Less: cash acquired	-	-
Net outflow of cash - investing activities	-	425

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 30 June 2019	Six months ended 30 June 2018
Type of goods or service		
Fitness revenue	233,536	184,738
Other revenue	6,504	4,905
Total	240,040	189,643
Geographical markets		
The Netherlands	65,258	58,666
Belgium	67,078	60,733
Luxembourg	5,556	4,805
France	90,196	54,246
Spain	11,952	11,193
Total	240,040	189,643
Timing of revenue recognition		
Products and services transferred over time	231,754	187,637
Products transferred at a point in time	8,286	2,006
Total	240,040	189,643

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 2019	31 December 2018
Receivables, which are included in 'Trade and other receivables'	13,423	13,540
Contract liabilities, which are included in 'Trade and other payables'	32,382	37,010

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 30 June 2019	Six months ended 30 June 2018
Cost of food and drinks	(3,025)	(2,494)
Other cost of sales	(3,189)	(454)
Total	(6,214)	(2,948)

7 Employee benefits expense

The employee benefits expense can be broken down as follows:

	Six months ended 30 June 2019	Six months ended 30 June 2018
Salaries and wages	(33,262)	(27,617)
Social security contributions	(7,814)	(5,833)
Pension costs – defined contribution plans	(562)	(536)
Total	(41,638)	(33,986)

8 Depreciation, amortisation and impairment charges

	Six months ended 30 June 2019	Six months ended 30 June 2018
Depreciation of property, plant and equipment	(42,876)	(33,854)
Depreciation of right-of-use assets	(48,661)	(37,222)
Amortisation of other intangible assets	(6,213)	(6,269)
Impairment on property, plant and equipment	(138)	(1,093)
Total	(97,888)	(78,438)

9 Other operating income

	Six months ended 30 June 2019	Six months ended 30 June 2018
Net gain on disposal of property, plant and equipment	244	55
Insurance reimbursements	46	876
Other	180	401
Total	470	1,332

10 Other operating expenses

	Six months ended 30 June 2019	Six months ended 30 June 2018
Other personnel expenses	(9,225)	(8,208)
Housing expenses	(35,579)	(26,276)
Net marketing expenses	(10,676)	(8,141)
Write-off of bad debts, incl. collection agency costs	(5,786)	(4,412)
Short-term and low-value lease expenses and other lease adjustments	(424)	(281)
Other car expenses	(368)	(293)
Overhead and administrative expenses	(11,091)	(9,109)
Total	(73,149)	(56,720)

11 Finance income and costs

	Six months ended 30 June 2019	Six months ended 30 June 2018
Finance costs:		
Interest on external debt and borrowings	(4,616)	(4,574)
Lease liabilities interest	(11,968)	(10,342)
Valuation difference derivative financial instruments	(3,583)	(250)
Total finance costs	(20,167)	(15,166)
Finance income:		
Other interest income	3	62
Total finance income	3	62
Finance costs - net	(20,164)	(15,104)

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 30 June 2019	Six months ended 30 June 2018
Consolidated statement of profit or loss		
Current income tax:		
Current income tax charge	(2,541)	(1,268)
	(2,541)	(1,268)
Deferred income tax:		
Release deferred tax asset related to IFRS 15 impact (equity impact opening balance recognised in fiscal result 2018)	-	(3,452)
Change in deferred tax asset for carry forward losses available for offsetting against future taxable income	517	2,001
Changes in other deferred tax assets and liabilities recognised in profit or loss	1,429	1,539
	1,946	88
Total income tax	(595)	(1,180)
Consolidated statement of other comprehensive income		
Deferred tax related to items recognised in OCI during the year		
Deferred tax on cash flow hedges	-	(61)

The current income tax charge for the six months ended 30 June 2019 includes an amount of €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 deferred income tax benefit includes an amount of €1.25 million related to the recognition of carry forward losses of Basic-Fit Spain S.A. The recoverability of the deferred tax losses corresponds to a period of seven years, consistent with the Group's operating visibility.

