



Yoga Room

Descriptive document by **PwC**
March 2021



BeeBonds
BUILD TOGETHER



Disclaimer



- This Memorandum is issued by PwC Enterprise Advisory bv together with the Management of BeeBonds SRL (the “Management”) on the terms and conditions set out below for the exclusive use of the persons to whom it is addressed and their advisers in connection with the bon issue (“Transaction”) for Nowrizon SRL (hereafter the “Company”).
- The sole purpose of this Memorandum is to assist the recipient in deciding whether it wishes to proceed with a further investigation of the Company. It does not constitute professional advice and is not intended to form the basis of any investment decision or decision to purchase shares in the Company.
- No representation or warranty, express or implied, is given by PwC, the Management, their respective advisers or any of their respective Directors or employees or any other person as to (i) the accuracy or completeness of the contents of this Memorandum (ii) the accuracy or completeness of the projections included in this Memorandum or of any other document or information supplied at any time in connection with the proposed Transaction of the Company, or any other information contained in this Memorandum or any other such document remaining unchanged after its issue. To the extent permitted by law, PricewaterhouseCoopers and the Management, their respective advisers or any of their respective Directors or employees and agents do not accept or assume any liability, responsibility or duty of care for any consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this Memorandum or for any decision based on it.
- Neither the receipt of this Memorandum by any person nor any information contained in it or supplied with it or subsequently communicated to any person in connection with the proposed Transaction of the Company constitutes, or is to be taken as constituting, the giving of investment advice by PwC to any such person. Each such person should make its own independent assessment of the merits or otherwise of injecting capital in the Company and should take its own professional advice.

*« A better world through
people who feel better »*

Table of content



1.	Executive Summary	05
2.	Presentation of Yoga Room and their growth project	07
3.	Financing needs	19
4.	Business Plan	21

1

Executive Summary



Nowrizon wants to expand the Yoga Room brand in Belgium and abroad, and needs €2.0m of funding to get the project started



Introduction

- Nowrizon SRL operates a network of yoga studios that currently has 5 studios in Belgium and 3 in France. The aim of their development project is **to expand the network** with 2 additional studios in Belgium, to relocate the Waterloo studio, to open a first studio in Portugal and to renovate an existing studio in Paris.
- Yoga Room's total financing needs amount to €2.6m, of which €0.6m is financed by BruStart (financing already in place) and the remainder via the **BeeBonds issue**:

 Amount: **€2.0m**
  Annual interest rate: **8.0%**
  Horizon: **4 ans**

- From 2016 (when the first studio opened) to 2019, Yoga Room has recorded an average annual growth in revenue of 82%. Thanks to the development plan presented here, **growth will continue until 2026 at an average annual rate of 23%**.
- The cash flow forecast shows **Yoga Room's ability to pay both interest and principal**, with a comfortable cash cushion.
- We understand from Management that this business plan is **conservative** mainly because (1) the modelled maximum capacity is **significantly lower than the actual maximum capacity** of the studios and (2) **the working capital requirements have not been taken into account** in the cash flow calculation (structurally negative WCR).

Simplified Business Plan

€ in thousands	FY21 FC	FY22 BP	FY23 BP	FY24 BP	FY25 BP	FY26 BP
Turnover	2,760	5,262	6,561	7,519	8,047	8,339
Operational costs	(2,715)	(4,759)	(5,330)	(5,854)	(6,193)	(6,322)
EBITDA	46	503	1,230	1,664	1,855	2,017
Tax	-	-	-	-	(286)	(397)
Repayment of deferred debts	(240)	-	-	-	-	-
Operational Cash Flow [1]	(194)	503	1,230	1,664	1,569	1,620
Studio investment - Waterloo	(250)	-	-	-	-	-
Studio investment - Louise	(300)	-	-	-	-	-
Studio investment - Boitsfort	(400)	-	-	-	-	-
Studio investment - Satyam	(200)	50	50	50	50	-
Studio investment - Portugal	(248)	50	50	50	50	-
Investing Cash Flow [2]	(1,398)	100	100	100	100	-
Interests - structure level	(39)	(38)	(34)	(25)	(16)	(9)
Interests - studio level	(39)	(34)	(30)	(25)	(21)	(18)
BeeBonds interests	-	(160)	(160)	(160)	(160)	-
Principal - structure level	175	(13)	(162)	(198)	(193)	(123)
Principal - studio level	(259)	(193)	(198)	(160)	(150)	(129)
Principal BeeBonds	2,000	-	-	-	(2,000)	-
Financing Cash Flow [3]	1,839	(438)	(584)	(568)	(2,540)	(279)
Cash BoP	50	297	461	1,208	2,405	1,534
Total Cash Flow = [1] + [2] + [3]	247	165	747	1,197	(871)	1,341
Cash EoP	297	461	1,208	2,405	1,534	2,875

