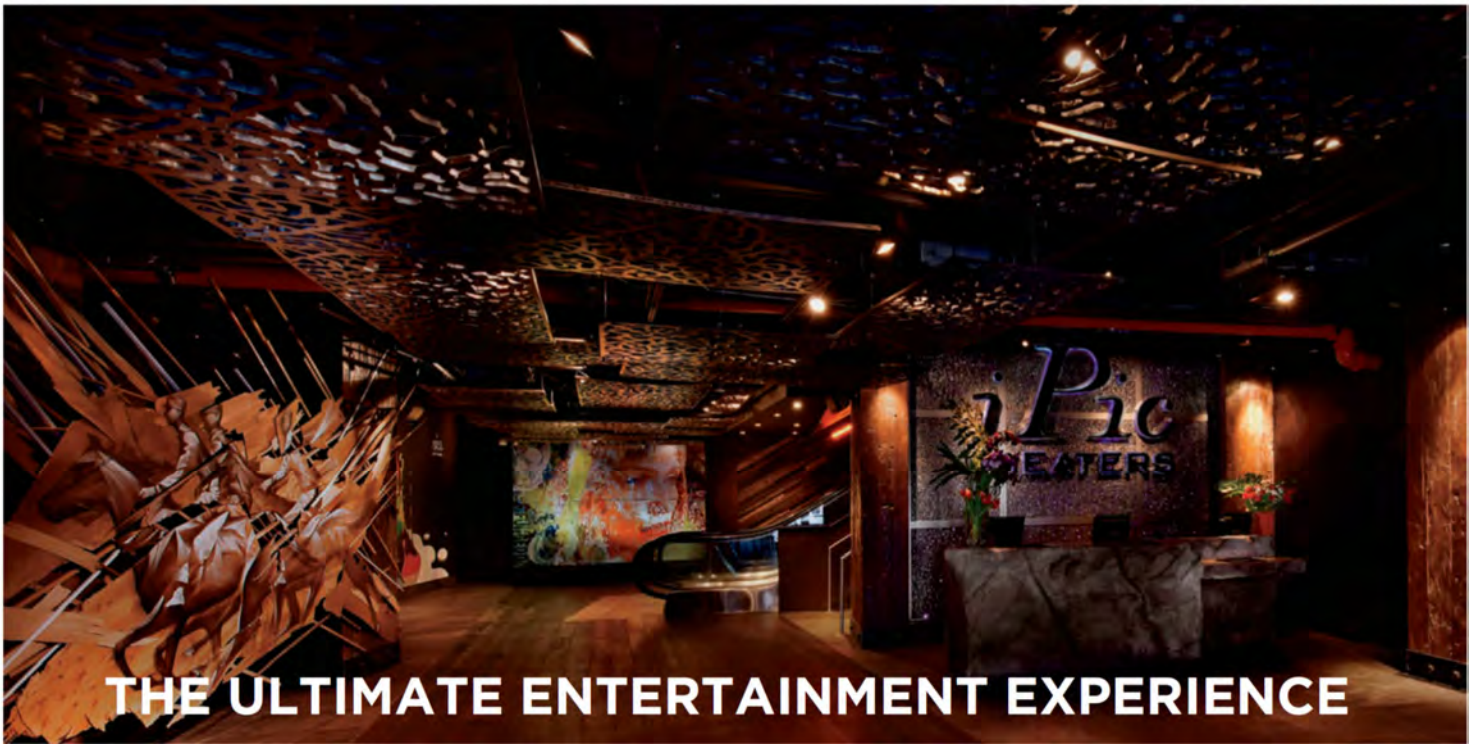
IPIC

ENTERTAINMENT



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OUR COMPANY

iPic Entertainment is America's premier luxury restaurant-and-theater brand that strives to be our guest's favorite local destination for a night out on the town. A pioneer of the dine-in theater concept, our mission is to provide visionary entertainment escapes, presenting high-quality, chef-driven culinary and mixology offerings in architecturally unique destinations that include premium movie theaters plus a bar and restaurant. iPic Entertainment currently operates 15 locations with 115 screens nationwide.

COMPARATIVE HIGHLIGHTS

		2015	2016	2017
Revenue / Screen ($000's)	$	1,171	1,262	1,179
Attendance ($000's)	$	2,489	2,916	3,049
Spend / Visit ($)	$	40.85	41.68	46.04

iPic
EXPRESS

iPic
THEATERS

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Pic locations have three different formats.

Our Generation I locations: We have six initial locations that are designated as our First-Generation format (Redmond, WA; Pasadena, CA; South Barrington, IL; Bolingbrook, IL; Austin, TX; and Fairview, TX). These units were built between 2007 and 2010, and generally do not have a separate restaurant attached. These initial sites tested and validated the business-model for Premium-Plus seating and service, and, over time, began to showcase the synergistic opportunity of having a complementary restaurant and dining experience within the facility. In 2017, our Generation I locations averaged approximately $5.9 million of revenues, or about $812,400 per screen. The Company closed its Glendale, WI location, an original Generation I location, effective March 8, 2018. The decision to close the location was made during an all-hands conference call on March 5, 2018. The events giving rise to that decision include the mall entering receivership during the last quarter of 2017 and the underperformance of the site during the first quarter of 2018.