The effective income tax rate is calculated as follows:

	Six months ended 30 June 2019	Six months ended 30 June 2018
Profit (loss) before income tax	1,457	3,779
Income tax	(595)	(1,180)
Effective income tax rate	40.8%	31.2%
Applicable income tax rate	25.0%	25.0%

Amounts recognised directly in equity

All aggregate current and deferred tax arising in the reporting periods have been recognised in either the net profit or loss, or other comprehensive income. As a result of the adoption of IFRS 15, an amount of €3.5 million has been directly credited to equity on 1 January 2018 (transition date).

Deferred taxes in the interim condensed consolidated statement of financial position

The deferred income tax assets and liabilities on 30 June 2019 and 31 December 2018 can be specified as follows:

Deferred tax assets and liabilities relating to:	30 June 2019	31 December 2018
Losses available for offsetting against future taxable income	9,275	8,758
Purchase price allocation	(11,164)	(12,595)
Temporary differences in the valuation of assets and liabilities	3,375	3,377
Total deferred tax assets and liabilities before offsetting	1,486	(460)

After netting deferred tax assets and deferred tax liabilities within the same tax entity for an amount of €9.9 million (31 December 2018: €8.3 million), these positions are as follows:

	30 June 2019	31 December 2018
Deferred tax assets	12,346	11,480
Deferred tax liabilities	(10,860)	(11,940)
Deferred tax liabilities net	1,486	(460)

13 Goodwill

During the six months ended June 2019 and June 2018, 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 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 2018. There is no indication to perform an impairment test in relation to these interim financial statements.

14 Other intangible assets

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

	Six months ended 30 June 2019				Six months ended 30 June 2018
	Trademark	Customer relationships	Other intangible assets	Total	Total
At 1 January					
Cost	44,918	58,498	14,036	117,452	115,311
Accumulated amortisation	(11,230)	(40,077)	(8,460)	(59,767)	(47,210)
Net book value	33,688	18,421	5,576	57,685	68,101
Period ended 30 June					
Opening net book value	33,688	18,421	5,576	57,685	68,101
Additions	-	-	2,556	2,556	450
Cost of disposals	-	-	(1)	(1)	(115)
Acquisition of subsidiary	-	-	-	-	143
Amortisation	(1,123)	(4,097)	(993)	(6,213)	(6,269)
Accumulated amortisation of disposals	-	-	-	-	114
Closing net book value	32,565	14,324	7,138	54,027	62,424
At 30 June					
Cost	44,918	58,498	16,591	120,007	115,789
Accumulated amortisation	(12,353)	(44,174)	(9,453)	(65,980)	(53,365)
Net book value	32,565	14,324	7,138	54,027	62,424

15 Property, plant and equipment

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

	Six months ended 30 June 2019			Six months ended 30 June 2018
	Building improvement	Other fixed assets	Total	Total
At 1 January				
Cost	461,514	272,355	733,869	571,049
Accumulated impairments and depreciation	(103,153)	(120,090)	(223,243)	(152,725)
Net book value	358,361	152,265	510,626	418,324
Period ended 30 June				
Opening net book value	358,361	152,265	510,626	418,324
Additions	55,296	29,636	84,932	61,162
Cost of disposals	(1,285)	(3,574)	(4,859)	(1,344)
Acquisition of subsidiary	-	-	-	282
Depreciation	(22,099)	(20,777)	(42,876)	(33,854)
Impairment	(133)	(5)	(138)	(1,093)
Accumulated depreciation of disposals	1,286	3,401	4,687	1,343
Closing net book value	391,426	160,946	552,372	444,820
At 30 June				
Cost	515,525	298,417	813,942	631,149
Accumulated impairments and depreciation	(124,099)	(137,471)	(261,570)	(186,329)
Closing net book value	391,426	160,946	552,372	444,820

The additions and disposals of the first six months of 2019 mainly relate to the opening of 57 new clubs and the closing of 4 clubs. In the first six months of 2018, 45 new clubs were opened and 1 club was closed. The impairment losses in both periods represent the write-down of building improvement related to the closing of the aforementioned clubs.

16 Right-of-use assets

Reference is made to note 2.3 of these condensed consolidated interim financial statements.