FC – Latest estimations
 BP – Business Plan

Source: Information Memorandum and financial data prepared by Nowrizon

2

Presentation of
Yoga Room and
their growth
project



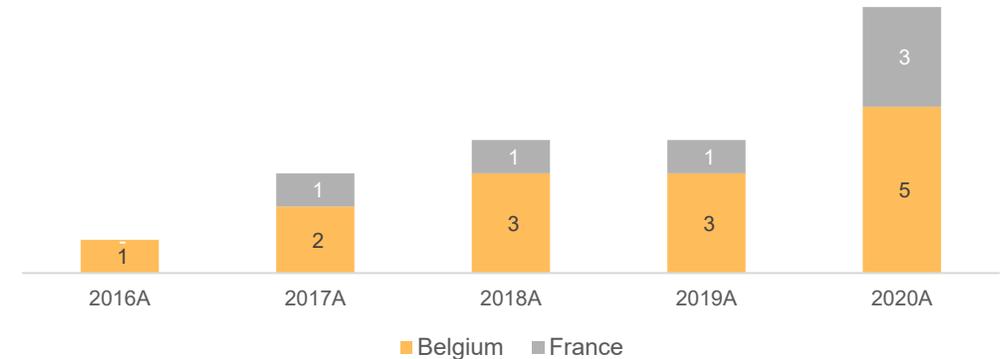
Yoga Room history



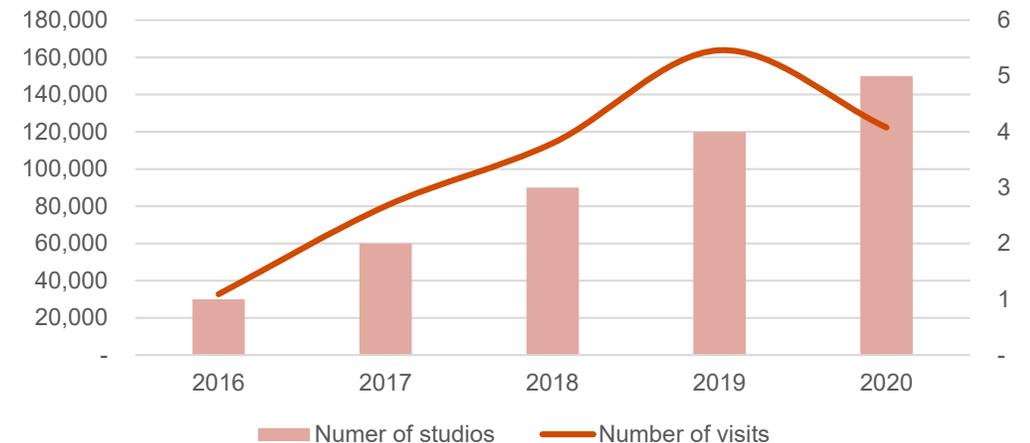
History

- Nowrizon was **founded by Pierre Rousseaux in 2016** after the creation of the first yoga studio "Defacqz" in Brussels Centre in February of that year. The studio was profitable in its first month of operation.
- In April 2017, Yoga Room launched its second studio in Fort-Jaco, a studio characterised by a more family-friendly atmosphere. It reaches its break-even point in 2019 and continues to grow.
- Today , Nowrizon has **8 yoga studios in its network**, all operating under the Yoga Room brand. The studios are distributed as follows:
 - 5 studios in Belgium: 4 in Brussels region, 1 in Waterloo (currently moving)
 - 3 studios in France (2 in Lyon, 1 in Paris).
- Pierre has developed his team to 20 FTEs excluding teachers; 20 part-time employees and students; a passionate team that manages the studios, the course planning and the central management.
- In 2019, during the pre-COVID period, **Yoga Room has 4 studios (of which 2 are in the opening phase) and 4,500 members**. There are 3 studios in Brussels and a first studio in Lyon.
- In 2020, the number of visits decreased due to COVID, but the turnover increased due to (i) the fact that members maintain their link with Yoga Room despite the closures caused by the health crisis and (ii) a longer fiscal period of 15 months (01/10/19 to 31/12/20). Yoga Room totalled a revenue of €2.36m despite having to close for more than 180 days.
- Since the opening of its first studio (and despite the impact of COVID), Yoga Room has had **over 600,000 visits** in Belgium.
- In 2020, Yoga Room introduces its **Online offer following the Covid crisis** and manages to convert nearly 25% of its existing member base, who use the service 3 times a week on average. This level of attendance is similar to the physical studios.

Number of studios in Belgium and in France



Annual visits in Belgium





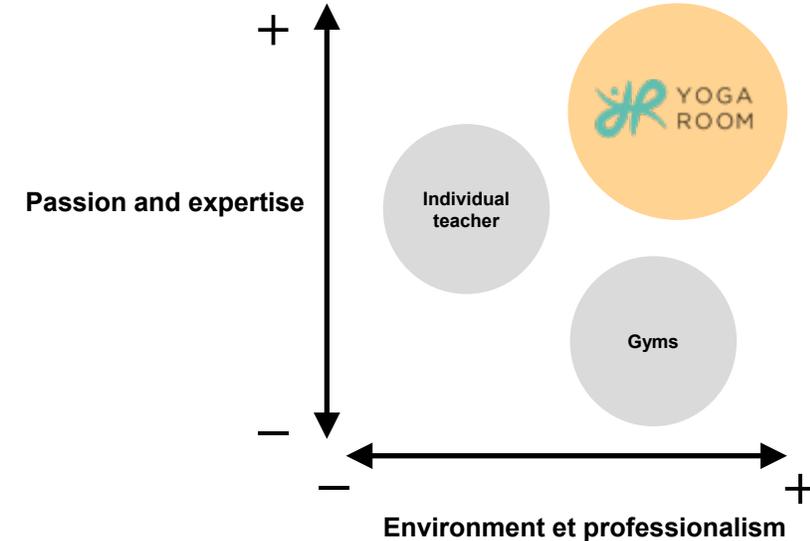
Concept: chain of high-end yoga studios



Positioning

Yoga Room's positioning is very clear: "100% dedicated to yoga". This sets the brand apart from two other types of players active in the yoga/wellness market, namely:

- **Gyms and multi-sport clubs:** by design, these players have neither the same expertise nor the same passion for yoga. This will be reflected in the customer experience.
- **Teachers teaching at home or in rented premises:** although the passion for yoga is present, the quality of teaching and infrastructure can vary greatly.

