



# Investor Overview and Vision

June 2018

# Introduction To Hopsters



*Hopsters is a unique and exciting restaurant, tap room, 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 prototype store in Newton, MA., and its second, larger “flagship” location in Boston’s Seaport District. Over the next 6 years the Company intends to locate Hopsters in numerous other major US cities (and perhaps abroad). Welcome to Hopsters!*

# BREWERY VISITS ADD OCCASIONS TO HELP GROW BEER CATEGORY –Hopsters is on point!



Survey overall finding that nearly two-thirds of respondents indicated that brewery visits were an incremental occasion



Interesting is that these results are strengthened as we move beyond beer's typical core 21-34 age demographic. Results similar for Women



12% of craft drinkers said that they were drinking more craft, and going to breweries was one reason why



Findings also pointed to a more diverse set of brewery visitors driving this trend, bringing new people into breweries who might not be drinking craft



Demand has grown for integrating beverage alcohol in more experiential occasions (including festivals, brewery visits, and outdoors activities).





New Occasions Mean More Beer Drinkers - there is growing evidence that much of the growth in demand for experiential beer-drinking occasions was not being fully met by traditional on-premise channels


<https://www.brewersassociation.org/insights/brewery-visits-are-new-occasions-may-help-grow-beer/>

# Hopsters: The First Custom Craft Brewery


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

 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 house brewed craft beer, delicious food and go to market Hopsters-branded line of craft beers to go in cans

 Hopsters is successful because we live our mission and reward our values, community, learning, fun and local

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

 The Company is primed for explosive growth recently opening 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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# The Hopsters "Value Proposition"

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**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**

