

Dodo Pizza UK

Investment Opportunity Overview

March 2022



Introduction to Dodo UK

- Dodo Pizza brand has been present in the UK since 2017 when the first franchised store was open in Brighton, in 2019 three additional franchised stores were added in the Midlands region. These units demonstrated unsatisfying performance due to strong competition from the incumbents and little product differentiation on our side
- As we were looking to open our first corporate store in Leamington Spa in 2020 we decided to pivot into the new Roman-style dough concept (also known as pinsa) and did a brand refresh. The store was launched just before Christmas 2020
- Throughout 2021 the store demonstrated growing sales performance and received strong customer feedback. Market research conducted in late 2021 showed Dodo to be #2 pizza brand in town both in terms of sales and brand awareness lagging only behind Domino's
- Such positive results gave us confidence to move on to the second stage of our expansion. We signed a lease for the new store in the prime location in Cheltenham with a plan to launch 3-4 stores there in due course. We also signed a lease for a dough production facility on the premises of our logistics partner in Foston that was intended to supply up to 40-50 stores
- Russia / Ukraine conflict and following sanctions made it impossible to continue financing our UK venture from Russia. We had to part with most of the team and started to explore exit / partnership options

Foston Dough Production Centre

unfinished

800 sqm space
£324k invested
£62k p.a. rent

Leamington Spa

trading since Dec 2020

160 sqm space
£575k invested
£32.5k p.a. rent

Cheltenham-1

unfinished

140 sqm space
£116k invested
£42.5k p.a. rent



Key Competitive Advantages of Our Concept



Differentiated Product

- Distinctive shape, texture and taste
- Lighter, healthier, trendier pizza option; still great after reheating
- Unique attention-grabbing recipes



Industry-Leading Speed

- Dough bases come frozen and pre-stretched
- Oven time 2.40 min vs 4.50 min for traditional dough
- <5 min cooking time
- 15-minutes delivery time possible to achieve



Operational Efficiency

- Dough handling and stretching - the most difficult skill in the pizza business - is removed from the store
- High labour productivity
- Less space for dough storage allows for tight efficient layouts



Scalability

- Dough shelf life >30 days — large territories can be efficiently supplied from a single commissary
- Simple operations allow for quick staff training and leave less room for error



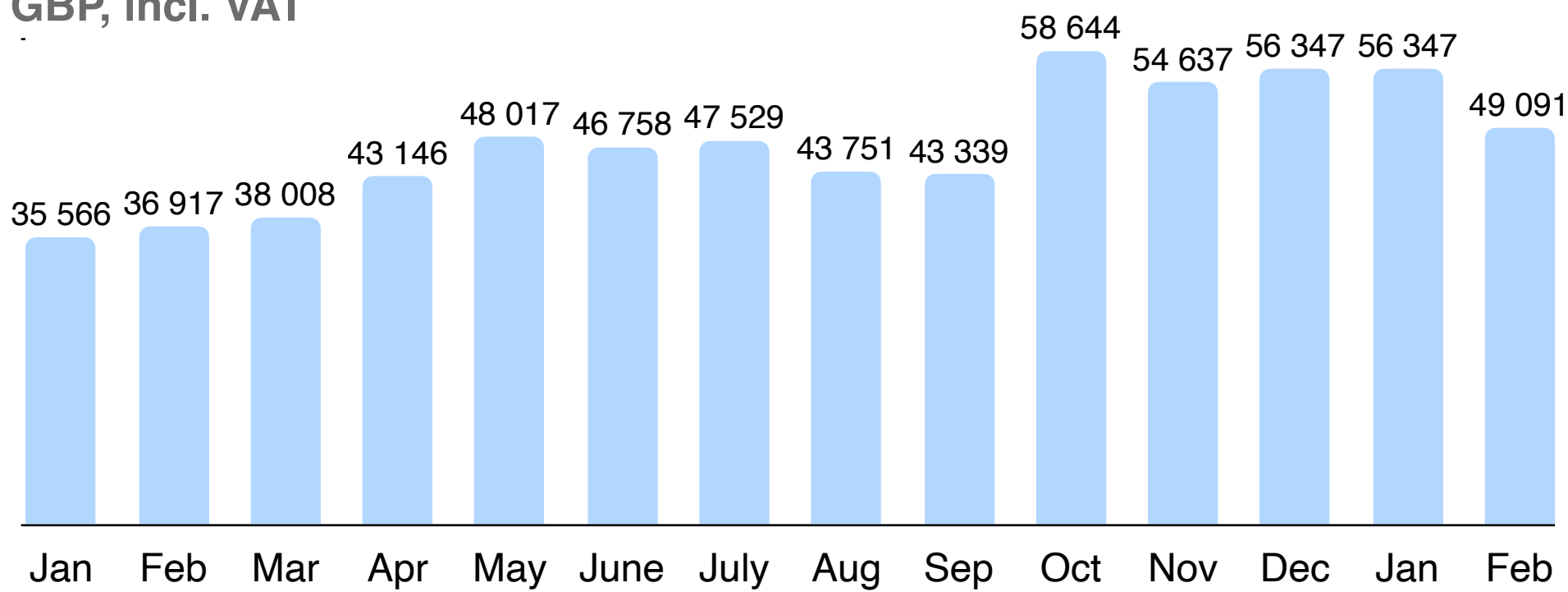
Team and Global Platform

- Experienced leadership team on board
- Industry-leading IT solutions and digital products developed in the HQ
- Global track record of scaling to c.800 stores