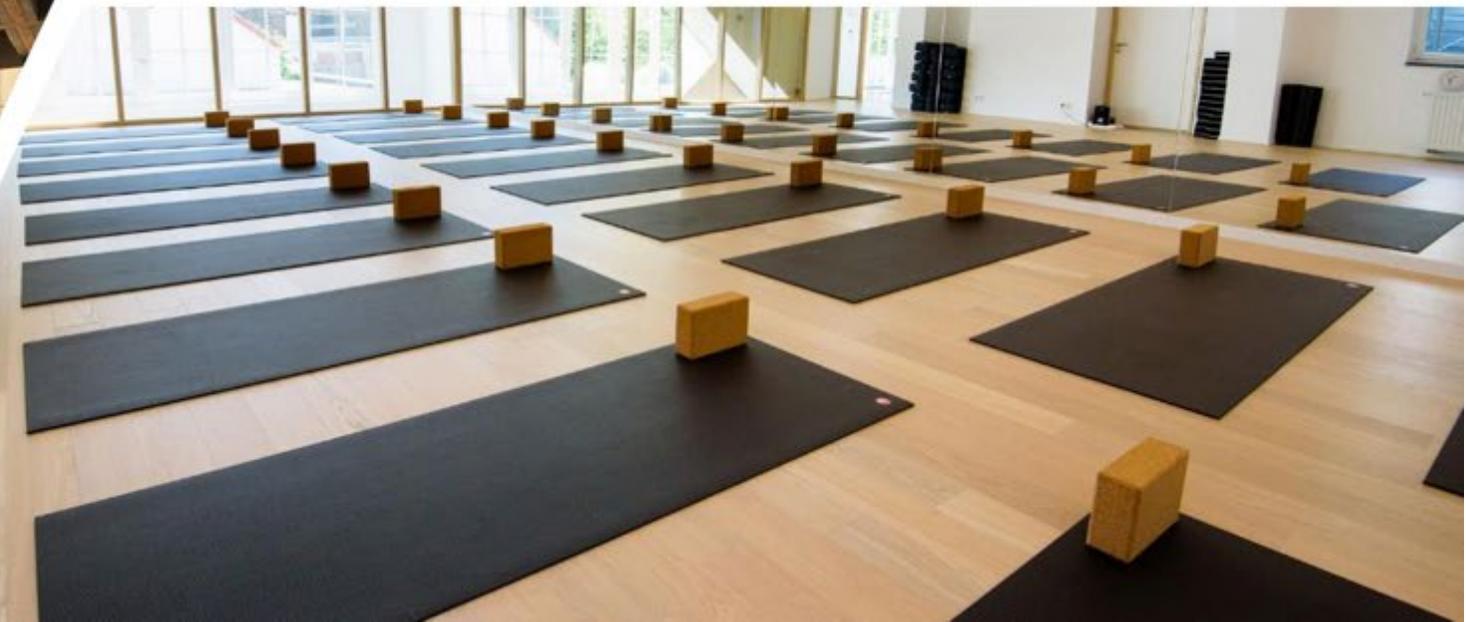


Value proposition

- Yoga Room offers high quality yoga classes taught by an **international team of expert teachers**. The brand claims a premium offer by:
 1. An unparalleled network of studios in Belgium with **modern, spacious and fully equipped facilities**
 2. Yoga Room has the ability to recruit **world-class yoga teachers** from all over the world. Each studio offers an average of **85 classes per week** featuring 15 different types of yoga.
 3. A booking system with mobile application and digitisation of the week's courses
 4. One-stop customer service **available 7 days a week to all Yoga Room members**.
 5. A **strong brand** that speaks to all those who are not yet introduced to yoga



Source: Information Memorandum préparé par Nowrizon



Business model: customer adoption and retention



Business model

The Yoga Room business model is based on 5 key steps:

1. Localisation

Three elements allow Yoga Room to **expand its network efficiently**.

- The majority of Yoga Room members go to a studio within 20 minutes of where they live, thus informing the choice of location of new studios.
- The team regularly works with geo-marketing experts to locate the most suitable locations for a new studio.
- The restructuring of the urban environment leads landlords to encourage (financial support for renovations, temporary rent exemptions, etc.) players such as Yoga Room to establish themselves within their premises in order to promote a good image and a better use of their buildings.

2. Presale

Prior to the opening of a new studio, Yoga Room always conducts an intense and focused marketing campaign, accompanied by a pre-sales strategy. The Yoga Room team has budgeted to raise €85k in pre-sales, but historically this strategy has often allowed them to **generate €150k before the studio opens**.

3. Discovery

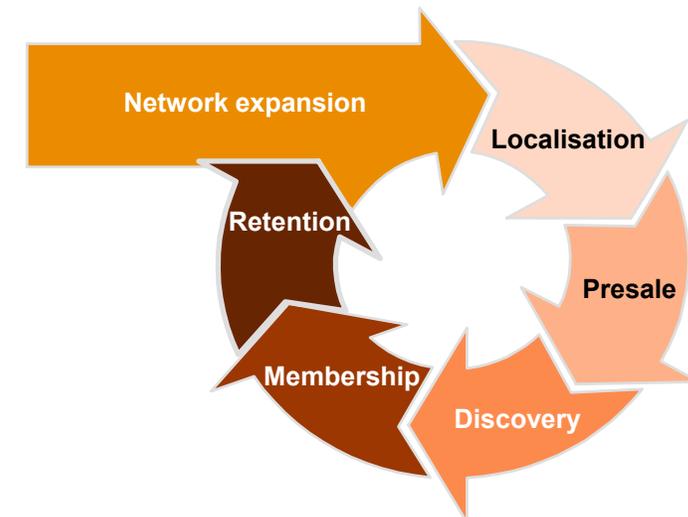
In addition to pre-sales, **word of mouth** will play an important role in acquiring new members (73% of new members) alongside targeted marketing campaigns. Numerous off-site events and intelligent partnerships also contribute to the growth of the membership.

4. Membership

New practitioners can easily become members via the Discovery Pass. For 65€, the member has unlimited access to all classes in all studios for 30 days. During these 30 days, Yoga Room makes sure that the new member succeeds in integrating yoga into their daily life with a regular practice of 3 times a week.

5. Retention

- **40% of members** who bought a Discovery Pass will **opt for a long-term unlimited subscription (minimum 3 months)**
- Thanks to powerful sale automation mechanisms, **75% of long-term members will renew their unlimited membership** year after year. As a result, **80% of Yoga Room's revenue** comes from long term passes that sell for an average of **€105 per month** in recurring revenue. On average, members renew their membership for 3 to 4 years. **The LTV per member is estimated at +/- €4,000.**



Presentation of a typical studio



Key data

The turnover of a studio is mainly based on the income from visits (subscription or session pass). The average revenue is estimated at **€10.25 per visit** and studios are open 7 days a week.

For each studio we can distinguish on the one hand the costs of the teachers:

- The cost of the teacher is estimated at around **€60 per class**, which means that only 6 participants per class are needed to cover the teacher's costs.
- The number of classes offered is estimated based on the average number of participants per class, in this case **23 students**. This implies that Yoga Room will need to schedule 16 classes per day for the studio shown here.

And on the other hand, support costs and other ancillary costs which include:

- The rent, estimated at **€8,000 per month** in this example of a 600 sqm (lower for smaller studios).
- The cost of support staff (studio manager, HR, planning, etc.) estimated at around 11% of revenue, i.e. **€12,500 per month** for a fully operational studio.
- Other costs and charges (marketing, maintenance, other) which represent about 4% of the turnover, or **€4,000 per month**.

After deducting the various expenses, we obtain an operating profit (EBITDA) of 52% of the turnover, i.e. **€57,400 per month** for a studio operating at a capacity of 360 visits per day with a maximum ceiling of 450 visits per day.

Source: Information Memorandum and financial data prepared by Nowrizon

Key data for a typical 80% capacity studio

Monthly figures (in €)

Maximum visits / day	450
Occupancy rate	80%
Monthly opening days	30
Average revenue / visit	10.25
Monthly revenues	110,700
No. of participants per class / day	23
No. classes per day	16
Average cost of teacher / class	(60)
Monthly charges for teachers	(28,800)
Monthly Gross margin	81,900
Rent	(8,000)
Personnel costs	(12,500)
Marketing and other	(4,000)
Operating expenses (excluding teacher)	(24,500)
EBITDA studio	57,400
Gross margin studio	74%
EBITDA margin studio	52%



Evolution of a typical studio



Growth plan for a typical studio

The plan illustrates the evolution of the typical studio presented earlier. We can refer to 4 periods in the evolution of a studio, namely:

1. Investment period: year -1

In the 6 months leading up to the opening of the studio, Yoga Room will fit out and equip its studios. To do this, the company plans **to invest €750k** in the building, almost **€60k in operational costs** and a **marketing budget of €35k**. All of this is **financed by €600k in debt** and **€245k in equity**.