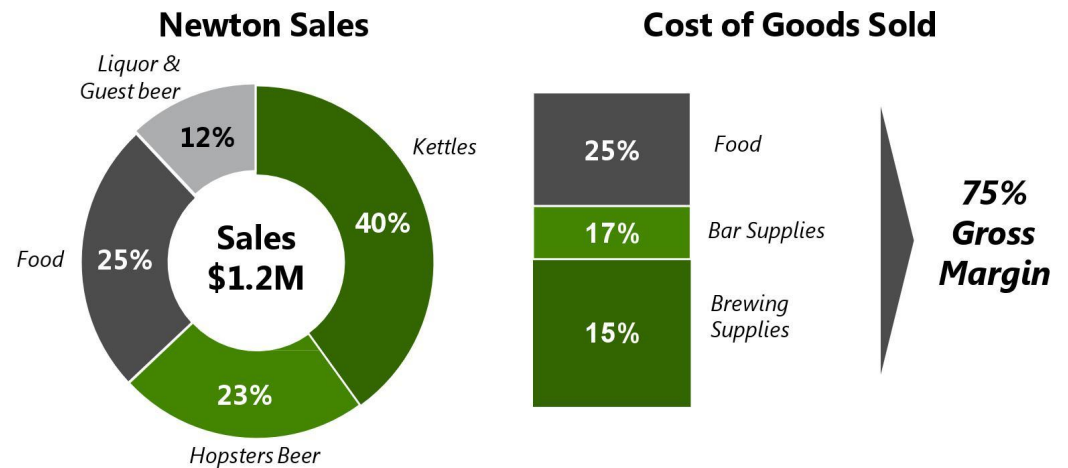


**Significant  
Revenues from  
Corporate  
Events and  
Private Groups**

# Hopsters Newton...2017

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






-  Opened in December 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*

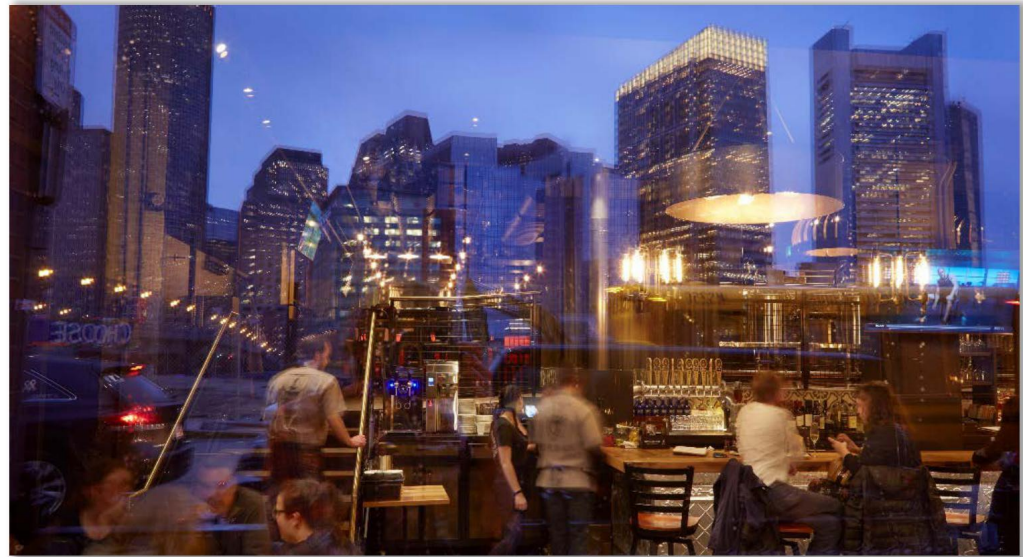




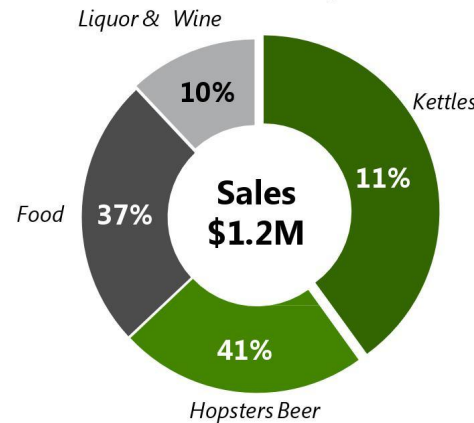
# Hopsters in Boston...

1<sup>st</sup> Qrt 2018 Boston – things are looking awesome!

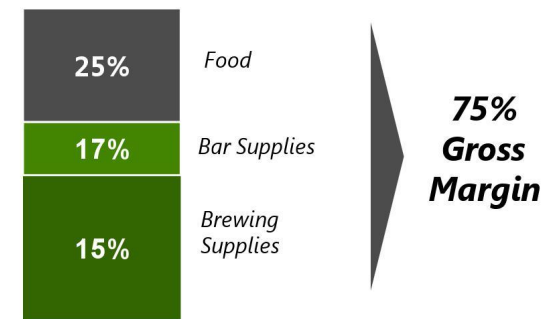
-  Opened in January 2018, Hopsters' Boston location has far exceeded sales and profitability expectations, while effectively serving as the showcase business model
-  6,000 sq ft location has capacity for 180 people and boasts 12 kettle stations, a bar, brew hall and full service restaurant/kitchen
-  Strong corporate & brewhouse/tap room sales. Built a strong brand in Newton
-  To save costs, all Hopsters beer brewed in Newton brewery location
-  Company has strong initial results in hosting brewing events for Boston businesses, including: *PWC, Vertex, GE, Millipore Sigma, , Deloitte and many more*



**Boston Sales Q1 2018**



**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



Boston  
magazine



# 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 – Remedied in Boston



Corporate events represent a significant growth driver for the business



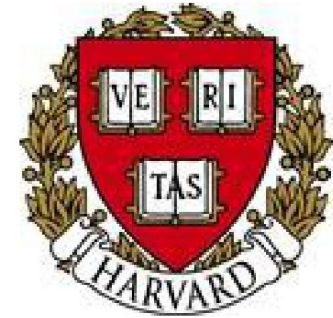
Extremely high margin business for Company



Five times as profitable as standard restaurant. 20% EBITDA 2015; 35% NOI projected at Seaport



# Some of Hopsters Corporate Clients



# 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 “Gastro Pub” 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 locations in their city.



