

1 Directors report

Kaizen BV

1 General Information

Kaizen BV is based in Amsterdam and is incorporated on 6 January 2016.

Kaizen BV is a restaurant company and has nine Japanese orientated restaurants. Four are located in Amsterdam, one is located in Rotterdam, one is located in Roermond, one is located in Utrecht, one is located in Brussels (opened in February 2020) and one is located in Antwerp. Noodlebar Benelux BV, a subsidiary of the group, is franchise partner for Wagamama restaurants in Holland and Belgium.

The restaurant brand Wagamama is Japanese orientated and serves noodle and rice dishes, with meat, chicken, fish and vegetables, side dishes and desserts, freshly made fruit juices, Japanese beers, wines and soft drinks. The interior of the restaurants is spacious with long tables and benches and a capacity of average 140 customers. All restaurants are identical and work according the Wagamama guidelines. Wagamama has over 200 restaurants internationally. All restaurants have the same menus, recipes, restaurant interior, marketing, manuals, staff training, mystery dining and quality controls, organised by the franchisor Wagamama UK.

Kaizen also has one Sushi bar in Antwerp.

The purchasing of food and supplies is done by Dutch and Belgium companies.

The shareholders in Kaizen BV are Arjen Schrama Beheer BV for 80%, Jongens BV for 10% and Gribhold BV for 10%. Kaizen BV owns Noodlebar Benelux BV. Noodlebar Benelux BV is the intermediate holding company and is 100% owner of the subsidiaries: Noodlebar Max Euwe BV, Noodlebar Zuid BV, Noodlebar Rembrandtplein BV, Noodlebar Centraal BV, Noodlebar Witte de Withstraat BV, Noodlebar Utrecht BV, Noodlebar Roermond BV, Noodlebar België BV and Hospitality Flex Service BV.

These entities are the operators of nine Wagamama restaurants. Noodlebar België BV operates a Sushibar as well. Noodlebar België BV has opened a new restaurant in Brussels February 2020, which has had a very succesfull start.

The Board of Directors of Kaizen BV is Arjen Schrama Beheer BV and Mr. A. Schrama is the CEO.

The Executive Management Team has 12 members: the CEO, a business manager, a marketing manager, an operations manager, eight GM restaurant managers. The Executive Management Team meets after every four-week financial period.

Kaizen BV has 192 employees (FTE) in Holland and 18 employees in Belgium in 2019.

2 Financial information and analysis

Investments in fixed assets were € 1.562 K. In July 2019 the restaurant in Max Euweplein Amsterdam closed for a month and was refurbished. Total investment in fixed assets was € 878 K. In addition to that, € 562 K was invested in the opening of Brussels in 2020 and € 122 K relates to additional investments in fixed assets for other restaurants.

For additional funding the company closed 2 loans with Dutch Growth, a loan of € 2.000 K to refinance the loans of Riverbank and ABN AMRO and for refurbishment of Max Euweplein Amsterdam, and a loan of € 850 K for investments in fixed assets for the new restaurant in Brussels.

An additional subordinated loan was given by Arjen Schrama Beheer BV of € 650.000.

In 2019 the net result is € -922.774 of which depreciation is € 1.360.405. The EBITDA in 2019 is €1.465.780.

The sales in 2019 were € 17.131 K and have increased with € 323 K compared to 2018, including the closure of restaurant Max Euweplein for a month for refurbishing.

Working capital position is negative. The operational cashflow is € 57 K and net cashflow € 124 K negative. For future openings of restaurants, the company uses additional loans. The working capital position is to be strengthened with strong operational cashflows.

3 Risks and uncertainties

The restaurant market is a competitive market. By delivering the highest quality in combination with strong branding we aim to be able to service the market.

Strategy: The strategy for the next years is to grow by opening new restaurants on the best locations. Also the current restaurants are still growing. The Wagamama label is strong.

Risks and uncertainties:

- The risk of changes in law and or taxes rates that could influence the operation and profitability of the company
- The risk of supply price raises
- The risk of not getting new personnel
- The risk of not being able to acquire new funding for the expansion of the company

4 Financial instruments

The risk level is relatively low, and the company is not using financial instruments to date.

5 Research and development

Currently there are no developments or exceptional matters known relating to research and development.

6 Other information

Noodlebar Benelux is franchisee of Wagamama Ltd. Wagamama Ltd supports Noodlebar Benelux with management tools to operate the restaurants according to the international brand standards:

- Marketingsupport
- Operation manuals
- Restaurant design
- Recipes
- International website
- Health and safety audits

7 Future expectations

The sales 2020 was expected to increase to € 20.794 K (* before corona impact, see Post balance events) and in 2021 to € 23.844 K. The result 2020 was expected to be a loss of € 491 K (*), and a profit of € 564 K in 2021. EBITDA will be strong and was budgeted at respectively € 1.725 K (*) and € 2.733 K for 2020 and 2021.

In February 2020 a new restaurant in Brussels has been opened and in November 2020 a new restaurant in Leidsenhage is planned to be opened. The opening of these new restaurant will mainly be financed with loans.

Working capital is expected to improve and a growth of sales in all restaurants is expected (*).

The level of personnel is expected to grow in line with the growth of the number of restaurants.

8 Post balance Events

In March 2020 the company was confronted with the effects of the Corona virus. After a decline in sales, the Belgium restaurants had to close by the authorities on March 13th, followed by the closing of the Dutch restaurants on March 15th. From that moment sales dropped significant, as only delivery and take out was allowed, to the level of 20% in Dutch restaurants. In the Belgium restaurants no delivery was allowed.

To minimize the effect of the Corona crisis to the business operation, management has implemented the following measures:

- An appeal was made to the Government measure to pay the company wages during the crisis "Noodmaatregel Overbrugging Werkgelegenheid (NOW)"
- An appeal was made to the possibility of procrastination of tax obligations
- Financiers have agreed to suspend the repayments of loan and interest



- Agreements have been made with suppliers and landlords to limit short-term obligations
- There will be an appeal to a bridging loan with government guarantee "BMKB"
- The company will appeal for compensation scheme for affected sectors

(*) Despite these measures the result 2020 will be significant lower than originally budgeted. The EBITDA was budgetted on € 1.725.000, the revised budget has an expected EBITDA of € 977.000. Assumption is that the restaurants will be opened on May 18th 2020 and that we can make full use of the support measures of the Government and other stakeholders.

Amsterdam, April 6th 2020

Arjen Schrama CEO