2. Loss-making period : year 1

During the first year of opening, Yoga Room expects to make a loss on the operation of its new studio. This is mainly due to the fact that the number of visits is still below the threshold required to cover fixed costs. However, **some studios have had positive profitability in the first year**. The model presented here provides for an additional €150k in equity during the year to compensate for any losses.

3. Ramp-up period : year 2 to 4

From the second year of opening, the studio generates a **net profit**. Thanks to the increase in the number of visits, the EBITDA margin will gradually increase.

4. Maturity period : year 5 and beyond

Now in its fifth year of operation, the studio is operating at about 80% of its maximum capacity. The number of visits continues to grow, but relatively more slowly than before. The EBITDA margin is stabilising at around 50% of turnover.

Evolution of a typical studio from opening to maturity

Data in €	Years					
	-1	1	2	3	4	5
Average annual capacity	0%	21%	39%	55%	68%	81%
Annual revenues	-	345,693	694,484	994,790	1,222,026	1,461,077
Presale	85,000	-	-	-	-	-
Turnover	85,000	345,693	694,484	994,790	1,222,026	1,461,077
Professor costs	-	(156,600)	(192,600)	(264,600)	(324,000)	(383,400)
Gross margin	85,000	189,093	501,884	730,190	898,026	1,077,677
Rent	(48,000)	(96,000)	(96,000)	(96,000)	(96,000)	(96,000)
Personnel costs	-	(83,421)	(112,052)	(132,398)	(147,793)	(163,989)
Marketing	(35,000)	(60,000)	(11,000)	(6,500)	(6,500)	(6,500)
Other operational costs	(58,000)	(45,000)	(48,154)	(64,661)	(79,432)	(94,970)
Operating expenses (excl. teachers)	(141,000)	(284,421)	(267,206)	(299,559)	(329,725)	(361,459)
EBITDA studio	(56,000)	(95,328)	234,678	430,631	568,301	716,218
Gross margin studio	100%	55%	72%	73%	73%	74%
EBITDA margin studio	-66%	-28%	34%	43%	47%	49%
Operating Cash flow [1]	(56,000)	(95,328)	234,678	383,415	452,410	562,891
Investing Cash flow [2]	(750,000)	-	-	-	-	-
Financing Cash flow (+) [3a]	845,000	150,000	-	-	-	-
Financing Cash flow (-) [3b]	(9,000)	(77,060)	(77,060)	(77,060)	(77,060)	(77,060)
Total Cash flow [1] + [2] + [3a] + [3b]	30,000	(22,389)	157,618	306,355	375,349	485,830
Cash position BoP	-	30,000	7,611	165,229	471,584	846,934
Cash position EoP	30,000	7,611	165,229	471,584	846,934	1,332,764

Source: Information Memorandum and financial data prepared by Nowrizon

COVID impact



Key features

As in many other sectors, the sanitary crisis has had an impact on Yoga Room's results, especially in the spring and autumn of 2020. As a result, Yoga Room had to innovate to survive.

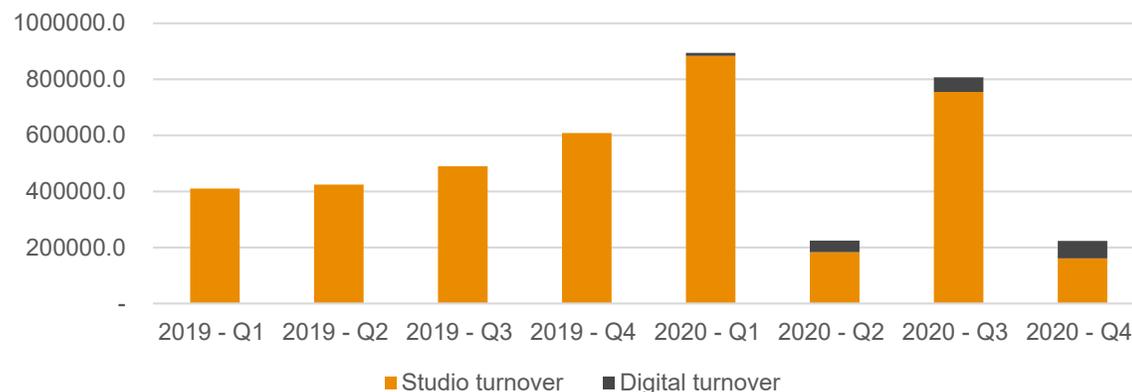
1. Launch of Yoga Room TV

The Yoga Room team quickly set up a platform for its members to view live and archived classes (**1,200 Yoga Room TV members currently**). Yoga Room expects the digital platform to generate **€150k in additional revenue** in 2021-22 and up to **€250k by 2025**.

2. Strategic thinking

Yoga Room's management is questioning its historical business model and sees an opportunity **to reduce costs** (e.g. by centralising and reducing the number of studio managers) while restructuring its offering to improve its operating margin.

Turnover of studios before and during the COVID pandemic



Source: Information Memorandum and financial data prepared by Nowrizon

What is the long-term impact?

Impact	Opportunities
<ul style="list-style-type: none"> Increase in bankruptcies Growth in e-commerce, teleworking, etc. <p>=> Pressure on the property market</p>	<ul style="list-style-type: none"> Opportunity to seize strategic locations at favourable conditions Possibility to take over other yoga studios that had to close their doors
<ul style="list-style-type: none"> Digitalisation of the sports offer (e.g., Peloton, online coaches, etc.) 	<ul style="list-style-type: none"> Yoga Room's digital platform and centralised structure make the company more agile than its competition in complementing its offer with online courses.
<ul style="list-style-type: none"> Hygiene measures and social distance will be an obstacle to a restart of physical activities indoors. 	<ul style="list-style-type: none"> With its modern and spacious infrastructure, Yoga Room can further distance itself from its competitors.
<ul style="list-style-type: none"> The health crisis is leading to a rethinking of historical practices. 	<ul style="list-style-type: none"> Yoga Room was able to step back from its historical model to lower its costs and increase its revenues.
<ul style="list-style-type: none"> Homeworking is becoming part of our lives now and in the future. 	<ul style="list-style-type: none"> Yoga Room is adapting its product offering, notably with Yoga Room TV and other solutions in development, such as a corporate offering

The Yoga Room project: studios in Belgium, France and Portugal



Development of Yoga Room studios in Europe

- Yoga Room has developed its recipe and its network in Belgium, then in France. As of now, the company has 8 studios: 5 in Belgium in Brussels and 3 studios in France, split between Paris and Lyon. Yoga Room's development plan is to expand its network in both countries and to add a third: Portugal. Each city will eventually house at least 3 studios in order to benefit from management synergies.