Leamington Store Demonstrates Concept Traction

Continuously Growing Sales

GBP, incl. VAT



Getting Close to Target Economics

Weekly P&L, GBP	Current		Target	
Net Sales	10 070		12 151	
Food Cost	3 011	29,9 %	3 281	27,0 %
Labor Cost	3 464	34,4 %	3 388	27,9 %
Marketing	631	6,3 %	1 126	9,3 %
Rent, utilities	1 013	10,1 %	1 555	12,8 %
Royalties	0	0 %	680	5,6 %
Other	713	7,1 %	1 094	9,0 %
Store-level EBITDA	846	8,4 %	1 026	8,5 %

Key Metrics and Customer Feedback



Henry Henshall

★★★★★

Awesome pizza! Quirky toppings and they work so well together!

X

G

Gemma Faulconbridge

1 review

Follow

★★★★★

a year ago

Love these pizzas. Speedy delivery. Dough/base is 2nd to none. Great choices available. Only area for improvement would be the introduction of a ham and pineapple pizza (old school retro choice), as it's my daughter's favourite flavour

X

David Jones

5 pizza restaurant reviews

Follow

★★★★★

a week ago

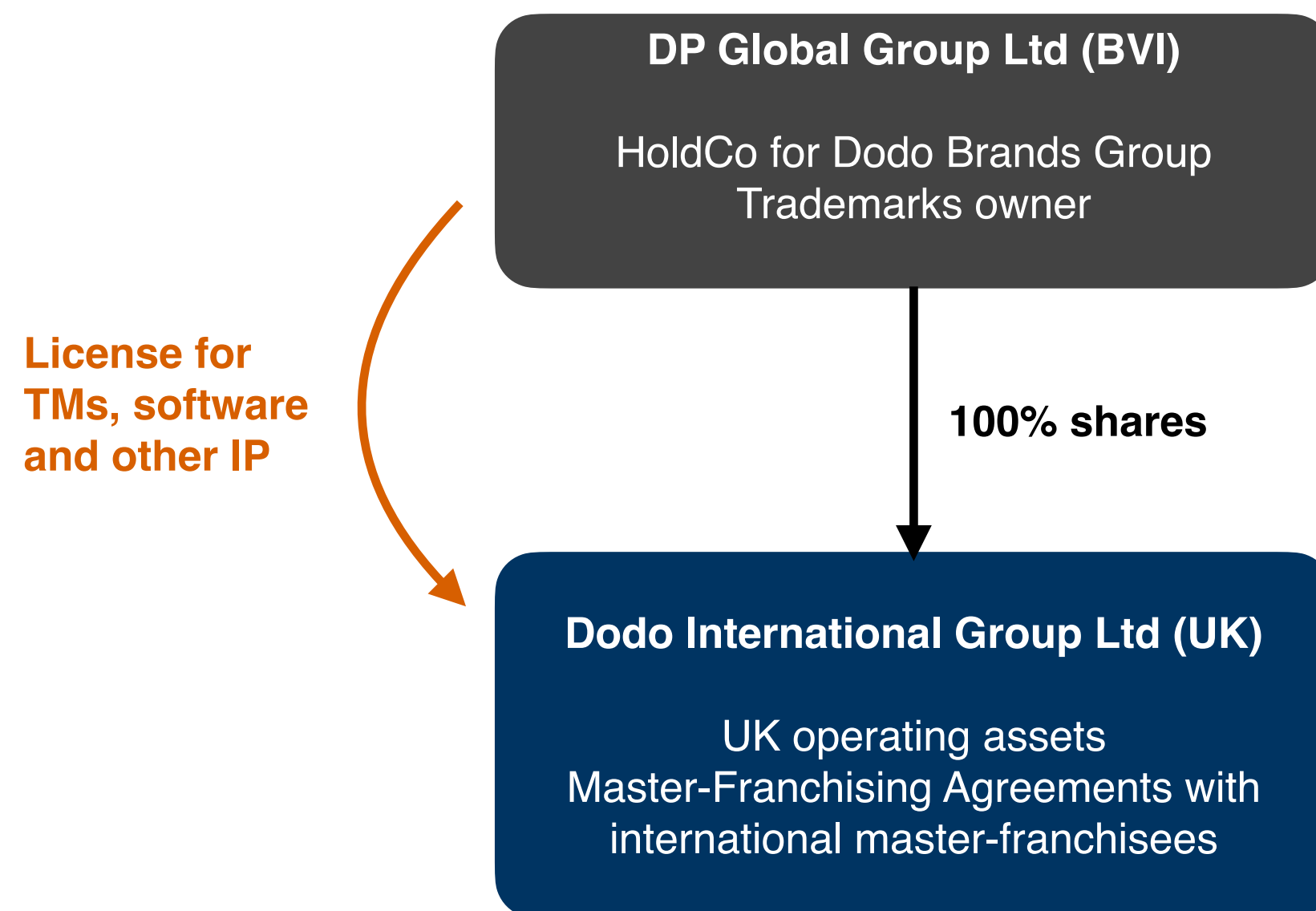
Love this place. Gourmet pizza 🍕 and great selection of sides. Very cool waiting area too. Pizza is divine. They pride themselves on great ingredients, great service and speed. Couldn't recommend enough. Get the App. Get discounts too!