**Serving our own beer** through our own taps is delicious...and profitable – we earn a 90% gross margin on all Hopsters–brewed beer served on site. No price sensitivity!



**On site commercial brewing** Provide employee growth from brewing with customers to head brewer. Strong growth as brewery provides, authenticity, experiential visit & drives incremental sales

# What We Learned in Boston 1st Qtr 2018.....

*Boston is our flagship location, this model will be rolled out to other US locations*

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**Significant interest in corporate business**, locations will have a semi-private area that serves as a separate function area and brew hall/restaurant when events are not scheduled



**Boston has shown that** there is a demand for increasing menu items and that significant sales for beer and food exist outside of kettle sales.



While we want to create a somewhat upscale brew pub experience, we must keep **authenticity** and focus on **non-chain** mission and values



Still challenges with who we are and what we do. Important to educate guests with effective marketing, communications and branding.



**We have a complex build-out.** We have developed relationships with a national construction company and vendors that can duplicate nationally, controlling efficiencies, even if this may elevate costs in the short term



We are a brewery first and foremost, staying within our mission and values will drive incremental sales above and beyond the dining and entertainment business.

# Hopsters Philadelphia

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# Hopsters Expands Beyond MA – Looking at Philadelphia!

*Location TBD in rapidly growing Center City includes 12 kettles, restaurant, bar, and brew hall*



Philadelphia is the 2<sup>nd</sup> largest city on US east coast and 5<sup>th</sup> most populous city in US with a steadily growing population



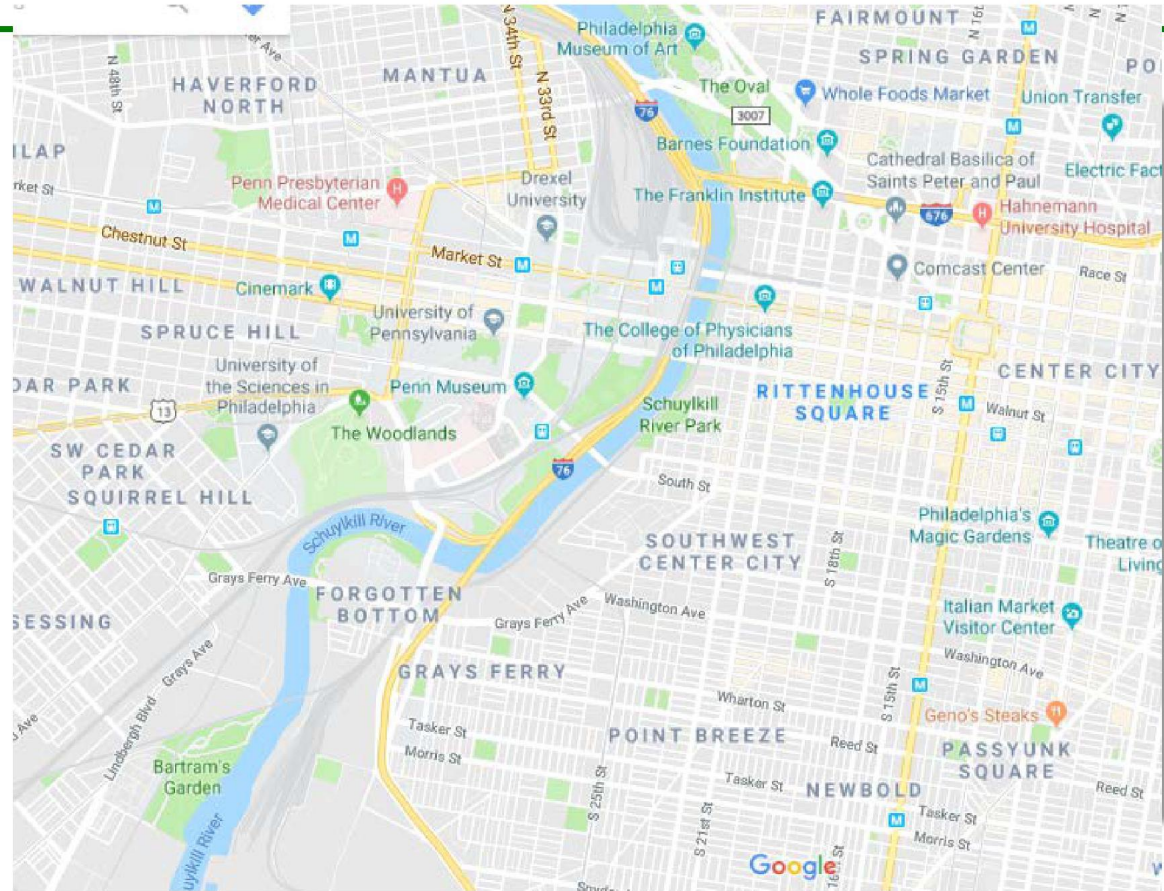
Prime location opportunities exist in the Center City, UCity and Passyunk areas