1. Belgium

- Relocation of the **Waterloo** studio to a studio that can accommodate 350 people per day.
- New studio on Avenue **Louise** with a capacity of 500 visits per day.
- New studio in **Boitsfort** that can accommodate 250 daily visits.

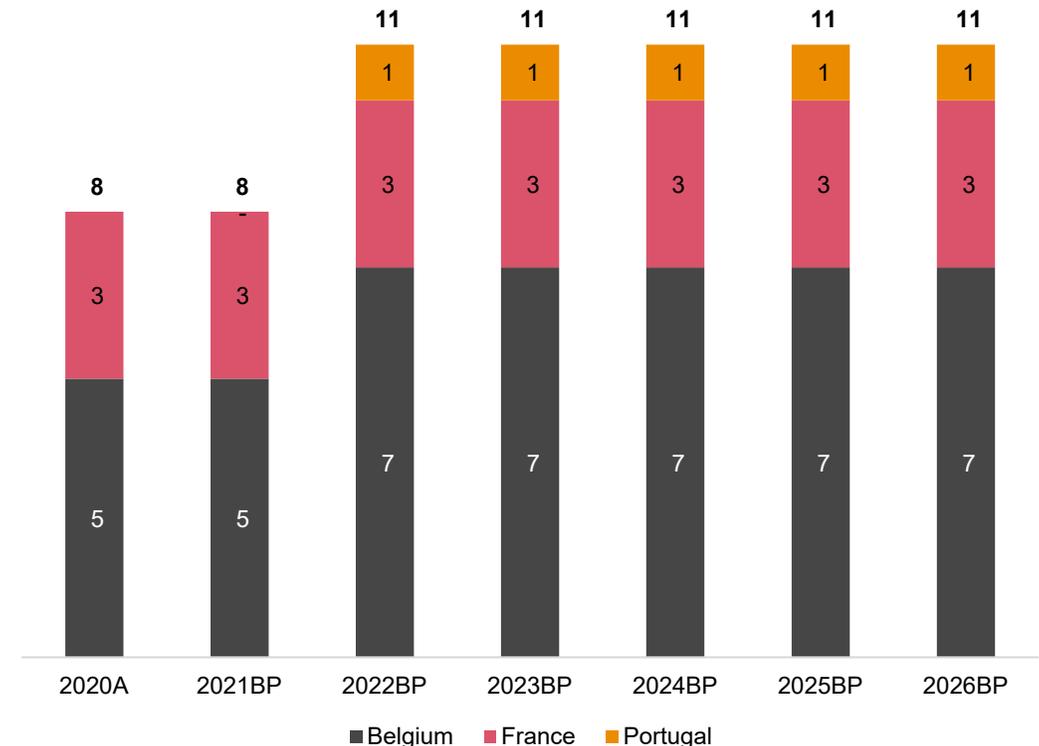
2. France

- Refurbishment of a studio in **Paris** owned by the Satyam subsidiary.
- Yoga Room is considering an additional expansion project in France with the collaboration of BPI France. This project is based on the establishment of Yoga Room outside major cities with 15 additional studios in France in 5 years, but is not included in the business plan presented here.

3. Portugal

- Opening of a new studio in **Lisbon** through the subsidiary Nowrizon Portugal, in collaboration with a local partner.

Development plan (number of studios per country)



Source: Information Memorandum prepared by Nowrizon

The Yoga Room team: experience and passion to ensure future growth



Pierre Rousseaux
Founder & CEO

- Pierre obtained a Master's degree in Business Engineering at the Solvay Business School.
- He developed a passion for yoga and became a teacher himself.
- He started Yoga Room, a project where he could merge his passion and his educational background.



Emilie Lavernov
Co-Founder & head of Lyon

- Emilie is an integral part of the development of the Yoga Room group. She is a yoga teacher and was the studio manager of the first studio in Brussels, Defacqz.
- Today, Emilie is in charge of the growth and management of the network in Lyon, FR.



Gregory Fossey
COO

- Grégory is an engineer and also has an MBA from INSEAD
- He was VP at Michelin and was able to specialise in the concept of "scale-up" on behalf of large international groups (Tetra pack, Michelin, etc)
- At Yoga Room, Gregory manages the structuring of the company and the management of the teams centrally.



Benjamin Bertho
CFO

- Business engineer
- In 12 years of professional experience, Benjamin has participated in the creation of 3 companies

Source: Information Memorandum prepared by Nowrizon

3

Financing needs



BeeBonds financing will allow Yoga Room to continue its growth in Europe



Financing needs

- As of March 2021, Yoga Room has a **total funding needs of €2.6m** of which €600k comes from a loan from BruStart* and €2.0m from BeeBonds based funding.
- The BruStart loan will be used primarily to support the group's cash flow for the first months of 2021. This amount is estimated at **€345k**.
- The BruStart loan and the €2.0m of financing raised via BeeBonds are to be used to **repay existing debt**:

- A** Existing Look&Fin debts (**€214k** and **€62k** respectively)
- C** COVID Belfius debt (**€200k** to be repaid)

And, on the other hand, to finance the opening of **four new studios** (including the cost of moving for the Waterloo studio) and **the renovation of a fifth** in Paris:

