



# Investor Overview and Vision

November, 2016



# Introduction To Hopsters



*Hopsters is a unique and exciting restaurant, bar, craft beer brewery and “brew your own” concept with delicious food and great craft beer that is poised for significant growth in Boston and other major cities. Building on the success of its flagship store in Newton, MA., Hopsters will be opening its second, larger “prototype” location in Boston’s Seaport District in the Spring of 2017. Over the next 6 years the Company intends to locate Hopsters in numerous other major US cities (and perhaps abroad). Welcome to Hopsters!*

# Craft Beer: The Fastest Growing Beer Category



SOURCE: BREWERS ASSOCIATION, BOULDER, CO

<http://www.brewersassociation.org/statistics/national-beer-sales-production-data/>





# Hopsters: The First Custom Craft Brewery

*A community brewery and restaurant that brings people together to create unique craft beers*

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Founded in 2013 by Lee Cooper, Hopsters offers a unique and custom craft brewing experience for everyone – individuals, groups and businesses



Riding the explosive growth within the craft beer market, Hopsters provides one of the first “brew-it-yourself” experiences in the U.S.



In addition to group brewing sessions (kettles), Hopsters also serves in house brewed craft beer, delicious food and go to market Hopsters-branded line of craft beers



Hopsters partners with local food producers for all ingredients and makes a point of supporting local businesses



Through the last 12 months of operation, Hopsters has far exceeded revenue and profitability expectations



The Company is primed for explosive growth and is ready to open its flagship Boston location





# The Hopsters Concept

*Unique, personalized brewing experience not currently offered in the market*



## *The Hopsters Experience*

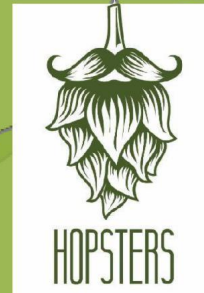
- 1. Choose Your Brew: Choose from any of over 30 craft beer recipes.*
- 2. Grab Your Ingredients: Select ingredients from the Ingredients Room – most ingredients sourced from local farms!*
- 3. Start Brewing: Combine ingredients and boil for ~ 1 hour. Relax with food & drink and keep an eye on your kettle.*
- 4. Add Yeast to Kick Off Fermentation: Transfer beer to fermentation tank to ferment for ~ 10 days (onsite).*
- 5. Bottle It: Come back to bottle and label your beer or have us do it for you. We can also provide a keg of your beer.*

# *Hopsters is at the Center of Significant Current Trends*

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***Local Craft Beers***

***Fresh, Local Menu  
Ingredients***



***Dine & Entertain  
Experience through  
"Brew Your Own"***



# The Hopsters "Value Proposition"

**Attractive  
Multi-Revenue  
Model and  
Strong  
Projections**

**Highly  
"social" craft  
beer focus will  
attract  
Millennials  
and others**

**"A" second  
Location in  
Hot Boston  
Seaport  
District**

**"Proof of  
Concept" with  
Highly  
Successful  
Newton Store**



**Significant  
Revenues from  
Corporate  
Events and  
Private Groups**

# Hopsters Newton...

*Early success in the Company's Newton initial location*



Opened in September 2013, Hopsters' Newton location has far exceeded sales and profitability expectations, while effectively serving as an "incubator" location



2,000 sq ft location has capacity for 90 people and boasts 10 kettle stations, a bar and a small quick serve kitchen



Multiple revenue streams benefitting from captive audience (two hour brew session drives incremental food and drink sales)



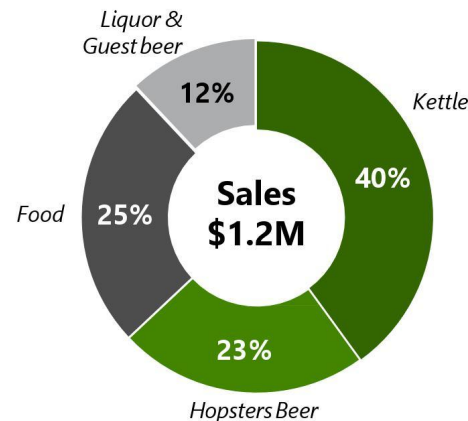
As of May 2014, Hopsters obtained a license to serve Hopsters-brewed beer



