

SUMMARY: THAT SHOW TONIGHT BUSINESS MODEL

Ownership Structure

That Show Tonight is a sketch comedy show managed by **That Group, LLC**

That Group, LLC is formed as follows:

Two Classes of Member units:

1) Managing members: The number of Managing member units will reflect the difference of units remaining after sale of units to investors

2) Members/Investors: Up to 40% share of total units

Members/Investors:

1% ownership share (1 membership unit) for every \$125k invested (up to maximum 40%)

Order of distribution:

1) When monthly revenues exceed operation expenses, cash-operating profits will be paid to cover investor's principal investment

2) Once investors' principal investment has been paid in full, all future cash-operating profits will be distributed according to ownership percentage in LLC.

Financial Business Modeling Scenarios

1) The enclosed spreadsheets provide business modeling of the investment offering for That Show Tonight

2) It includes a brief summary of the ownership structure (above) and how the membership units (shares) work

3) It gives three financial scenarios based on levels of revenue generated from the subscription model.

4) In each scenario, the amount of capital investment raised is the same: \$5 million resulting in 40% ownership share of cash operating profits.

5) The difference in each scenario is the number of subscriptions sold and revenue generated.

6) Subscriptions are sold for \$5/mo or \$50/year. For modeling purposes:

a) each monthly subscription is valued at \$4.2 per month (allowing for promotions, discounts, fees, etc)

b) each annual subscription is valued at \$42 per year (allowing for promotions, discounts, fees, etc)

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Key Takeaways:

Scenario 1:

Subscriptions reach 1 Million by the end of Year 4

Members/Investors

- In this scenario, investors begin recouping their \$5 million investment in month 7 and regain their \$5M investment in month 16
- The investors share 40% of company profits, starting in Month 18
- Investors earn \$29.9M over and above their \$5M investment
- The total 4-year ROI is 600% and the annualized 4-year ROI is 64%

Key Takeaways:

Scenario 2:

Subscriptions reach 500,000 by the end of four years

Members/Investors

- In this scenario, investors begin recouping their \$5 million investment in Month 10 and regain their entire \$5M investment in month 24
- The investors share 40% of company profits in Month 25 and every month thereafter
- Investors earns \$11.8M in cash-operating profits over and above their \$5M investment
- The total 4-year ROI in this scenario is 227% and the annualized 4-year ROI is 36%

Key Takeaways:

Scenario 3:

Subscriptions reach 200,000 by the end of Year 4

Members/Investors

- In this scenario, investors begin recouping their \$5 million investment in Month 12 and regain their entire \$5M investment in month 44
- The investors share 40% of company profits in Month 45 and every month thereafter
- Investors earn \$1.1M in cash-operating profits over and above their \$5M investment
- The total 4-year ROI in this scenario is 22% and the annualized 4-year ROI is 7%

INVESTOR ROI FOR EACH SCENARIO

SCENARIO 1	1,000,000 SUBSCRIBERS BY YEAR-END 4	
<u>\$5,000,000 INVESTMENT</u>	Amount returned (above \$5M invested)	\$29,942,487
<u>\$125,000 INVESTMENT</u>	Amount returned (above \$125k invested)	\$748,562
	4-Year ROI	<u>600%</u>
	4-Year Annualized ROI	<u>64%</u>
SCENARIO 2	500,000 SUBSCRIBERS BY YEAR-END 4	
<u>\$5,000,000 INVESTMENT</u>	Amount returned (above \$5M invested)	\$11,762,665
<u>\$125,000 INVESTMENT</u>	Amount returned (above \$125k invested)	\$294,067
	4-Year ROI	<u>227%</u>
	4-Year Annualized ROI	<u>36%</u>
SCENARIO 3	200,000 SUBSCRIBERS BY YEAR-END 4	
<u>\$5,000,000 INVESTMENT</u>	Amount returned (above \$5M invested)	\$1,103,778
<u>\$125,000 INVESTMENT</u>	Amount returned (above \$125k invested)	\$27,594
	4-Year ROI	<u>22%</u>
	4-Year Annualized ROI	<u>7%</u>