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



Pennsylvania loves their beer. According to a study done by the Brewers Association, PA is the #1 beer producing state with 3.9 million barrels annually...and only 10% is craft beer



Operating since Jan 2018 – Q1 shows strong sales and we have grown our corporate sales business by 400% compared to Q1 2017 and Q1 2016. **Kettle business accounts for 25% of extra sales over regular brewpub sales**

## Other Potential Hopsters Locations

**Stamford CT**

**San Diego CA**

**Nashville TN**

**Portland OR**

**Chicago IL**

**Charlotte NC**

**Seattle WA**

**San Francisco CA**

**Austin TX**

**Denver CO**

**St. Petersburg FL**

**Washington DC**

# Our Financial Model and Investment Summary



# Hopsters Multiple Revenue Streams



# 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 the successful Seaport opening, the goal is to open two new locations by 2019 in another East Coast city such as Philadelphia or Stamford, CT



Goal: 16 locations by 2022



*Stamford CT & Philadelphia locations already identified (contingent on funding). Numerous additional markets on both coasts (Baltimore, Chicago, Portland, etc. prime targets for Phase II expansion.*

## Significant Increase in Corporate Events:



Hopsters is successful in cities populated by growing businesses and a relatively younger demographic. We thrive where there are young innovators within emerging technologies

# Financial Highlights

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## Newton Store is Highly Profitable



Gross Margins: 74%



EBITDA: 24%



Net Income: 15%

## New Boston Seaport Location Projects Strong Financial Performance



Revenues: \$3.35M **Based on last two months of off season sales.**



Gross Margins: 80+%



EBITDA: 30+%



Net Income: 20+%



**High margin Kettle sales account for 25% of business over regular brewpub sales**

**Rollout:** at least 16 stores in 6-8 cities in the US by 2022 with multiple "exit" options with significant IRR's and return "multiples" to Investors. *Excludes Overseas Opportunities.*

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# How are we going to access capital!

Hopsters raised 1.3 Million from 713 Investors with crowdfunding



Hopsters raised Reg CF funds faster than any other offering over subscribed by 300K, possibility to access the crowd with a Reg A Plus offering



Strong margins and collateral makes us appealing to banks, Hopsters currently has over 1million in SBA loans



Now we have a bustling showcase location in the North East's hottest neighborhood we may receive interest from VC's with a focus on investment in experiences



Leveraging our existing 713 investors. This includes over 33 Reg D accredited investors with over 1 million invested with individual investments ranging up to 250K

## The Boston Globe

TUESDAY, JANUARY 31, 2017

### Business

#### Need funding? Now the crowd can help

Startup law's in effect, but with conditions

By Curt Woodward

Lee Cooper figured he'd done just about everything right. Only two years after it was founded, Cooper's microbrew company, Hopsters, had surpassed \$1 million in annual sales at its small Newton storefront.