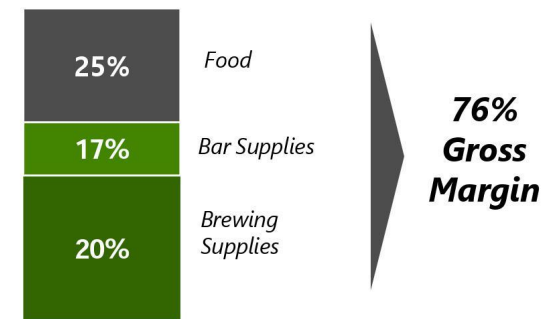
Company has been particularly successful in hosting brewing events for Boston businesses, including: *Google, John Hancock, Harvard, Merrill Lynch, Hubspot and many others*



**Newton Sales**



**Cost of Goods Sold**





# Recent Hopsters Buzz

*Hopsters has garnered media attention both locally and at the national level*

## Local and National Press



The Boston Globe



EATER



edibleBOSTON  
CELEBRATING THE ABUNDANCE OF LOCAL FOOD

dig  
BOSTON'S WEEKLY



Boston  
magazine

BIZBASH

WICKED  
LOCAL®



# Corporate Event Case Study: John Hancock

*50+ person event for John Hancock represented \$10k of sales over three hour period*

-  Hosted corporate outing for +50 John Hancock employees in April (John Hancock has since held multiple subsequent events)
-  Event priced at \$125 / head, exclusive of food and drink tabs
-  Small footprint and occupancy restraints of Newton location require often closing the location to the public for private events
-  Corporate events represent a significant growth driver for the business
-  Extremely high margin business for Company
-  Five times as profitable as standard restaurant. 20% EBITDA 2015; 35% NOI projected at Seaport





# Some of Hopsters Corporate Clients

Google

John Hancock



HubSpot

Biogen

Good things  
come from  
**SYS**SCO



genzyme  
A SANOFI COMPANY

 NIXON  
PEABODY  
 NP  NP  NP

svb   
Silicon Valley Bank

Bain Capital  
PRIVATE EQUITY

Century 21  
SMARTER. BOLDER. FASTER.

# Hopsters Seaport and Future Growth





# What We Learned in Newton.....

*Newton has served as a critical incubator location allowing us to test ideas/concepts*

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**Hopsters is a highly “scalable” concept** that appeals to the right demographic groups and is “on trend” with current developments in the restaurant business: craft beer; “farm to table” food and entertainment



Indeed we should maintain and **expand our high quality “farm to table” menu offerings**



**Need a bigger footprint** – in order to (i) host larger corporate events (50+ people): we currently need to turn away walk-in customers due to private events and (ii) accommodate more diners



**Being closer to our the customers** is key – every day we hear potential customers tell us how great it would be to have a location downtown



**Serving our own beer** through our own taps is delicious...and profitable – we earn a +95% gross margin on all Hopsters–brewed beer served on site



**On site commercial brewing** grows beer profits, sales, credibility and brand awareness; however, commercial brewing on premise is expensive, complex and detracts from major profit center.