Gotta say guys that's the best tasting pizza I have ever had from a pizza place 😊😊😊 well done Domino's and other menus are now in the bin yum yum



Proposed Transaction

Current Structure



- Dodo International Group Limited (“DIGL”) was established in 2019 to serve two purposes:
 1. act as a sales hub for international master-franchising activities for Dodo Brands i.e. sign master-franchising agreements and receive royalties
 2. develop operating business in the UK i.e. build and operate stores and commissaries
- We are looking for an investor(s) for one of the following transactions or a combination of them:
 - A. to purchase selected operating assets in the UK one-by-one (e.g. certain leases, equipment) to utilise them for non-Dodo-brand purposes
 - B. to purchase all UK operating assets and continue managing and growing them as Dodo Pizza master-franchisee for the UK
 - C. to take over DIGL legal entity i.e. carve-out the whole Dodo Pizza business outside of Russia/CIS and manage it in cooperation with the brand owner

Business Plan

- Below we show potential cash flow forecast and roadmap to breakeven assuming investor takes over whole DIGL
 - Conservatively assume international royalties stay flat at Q1 2022 levels
 - Overheads and other expenses assume a small 5-6 people team, almost covered by int'l royalties
- Assume c. £540k capex to complete Cheltenham-1 store and build a smaller Cheltenham-2 store including c.£70k start-up marketing costs for the city
 - Foston dough plan completion to cost c. £180k, to be launched later when all stores are launched
 - All stores expected to become store-level profitable by Jan 2023 and cover dough plant expenses

Overall project expected to become sustainably cash-flow positive in Q1 2023. Funding required to reach that point at around £350k. However, we would prefer to have c. £1m in external financing to have a cushion and have optionality to build additional store(s) without further fundraising

GBP	Apr 2022	May 2022	Jun 2022	Jul 2022	Aug 2022	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023
Total Inflows	40,000	78,000	40,000	103,072	40,000	40,000	100,732	40,000	40,000	72,523	40,000	40,000
International Royalties	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Territory Fee		38,000										
VAT return				63,072			60,732			32,523		
Total Outflows	191,463	255,726	218,724	215,575	76,057	107,911	103,314	106,688	61,564	44,399	39,129	36,264
Overheads	72,988	38,380	34,943	34,943	34,943	34,943	34,943	34,943	34,943	34,943	34,943	34,943
Operating Cash Flow (+ loss / - profit)	4,786	6,407	6,258	6,109	19,054	14,684	9,087	4,461	4,562	-4	-2,874	-5,738
Leamington Spa	-1,641	-1,792	-1,943	-2,093	-2,244	-2,394	-2,545	-2,696	-2,846	-2,997	-3,148	-3,298
Cheltenham-1		1,770	1,770	1,770	8,964	6,575	3,454	697	-1,999	-4,515	-5,992	-7,470
Cheltenham-2					7,133	5,605	3,576	2,146	371	-1,313	-2,345	-3,378
Commissary losses	6,427	6,429	6,431	6,433	5,201	4,899	4,603	4,314	9,036	8,821	8,612	8,408
CAPEX / completion works	87,629	198,879	162,463	162,463	8,000	51,224	52,224	60,224	15,000			
Leamington Spa		13,750										
Cheltenham-1	42,297	91,796	91,796	91,796	5,000	10,000	10,000	15,000	10,000			
Cheltenham-2		70,667	70,667	70,667	3,000	4,000	5,000	8,000	5,000			
Foston (Production center)	45,332	22,666				37,224	37,224	37,224				
Other	26,060	12,060	15,060	12,060	14,060	7,060	7,060	7,060	7,060	9,460	7,060	7,060
Net Monthly Cash Flow	-151,463	-177,726	-178,724	-112,503	-36,057	-67,911	-2,582	-66,688	-21,564	28,124	871	3,736
Account balance at the end of the month	316,291	138,566	-40,158	-152,661	-188,718	-256,629	-259,210	-325,898	-347,462	-319,338	-318,467	-314,731

Dodo UK Team



David Sweeney
Head of Business
Development, Director

ex. franchising and business development director at Papa John's International in Great Britain, >20 years experience in the UK pizza industry

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Ekaterina Landyрева
Business Unit Lead
for Dodo Pizza UK

ex. Head of Marketing for Dodo Pizza international markets, ex. CMO "Mann, Ivanov, Ferber" publishing house

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Iliya Farafonov
Head of Operations

ex. Head of Dodo Pizza corporate chain in Russia, scaled it from 3 to >30 stores, before that one of the first franchisees of Dodo Pizza

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