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 2019 and 31 December 2018:

	30 June 2019		31 December 2018	
	Derivatives at FVPL (*)	Loans and receivables at amortised costs	Derivatives at FVPL (*)	Loans and receivables at amortised costs
Assets				
Loan receivable	-	189	-	259
Trade and other receivables excluding prepayments	-	13,423	-	13,540
Total	-	13,612	-	13,799
(*) Fair value through profit and loss				
Total current	-	13,423	-	13,540
Total non-current	-	189	-	259

Set out below is an overview of financial liabilities held by the Group as at 30 June 2019 and 31 December 2018:

	30 June 2019		31 December 2018	
	Derivatives at FVPL	Other financial liabilities at amortised costs	Derivatives at FVPL	Other financial liabilities at amortised costs
Liabilities				
Bank borrowings	-	409,072	-	338,662
Lease liabilities	-	850,726	-	776,346
Derivative financial instruments	4,651	-	1,068	-
Trade and other payables excluding non-financial liabilities	-	43,914	-	53,958
Total	4,651	1,303,712	1,068	1,168,966
Total current	-	159,676	-	156,957
Total non-current	4,651	1,144,036	1,068	1,012,009

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 2018 annual financial statements as at 31 December 2018. There have been no changes in the risk management department or any risk management policies since year-end.

Fair value estimation

On 30 June 2019, the Group had nine financial instruments measured at fair value (31 December 2018: four). 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 2019 and 31 December 2018, 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 2019 and 31 December 2018, the fair values of other long-term financial assets were not materially different from the carrying amounts.
- On 30 June 2019 and 31 December 2018, 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 2019 and 31 December 2018 are summarised in the following table:

	30 June 2019	31 December 2018
Non-current interest-bearing loans and borrowings		
Bank borrowings (*)	250,000	250,000
Drawn revolving credit facility (*) (**)	162,500	92,500
Lease liabilities	734,964	673,347
Total non-current interest-bearing loans and borrowings	1,147,464	1,015,847
Borrowing costs	(3,428)	(3,838)
Total carrying value of non-current interest-bearing loans and borrowings	1,144,036	1,012,009
Current interest-bearing loans and borrowings		
Lease liabilities	115,762	102,999
Total carrying value of current interest-bearing loans and borrowings	115,762	102,999
Total interest-bearing loans and borrowings	1,259,798	1,115,008

* 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 loan) and drawn revolving credit facility

In June 2018, the Group successfully completed an amend and extend of its existing facilities agreement, which is recognised as modification with a prospective adjustment of the effective interest rate to reflect the new market rate and without recognising a modification gain. Since then, the facilities agreement consists of a €250.0 million term loan and a €200.0 million revolving facility. As a result of the amendment, the maturities of both the term and revolving credit facilities were extended to June 2023 and the margins (which are based on the leverage ratio) on both facilities were reduced (currently 1.7%). In May 2019, the facilities were extended with one year to June 2024.

On 30 June 2019, €162.5 million of the €200.0 million revolving facility was drawn and €8.2 million was used for bank guarantees.

The carrying value of the bank borrowings are presented net of finance costs (June 2019: €409.1 million; December 2018: €338.7 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.

As at 30 June 2019 and 31 December 2018, the contractual maturities of the Group's non-derivative financial liabilities were as follows:

30 June 2019							Carrying amount
	Less than 6 months	6 months to 1 year	1-2 years	2-5 years	Over 5 years	Total	
Non-derivatives							
Borrowings	3,551	3,551	7,102	426,703	-	440,907	412,500
Finance lease liabilities	57,873	59,322	118,176	331,320	409,233	975,924	850,726
Trade payables	43,914	-	-	-	-	43,914	43,914
Total non-derivatives	105,338	62,873	125,278	758,023	409,233	1,460,745	1,307,140

31 December 2018							Carrying amount
	Less than 6 months	6 months to 1 year	1-2 years	2-5 years	Over 5 years	Total	
Non-derivatives							
Borrowings	3,164	3,164	6,328	358,321	-	370,977	342,500
Finance lease liabilities	51,721	53,142	105,749	299,424	386,304	896,340	776,346
Trade payables	53,958	-	-	-	-	53,958	53,958
Total non-derivatives	108,843	56,306	112,077	657,745	386,304	1,321,275	1,172,804

19 Share-based payments

Following the listing on Euronext Amsterdam, the Company has implemented four equity-settled share-based payment plans. In 2016, awards were made to eligible selected employees under the one-off Retention Share Plan. As from 2017, performance shares are awarded on an annual basis under the new long-term incentive plan ('LTIP').