Our Generation II locations: We designated the next five iPic locations as our Second-Generation format (Scottsdale, AZ; Boca Raton, FL; Bethesda, MD; Westwood, CA; and Miami, FL). Built in 2011 to 2014, these units feature a Tuck Hospitality Group signature restaurant (City Perch, Tanzy, or Tuck Room Tavern). Among other things, these units further expand the quality and quantity of our Premium-Plus auditorium sections (which generally sell-out first, indicating growing consumer preference for added luxury and service), upgraded the in-theater dining experience with our redesigned iPic Express offerings, and launched the iPic Life program, which is a 20-minute on screen lifestyle program. In 2017, our Generation II locations averaged approximately $10.4 million of revenues, or about $1,372,700 per screen.

Our Generation III locations: The latest four iPic openings are representative of our Third-Generation format (Houston, TX; Ft. Lee, NJ; Fulton Market, NY; and Dobbs Ferry, NY) and represent our go-forward development design for the foreseeable future. These units include our perfected auditorium layout (six to eight screens, 500 seats, and elevated ratio of Premium-Plus seating) and introduced our patent-pending POD seating and patented chaise lounges. In 2017, our Generation III locations open for at least 12 months (Houston, TX; Ft. Lee, NJ; and Fulton Market, NY) averaged approximately $13.2 million of revenues, or about $1,653,400 per screen.

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Our Strengths

iPic competes in what we believe to be the most profitable dining occasion: destination dining. We believe the most economic value within the U.S. restaurant industry is created from concepts that have comparatively high sales-mixes of dinner (vs. lunch), dine-in (vs. takeout) and female guests. iPic scores high on these metrics as our sales mix skews more toward dinner, dine-in, and female guests. We believe that return-on-capital is limited for lunch-centric brands given low barriers to entry and low consumer switching costs as evidenced by the high degree of franchise mixes for large-scale U.S. quick-service-restaurant operators. Additionally, we believe that the take-home dinner business presents significant risk of intrusion from digital-centric delivery players within grocery (e.g. Blue Apron, Amazon/Whole Foods) and restaurants (e.g. UberEats, DoorDash) that compete for a dining occasion that is consumed within one's own home, which could further limit the value that the consumer places on the delivery or take-out brands.

iPic's business model is similar to other disruptive concepts. We believe that within the destination dinner experience, there is growing evidence of strong performance being achieved by a handful of national brands that combine high-end restaurants with some form of entertainment, such as Dave and Busters, and Top Golf, that may indicate there is growing demand for affordable, luxurious, extended dinner-and-entertainment venues. Within this restaurant-and-entertainment segment, we believe iPic's source of entertainment, showing content on a screen within an ultra-premium auditorium, provides our brand with a unique opportunity for long-term consumer relevancy as our content is refreshed continuously over time to match evolving consumer tastes — including the growing opportunity for alternative content such as eGaming, events, and corporate seminars. Additionally, our affluent customer base enables us to drive substantial ancillary revenue from sponsorship income and membership fees, which make up a substantial and growing portion of our revenues. Lastly, we believe that it could prove difficult for most existing stand-alone restaurants to gain access to our motion picture content, and for most existing theater operations to add iPic's level of culinary expertise and hospitality culture.

Our Food: iPic's culinary expertise. We deliver a unique food and beverage experience. Our team, led by chef Sherry Yard, designs and delivers an innovative and continuous new stream of menu items to delight our customers. As a Food Network personality herself, Sherry Yard, along with a monthly celebrity chef, go on screen to show our guests how they cook the latest menu creation. This allows our customers to experience the food of a different highly acclaimed chef each time they visit iPic. We bring the celebrity chefs to our customers, without our customers having to inconveniently travel to experience their creations.

Our Service: iPic's empowered hospitality culture. We believe that the culture of our team is an important factor in our success. We train and empower our team to provide our guests with world-class customer service throughout our facility. However, we also recognize that within today's highly-connected digital economy some of our guests, depending on the occasion, may view the best possible customer experience on a given day to be one that is digitally seamless with only a minimum amount of direct interaction with our team members, such as an Uber or Amazon transaction. As such, we have invested heavily in industry-leading digital technology that could, at our guest's choosing, create a near frictionless theater experience by using our iPic app to, among other things: purchase and choose their seating ahead of time, open a check anywhere in our facility (like at our bar) and have it move with you throughout your stay, including ordering additional items (like at your theater seats). When a guest's stay is over, our app technology will close-out the check automatically with a prompted or pre-set tip amount, depending on the setting. We have coined our service-model ethos "empowered hospitality" that strives to give our customers the power to choose their desired level of service on each particular visit.

"Our concept is well-positioned within today's ever-increasing experiential economy to deliver a one-of-a-kind, four-hour guest experience."