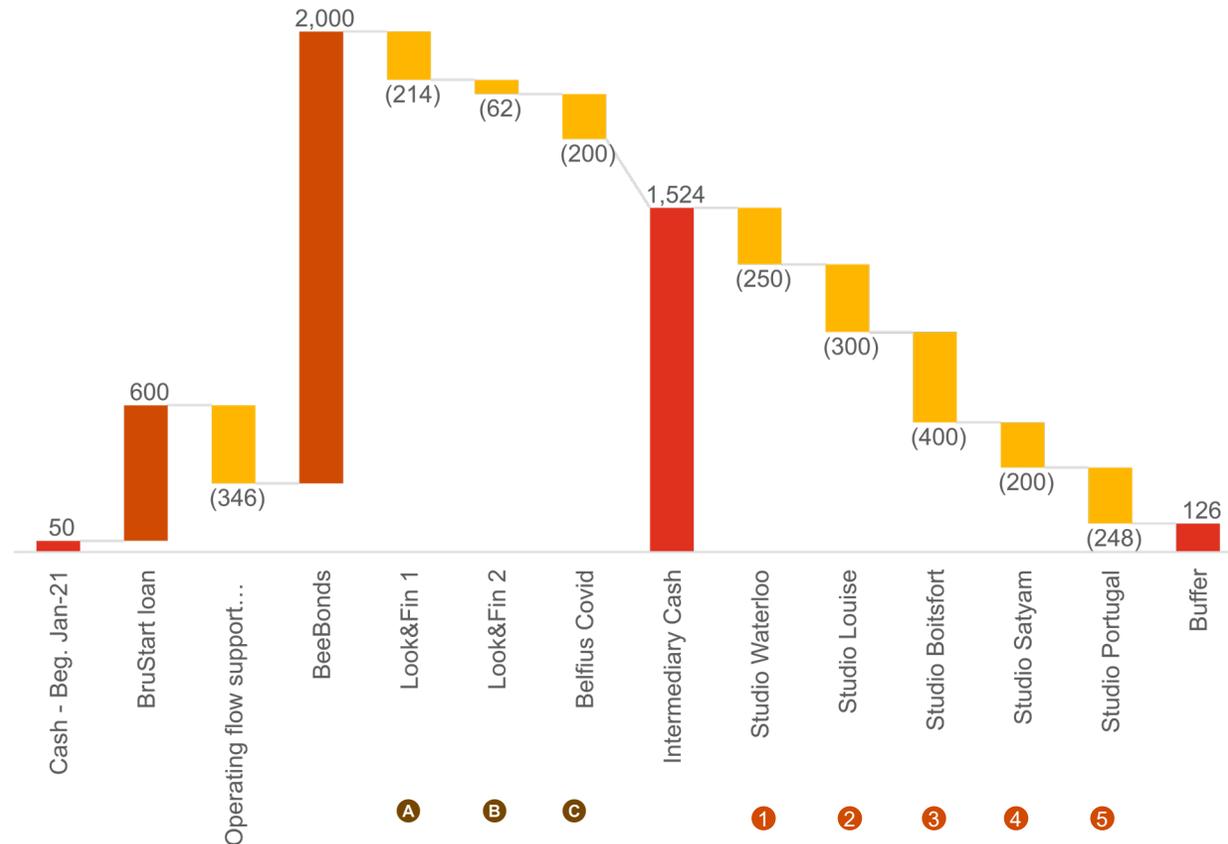
- 1** Studio Waterloo: **€250k** equity investment (for the relocation of the existing studio)
- 2** Studio Louise: **€300k** equity investment
- 3** Studio Boitsfort: **€400k** equity investment
- 4** Studio Paris: **€200k** equity investment
- 5** Studio Lisbonne: **€248k** equity investment

* The BruStart loan is granted and the funds were released during March 2021. It is a €600k loan, bearing an interest rate of 4% per annum, payable monthly. The total term of the loan is 7 years, including a 2 year grace period on the principal repayment.

Source: Business Plan prepared by Nowrizon

Yoga Room – Information memorandum
BeeBonds

Use of the financing needs



4

Business Plan



Company structure



A Belgian parent company and subsidiaries abroad

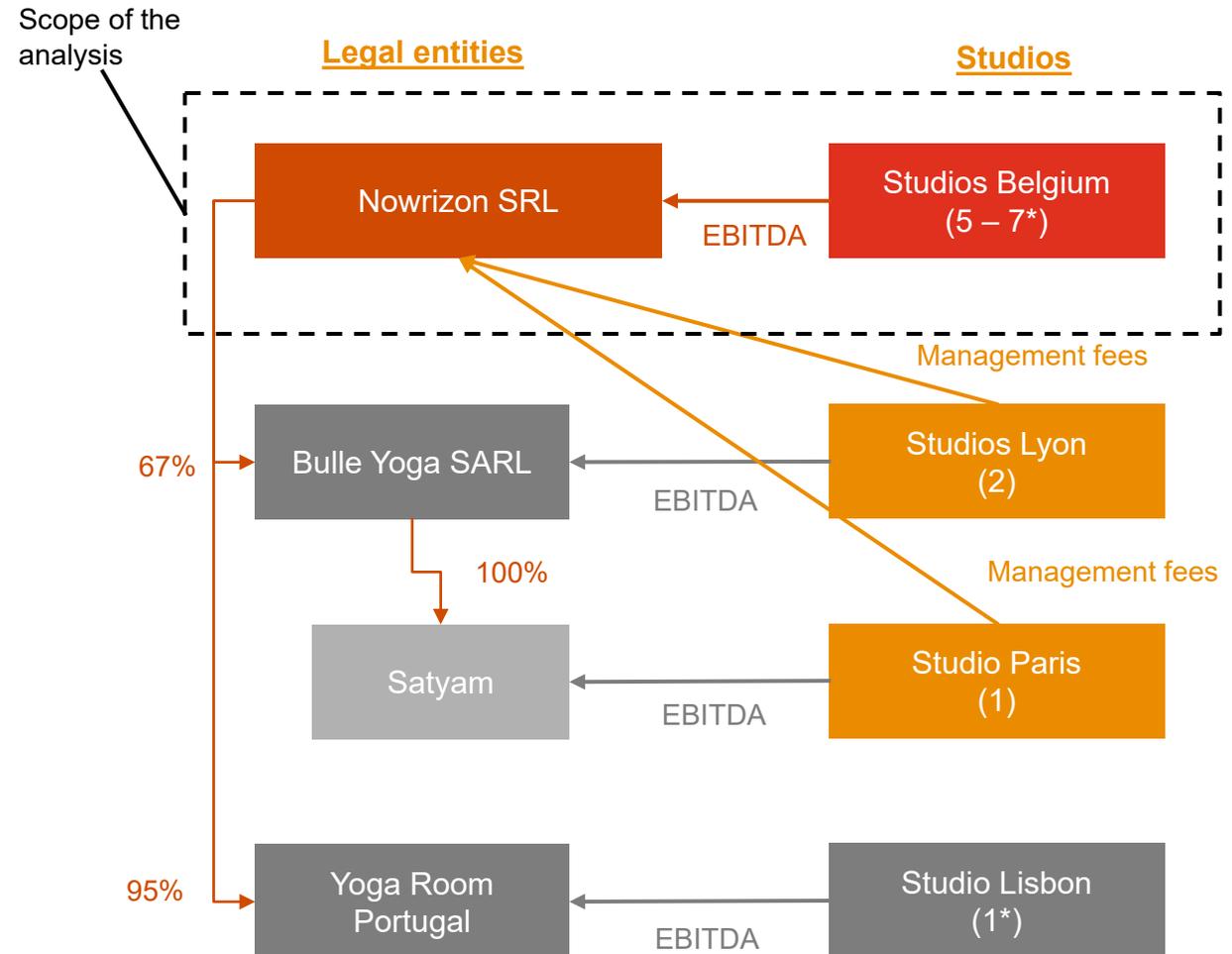
The parent company behind Yoga Room, *Nowrizon SRL*, is based in Belgium, where the company was founded. All Belgian studios are wholly owned by *Nowrizon SRL* and all profits are allocated to this legal entity.