Subject to the participant's continued employment with the Group, the awards made in 2016 under the Retention Share Plan will vest in three equal annual instalments, after which the ordinary shares will be released to the participant. The performance shares awarded as of 2017 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.

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:

	2019	2018
At January 1	206,368	188,573
Awarded during the year	55,715	67,867
Performance adjustment	1,522	-
Exercised during the year	(8,904)	(44,292)
Forfeited during the year	-	(5,780)
At 30 June and 31 December respectively	254,701	206,368

The fair value of the performance shares awarded in 2019 and 2018 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 2019 respectively 2018 is equal to share price at the date of grant of €30.25 (2018: €27.00).

The share-based payment expenses recognised in the first six months of 2019, with a corresponding entry directly in equity, amount to €1,027 thousand (first six months of 2018: €711 thousand).

20 Earnings per share

For the six months ended 30 June 2019, the weighted number of shares to calculate the earnings per share has been determined using 54.67 million shares less 22 thousand treasury shares purchased during June 2019, resulting in 54.67 million.

For the six months ended 30 June 2018, the weighted number of shares to calculate the earnings per share has been determined using 54.67 million shares less 24 thousand treasury shares purchased during June 2018, resulting in 54.67 million.

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 2019, compared to 31 December 2018.

Capital commitments

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

	30 June 2019	31 December 2018
Property, plant and equipment	42,361	26,905

(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 2019	31 December 2018
Within one year	1,476	2,315
After one year but not more than five years	10,021	16,322
More than five years	15,268	27,411
Total	26,765	46,048

Furthermore, before 30 June 2019 the Group has entered into a number of rental agreements for new locations for a total amount of €139 million (31 December 2018 €139 million), of which approximately €77 million (31 December 2018) €80 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 2019 an amount of approximately €8.2 million in total was issued in bank guarantees (31 December 2018: €7.4 million).

Basic-Fit reached an agreement with Fitland, the third largest fitness operator in the Dutch market by number of clubs, for the intended acquisition of all its 37 clubs on 23 April 2019. Basic-Fit obtained control of Fitland after completion of the acquisition process on 1 July 2019. Of these Fitland clubs, 5 were sold at the same date. The preliminary purchase price is €24.5 million. This amount is subject to customary settlement provisions which still have to be finalised.

On June 2019, an amount of €10.0 million was prepaid as part of the purchase price. The prepayment is included in the consolidated statement of financial position of 30 June 2019 as part of non-current financial assets. The acquisition will be fully reflected in the financial statements for the year ended 31 December 2019. By adding the Fitland clubs to its network, Basic-Fit further solidifies its leading position in the Netherlands.

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 2019	30 June 2018
Cash in bank and on hand	23,006	8,958
Bank overdraft	-	-
Total	23,006	8,958

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 2018.

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 2019 and 30 June 2018. In addition, the table provides an overview of all balances held with these related parties as at 30 June 2019 and 31 December 2018.

		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	2019	-	3,370	-	671
	2018	-	3,078	-	1,756

24 Events after the reporting period

Subsequent events were evaluated up to 22 July 2019. There are no subsequent events.

Management Board's statement on the interim consolidated financial statements for the six months ended 30 June 2019

We have prepared the interim condensed consolidated financial statements for the six months ended 30 June 2019 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 2019, and of the profit of our consolidated operations for the first half year of 2019.
- The financial and business review as included in the press release related to the first half year 2019 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, 22 July 2019

Management Board

René Moos – Chief Executive Officer

Hans van der Aar – Chief Financial Officer

Overview risks

In the Directors' Report in our Annual Report 2018 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 2018 (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. In the first six months of 2019 our risk assessment policies and the main identified risks as described in the Annual Report 2018 have not changed and we do not have any indication this will significantly change the remaining six months of the financial year 2019.