# Hopsters New Flagship Location in Boston's Seaport: Feb., 2017

*51 Sleeper St. in rapidly growing Seaport includes 12 kettles, restaurant, bar, and beer garden*



Rapidly growing Seaport District represents highly desirable real estate yet priced at a discount to Boston's higher-end neighborhoods



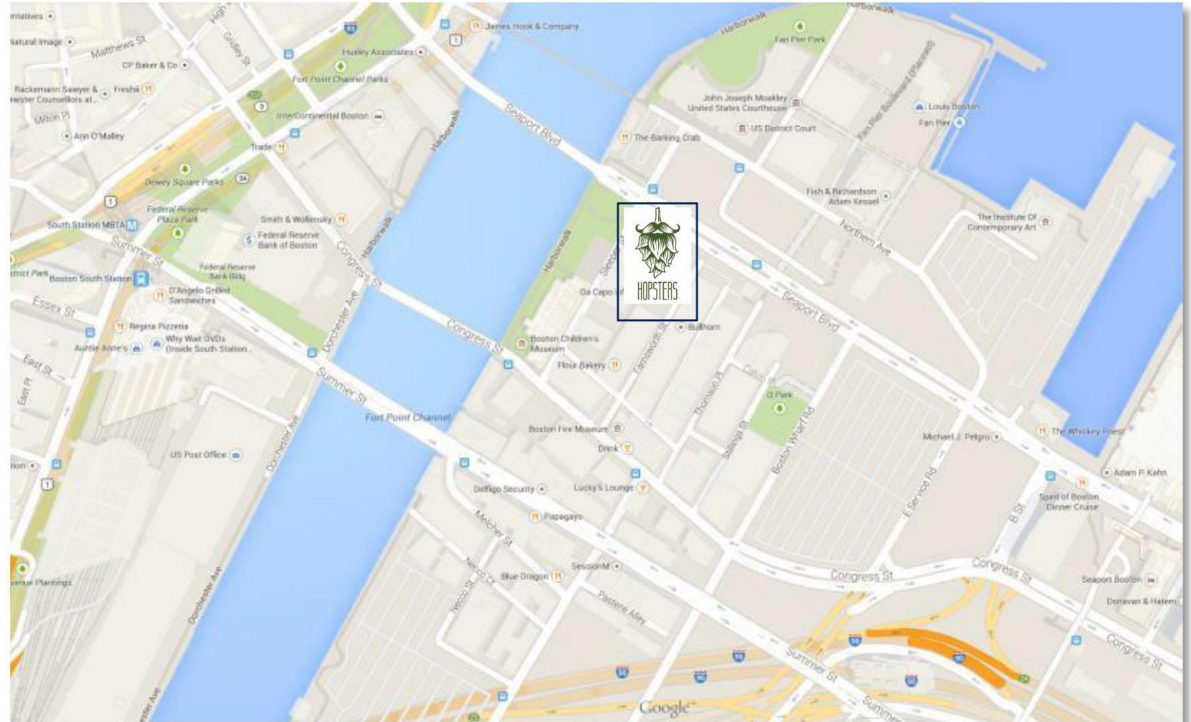
Prime location adjacent to Boston's Financial District, which will drive strong corporate event activity



High traffic area with nearby restaurants, hotels and corporate offices to drive high foot traffic for bar sales / beer garden (first of its kind in Seaport area)



+5,000 sq. ft. location has full basement and ability to house all brew equipment and kegs for fermentation