In France, Yoga Room is implemented through the entity *Bulle Yoga SARL* which owns the 2 studios in Lyon. *Bulle Yoga SARL* also holds the entire share capital of *Satyam*. The latter entity owns the Paris studio. *Nowrizon SRL* makes up 67% of the shareholding of *Bulle Yoga SARL*, with BPI France holding the remainder.

The profits of the French studios are, directly or indirectly, transferred to *Bulle Yoga SARL*. However, the 3 studios in France are required to pay a management fee to *Nowrizon SRL* on a quarterly basis. The amount of the management fee is contractually defined as being equal to the sum of:

- **4.5% of the turnover before tax** achieved by *Bulle Yoga SARL* and its subsidiaries until 30 June 2022, **then 3% of the turnover before tax**. The business plan takes the 3% of the turnover directly into account and thus takes a more cautious position.
- **7% of pre-tax profits** for each studio that has been open to the public for at least 15 months.

In Portugal, Yoga Room will be established through the entity *Yoga Room Portugal* of which *Nowrizon SRL* holds 95% of the share capital (5% is held by the local partner). As of now, there are no plans in the BP to collect management fees for the Portuguese studio in order to reduce its costs and thus promote its development.



(x) Current number of studios

(y*) Expected number of studios

Based on Management's business plan, EBITDA is positive over the entire forecasted period (1/2)



Income statement Nowrizon SRL FY19-FY26 - Unconsolidated

€ in thousands	FY19 Act.	FY20 Act.	FY21 FC	FY22 BP	FY23 BP	FY24 BP	FY25 BP	FY26 BP
Studios revenues	1,933	1,983	2,393	5,058	6,300	7,233	7,737	8,003
Management fees		146	162	54	86	86	86	86
Other revenues		235	205	150	175	200	225	250
Turnover	1,933	2,364	2,760	5,262	6,561	7,519	8,047	8,339
Studios costs	(1,288)	(1,327)	(1,612)	(3,442)	(3,902)	(4,314)	(4,541)	(4,659)
Structure costs	(387)	(1,752)	(1,010)	(1,250)	(1,350)	(1,450)	(1,550)	(1,550)
Other costs	(4)	(9)	(92)	(68)	(79)	(90)	(101)	(113)
Operational costs	(1,680)	(3,088)	(2,715)	(4,759)	(5,330)	(5,854)	(6,193)	(6,322)
EBITDA incl. studios	645	656	781	1,617	2,399	2,919	3,196	3,344
EBITDA excl. studios	(391)	(1,380)	(736)	(1,114)	(1,168)	(1,255)	(1,341)	(1,327)
EBITDA	254	(724)	46	503	1,230	1,664	1,855	2,017
Studio depreciation	(187)	(435)	(336)	(402)	(402)	(402)	(402)	(402)
EBIT	67	(1,159)	(290)	101	828	1,262	1,452	1,615
Financial products	212	20	-	-	-	-	-	-
Financial charges	(25)	(128)	(198)	(232)	(224)	(210)	(76)	(27)
EBT	254	(1,267)	(489)	(132)	604	1,052	1,376	1,588
Tax	(64)	-	-	-	-	-	(286)	(397)
Net Result	191	(1,267)	(489)	(132)	604	1,052	1,090	1,191

Annual growth in turnover	42%	22%	17%	91%	25%	15%	7%	4%
EBITDA studios, % turnover	33%	33%	33%	32%	38%	40%	41%	42%
EBITDA group, % turnover	13%	(31%)	2%	10%	19%	22%	23%	24%
EBIT, % turnover	3%	(49%)	(11%)	2%	13%	17%	18%	19%
Number of studios in Belgium	3	5	5	7	7	7	7	7
Total number of studios	4	7	7	11	11	11	11	11
Average turnover per studio (BE)	644	496	479	723	900	1,033	1,105	1,143
Average EBITDA per studio (BE)	215	164	156	231	343	417	457	478

Source: Business Plan prepared by Nowrizon

Note: FC – Latest estimations BP – Business Plan

Comments

The Yoga Room business plan is developed on a bottom-up basis. The plan as presented here assumes that existing studios will be able to reopen from May 2021 and that **new studios will open in January 2022**.

Nowrizon's turnover consists of:

1. The **revenue generated by the Belgian studios**, which represents the vast majority of the entity's turnover
2. The **Management fees** received by Nowrizon for management services provided to French studios. In the BP, we consider only the 3 existing studios in France
3. Revenue from **Yoga Room TV** and Yoga Room events

We can see that the turnover continues to grow after the number of studios has stabilised. This is due to the fact that the studios take several years to reach their maximum capacity. In 2022, a return to equilibrium is expected with the opening of 3 new studios and 2 studios that are still in ramp-up. These studios approach their maximum capacity around 2026.

We understand from Management that this business plan is **conservative** for the following reasons:

1. The modelled maximum capacity is **significantly lower than the actual maximum capacity** of the studios.
2. Yoga Room's working capital requirement (WCR) is negative year on year due to members paying their subscriptions in advance. A negative WCR allows Yoga Room to finance its own growth. However, **the WCR has not been taken into account** in the calculation of the cash flows.
3. There is no Management fee for Portugal in the BP.
4. Inflation is not taken into account in the BP (revenues and costs).

