



3100 Clarendon Blvd
Suite 200
Arlington, VA 22201
SRGconcepts.com

July 14th, 2023

Dear Doi Moi JV LLC, Capital Partners,

SRG Concepts is working to streamline your quarterly updates to a brief one and ½ page bullet summary of our restaurant issues and action plans. Beginning Q2, all financial reports will be posted on the new SRG Concepts website Investor Portal www.srgconcepts.com. Shortly, you will receive email notification to join the Investor Portal and will be asked to create a username and password. We ask for your patience as you navigate this new platform as technical glitches may occur. Please notify us immediately and we will work quickly with our webmaster to resolve these issues.

Executive Summary

doi moi averaged \$125,000 a week and controlled costs to ensure a solid Q2. However, we missed 2023 Q2 budgeted cash flow by \$79,000 and 2022 cash flow by \$27,000.

Cover counts were up 13.1% over Q2 2022. Our profit shortfall was due to inflationary cost creep and a significant drop in PPA from 2022. Our PPA was \$37.13 vs budget of \$43.90. This shortfall is a function for the need for more training and upselling. SRG Concepts Director of Restaurants, David Lynch will actively work with the team to get where we need to be.

doi moi had the lowest guest satisfaction scores out of all SRG restaurants in Q2. Over the months of May – June, *doi moi* averaged 3.65 on Yelp and 3.88 on Google. Most reviews highlighted poor and inattentive service. SRG Concepts measures the success of its locations on high guest satisfaction which equates to a 4.4 or higher for full-service restaurants.

There is huge compression on our wage rates. Washington, D.C. recently passed legislation that will phase out the tipped minimum wage by 2027. This means servers will be made minimum wage (in today's wage \$17.50 + tips). Most of the impact will be on the employer. We have already added a 3.75% fair wage surcharge to alleviate some of the immediate impact on the business. We will continue to research creative ways to ensure that we follow local and federal regulations.

Crime is up on 14th Street. *doi moi* was the victim to three overnight break-ins since 2021. Also, there were two teenage shootings in the immediate 14th and S market in the last two years, Late last year, we put in place an alarm system and reinforced entryways, and recently upgraded our security cameras. In P7, *doi moi* became a cashless restaurant. we no longer accept cash payment and tips as a safety measure for the store and its employees. We believe that these three measures will discourage future robberies.

Last week, *doi moi* made a \$125,000 Q2 distribution. The \$110,000 investor received a \$6,042 distribution, the \$55,000 investor received a \$3,021, the \$27,500 investor received a \$1,511. This represents an annual pre-tax 22.0% cash on cash return.

Action Plans

1. Director of Restaurants and General Manager will lead service training to correct our service issue.
2. Director of Restaurants and General Manager will improve accountability to improve PPA.
3. Creatively solve the D.C. wage compression issues which will drive server rate to minimum wage +tips by 2027.



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Quarterly Reporting

SRG is transitioning your Q2 reporting to our Investor Portal on the SRG Concepts Website. Investors will be able to find the following quarterly reports for their respective restaurants on the website.

- P&L with Key Performance Metrics.
- Balance Sheet
- Guest Satisfaction (Google, Yelp)
- Mystery Shop Performance vs. Brand Standards.
- Associate Engagement
- Turnover

As always, we appreciate your support of SRG Concepts and our restaurants. Please give us a call at 571-512-8361 or email sdamon@srgconcepts.com or gchang@srgconcepts.com with your questions.

Sincerely,

Des, Kris, Stu, and Grace.