Lease currently being negotiated; Architect chosen and permits in process





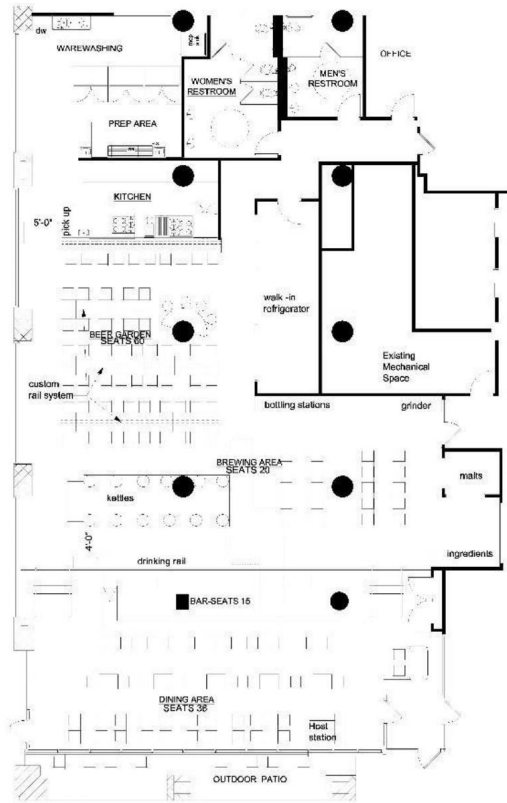
# Hopsters Boston Seaport

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# Hopsters Boston Seaport





# Hopsters Boston Seaport

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**HOPSTERS BREWERY**

# Hopsters Growth Plan

## NATIONAL ROLLOUT: 2017-2022



Hopsters will be the 1<sup>st</sup> scalable “brew-it-yourself” brew pub concept with a national brand and locations in numerous major cities in the US and perhaps abroad



Following a successful Seaport opening, the goal will be to open two new locations in 2017-2018 at least one of which will be in another East Coast city such as Philadelphia or Washington D.C.



Goal: 16 locations by 2022

### Significant Increase in Corporate Events:



With its new Boston Seaport Location directly across from the Financial District, Hopsters will increase its already significant Corporate Event Business by at least 2X in 2017



*Boston Seaport location already identified (contingent on funding). Numerous additional markets on both coasts (Baltimore, Chicago, Portland, etc. prime targets for Phase II expansion.*



# Our Financial Model and Investment Summary



# Hopsters Multiple Revenue Streams





# Financial Highlights\*

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## Newton Store is Highly Profitable



Gross Margins: 76%



EBITDA: 24%



Net Income: 15%

## New Boston Seaport Location Projects Strong Financial Performance



Revenues: \$3.35M



Gross Margins: 80+%



EBITDA: 30+%



Net Income: 20+%

**Rollout:** at least 16 stores in 10+ cities in the US by 2022 with multiple "exit" options with significant IRR's and return "multiples" to Investors. *Excludes Overseas Opportunities.*

\* Detailed Historical and Projected Financials and "return" scenarios available on request

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# Investment Terms: \$1M

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**Type of Security:** Series A Preferred Shares

**Valuation:** \$6M “pre-money” valuation. \$1.7M investment equates to 30% “post- money” ownership of Hopsters LLC

**Priority Distributions:** Investor would receive its investment *and* return prior to regular or liquidity event distributions pro rata to all investors

**Other Priority Rights:** Investor would have the right to make Anti-Dilution cash investments in any future rounds; Rights of First Refusal on Company shares; Drag-Along Rights; Conversion (to Common) Rights; Registration Rights

**Voting Rights:** Equal to common shares (Founders/Principals)

**Board Seat:** 1-2

**Information Rights:** Standard for this type of Investment





# “Uses” for \$1.7M Investment

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The Investment will be used as follows:



**Buildout** \$1.12M (net of \$580k of Landlord Improvements)



**Equipment** \$105,000



**Beverage Package** \$290,000



**License** \$80,000



**Inventory** \$15,000



**Professional Fees** \$90,000

The cash flow generated from the business would be re-invested in growth and expansion and reduce the likelihood of future rounds. Adding leverage at the store level when possible will greatly improve returns.

# Why Invest in Hopsters?

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*Hopsters is "On Trend" with a Diverse Audience:*



**Local Craft Beers Attract Millennials and Others**



**Fresh, Local "farm to table" Menu Items**



**Dine & Entertain Experience through "Brew Your Own"**



*Current Market Validation Through Success of Newton Store*



*Compelling Financial Model*



**Multiple Revenue Streams-Dining/Beer Garden, Bar, Brew Your Own and Retail**



**Significantly Higher Margins and Profitability through Revenue Mix**



**Significant Revenue from Highly Profitable Corporate Events**



*Highly Scalable: Unique/Differentiated Concept in Boston and US*



*Excellent "Exit" Scenarios (see prior chart)*



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