That had Cooper thinking about an expansion. But bankers, he said, wouldn't loan Hopsters money without a longer track record. And angel investors, the rich folks who typically bankroll early stage enterprises, were nowhere to be found.

"Everyone's happy getting 3 to 4 percent from the stock market," Cooper said. "It's a serious issue for small companies that need to raise capital, to just give them that extra bit of kick to expand and grow."

So he turned to the crowd. Through a new system known as equity crowdfunding, which lets average people buy shares in private companies, Hopsters raised about \$1.2 million in two months. Authorized under a 2012 federal job bill, equity crowdfunding finally got underway in 2016, and Hopsters was one of four startups — two from the Boston area — that were able to raise \$1 million or



HOPE KILGUS, STAFF PHOTOGRAPHER

Hopsters in Newton failed to get financing from banks and angel investors, so it turned to the Wefunder site.

more in the inaugural year on Wefunder, the largest of the fund-raising platforms.

Those four businesses, which include another microbrewer, an independent Hollywood studio, and an experimental medical device maker, share a common thread: They were able to tap into a community of people who wanted to have some skin in the

game, even without realistic hopes of striking it rich.

"There's nothing better than bellying up to the bar and saying, 'Yeah, I own a bit of this,'" Cooper said of his new investors.

Most of the investments in Hopsters came in increments of \$500 to \$2,000. The proceeds will help finance

CROWDFUNDING, Page C6

#### Funding via the crowd now a reality

► CROWDFUNDING

Continued from Page C1  
a second location for Hopsters, a 5,000-square-foot brewpub in Boston's booming Seaport District that is scheduled to open this summer. Then, Cooper hopes, the company's make-over-into-beer business and corporate event hosting will help the startup take off.  
Early crowdfunding took effect last May, part of a post-recession



HOPE KILGUS

crowdfunding shares to "a socially good lottery ticket," and the company foresees it as a way to strike it

by adjusting the body's levels of insulin and glucose, which help regulate blood-glucose levels. The company has also raised a

A rendering depicts the brewpub that Hopsters is

# Potential “Exit” Scenarios for Investors\*

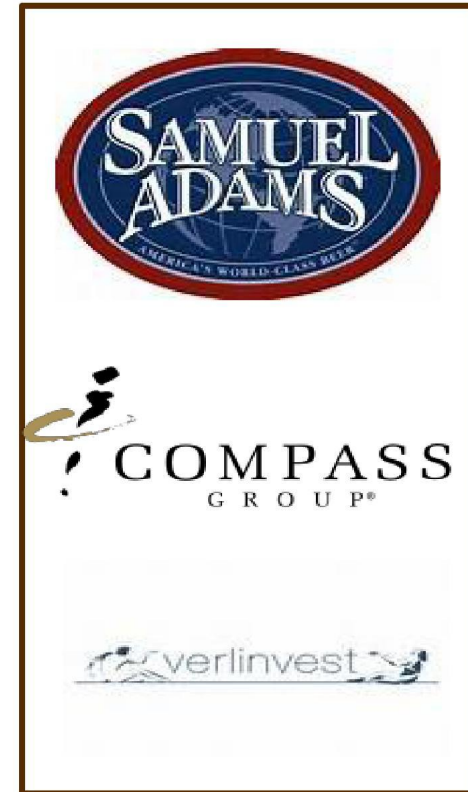
## Private Equity



## Restaurant Groups



## Other Strategic Investors



\* Scenarios above are “private” exits and do not include public scenarios such as an IPO



# Why Invest in Hopsters?

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*Hopsters is “On Trend” with a Diverse Audience:*

**Local Craft Beers Attract Millennials and Others**

**Strong growth in Tap Room sales due to growth in fewer traditional beer bars**

**Dine & Entertain Experience through “Brew Your Own”**

*Compelling Financial Model*

*Current Market Validation Through Success Newton & Boston Store*

**Multiple Revenue Streams-Dining/Beer Hall, 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)*

# IMPORTANT INFORMATION

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