Based on Management's business plan, EBITDA is positive over the entire forecasted period (2/2)



Income statement Nowrizon SRL FY19-FY26 - Unconsolidated

€ in thousands	FY19 Act.	FY20 Act.	FY21 FC	FY22 BP	FY23 BP	FY24 BP	FY25 BP	FY26 BP
Studios revenues	1,933	1,983	2,393	5,058	6,300	7,233	7,737	8,003
Management fees		146	162	54	86	86	86	86
Other revenues		235	205	150	175	200	225	250
Turnover	1,933	2,364	2,760	5,262	6,561	7,519	8,047	8,339
Studios costs	(1,288)	(1,327)	(1,612)	(3,442)	(3,902)	(4,314)	(4,541)	(4,659)
Structure costs	(387)	(1,752)	(1,010)	(1,250)	(1,350)	(1,450)	(1,550)	(1,550)
Other costs	(4)	(9)	(92)	(68)	(79)	(90)	(101)	(113)
Operational costs	(1,680)	(3,088)	(2,715)	(4,759)	(5,330)	(5,854)	(6,193)	(6,322)
EBITDA incl. studios	645	656	781	1,617	2,399	2,919	3,196	3,344
EBITDA excl. studios	(391)	(1,380)	(736)	(1,114)	(1,168)	(1,255)	(1,341)	(1,327)
EBITDA	254	(724)	46	503	1,230	1,664	1,855	2,017
Studio depreciation	(187)	(435)	(336)	(402)	(402)	(402)	(402)	(402)
EBIT	67	(1,159)	(290)	101	828	1,262	1,452	1,615
Financial products	212	20	-	-	-	-	-	-
Financial charges	(25)	(128)	(198)	(232)	(224)	(210)	(76)	(27)
EBT	254	(1,267)	(489)	(132)	604	1,052	1,376	1,588
Tax	(64)	-	-	-	-	-	(286)	(397)
Net Result	191	(1,267)	(489)	(132)	604	1,052	1,090	1,191

Annual growth in turnover	42%	22%	17%	91%	25%	15%	7%	4%
EBITDA studios, % turnover	33%	33%	33%	32%	38%	40%	41%	42%
EBITDA group, % turnover	13%	(31%)	2%	10%	19%	22%	23%	24%
EBIT, % turnover	3%	(49%)	(11%)	2%	13%	17%	18%	19%
Number of studios in Belgium	3	5	5	7	7	7	7	7
Total number of studios	4	7	7	11	11	11	11	11
Average turnover per studio (BE)	644	496	479	723	900	1,033	1,105	1,143
Average EBITDA per studio (BE)	215	164	156	231	343	417	457	478

Source: Business Plan prepared by Nowrizon

Note: FC – Latest estimations BP – Business Plan

Comments

- 1 We see a decline in revenue growth for the year 2020 but growth returns in 2021, because Yoga Room is assumed to gradually reopen their studios from the beginning of May onwards. **Growth accelerates after 2021**, in part due to the expansion of the network.
- 2 On the other hand, growth is accelerating because the existing studios and those under development have not yet reached their maximum capacity and their clientele is still growing, this is the "**ramp-up**" effect. In 2026, annual turnover growth has slowed to 4% .
- 3 Thanks to the group class model, Yoga Room can rapidly increase its gross margin once it reaches a certain threshold of class participation, which is about 20 students per class. Above this number, **all (or almost all) of the marginal revenue contribute to the gross margin**. By leveraging the effect of the marginal revenues, we can observe that the EBITDA margin of the studios increases from 33% of turnover in 2019 to 41% of turnover in 2025.
- 4 Structural costs related to HR performance, marketing, office rent, etc. change little over time. The same is true for other operational costs. Only the studio costs grow with the number of members and visits, but at a lower rate than the latter. This explains **an increase in EBIT and EBITDA margins over time**.

Based on Management's BP, Yoga Room will be able to repay the BeeBonds debt in 2025



Cash flow statement FY19-FY26 - Unconsolidated

€ in thousands	FY21 FC	FY22 BP	FY23 BP	FY24 BP	FY25 BP	FY26 BP
Turnover	2,760	5,262	6,561	7,519	8,047	8,339
Operational costs	(2,715)	(4,759)	(5,330)	(5,854)	(6,193)	(6,322)
EBITDA	46	503	1,230	1,664	1,855	2,017
1 Tax	-	-	-	-	(286)	(397)
1 Repayment of deferred debts	(240)	-	-	-	-	-
Operational Cash Flow [1]	(194)	503	1,230	1,664	1,569	1,620
2 Studio investment - Waterloo	(250)	-	-	-	-	-
2 Studio investment - Louise	(300)	-	-	-	-	-
2 Studio investment - Boitsfort	(400)	-	-	-	-	-
3 Studio investment - Satyam	(200)	50	50	50	50	-
3 Studio investment - Portugal	(248)	50	50	50	50	-
Investing Cash Flow [2]	(1,398)	100	100	100	100	-
4 Interests- structure level	(39)	(38)	(34)	(25)	(16)	(9)
5 Interests - studio level	(39)	(34)	(30)	(25)	(21)	(18)
BeeBonds interests	-	(160)	(160)	(160)	(160)	-
6 Principal - structure level	175	(13)	(162)	(198)	(193)	(123)
6 Principal - studio level	(259)	(193)	(198)	(160)	(150)	(129)
7 Principal BeeBonds	2,000	-	-	-	(2,000)	-
Financing Cash Flow [3]	1,839	(438)	(584)	(568)	(2,540)	(279)
Cash position BoP	50	297	461	1,208	2,405	1,534
Total Cash Flow = [1] + [2] + [3]	247	165	747	1,197	(871)	1,341
Cash position EoP	297	461	1,208	2,405	1,534	2,875

Source: Business Plan prepared by Nowrizon
 Note: FC – Latest estimations BP – Business Plan

Comments

- 1 There is a negative operating cash flow for 2021 due to a break-even operating result and a repayment of rents that had been frozen in recent months.
- 2 The investments in the renovation and fitting out of the new studios will take place during 2021 for a planned opening in early 2022. The total amount is around **€950k for the 3 studios in Belgium**.
- 3 For the Paris and Lisbon studios, Nowrizon intends to finance its subsidiaries through a loan of €200k per studio with €48k of additional equity funding for Lisbon. The principal of this loan will be repaid to the parent structure in 4 yearly instalments, starting in 2022.

The investment cash flow is the net cash flow for Yoga Room (total investment cash flow - bank financing).

The debt carried by Yoga Room is divided between:

- 4 The debt borne at the company level with a **principal amount of €1.26m in March 2021**. This includes (i) a positive cash flow associated with the BruStart debt drawdown of €600k and (ii) a negative cash flow corresponding to the repayment of the Look & Fin and Belfius COVID debts of €417k in total. This results in a positive cash flow of €175k.
- 5 The interest rate applicable to company level debt is 5.4% (annual rate) on average.
- 6 **The debt incurred at the studio level** has a principal amounting to €1.88m as at March 2021 and the applicable interest rate is on average 2.3% (annual rate).
- 7 The €2.0m BeeBonds loan provides a largely positive cash flow to offset negative cash flows from operations and investments. The annual interest rate is 8% during 4 years.



BeeBonds

B U I L D T O G E T H E R