

**STANDARD BUYER'S CONFIDENTIALITY
AND WARRANTY AGREEMENT**

The undersigned (the "Buyer") understands and acknowledges that The Vant Group (the "Broker" has a valid agreement with the owner(s) (the "Seller") of the business and/or property described below (the "Business") whereby Broker has been retained, for an agreed upon commission, to represent Seller in the sale of the Business. Buyer understands and acknowledges the Broker is acting as the agent of the Seller and that Broker's primary duty is to represent the interests of the Seller. The Business that is the subject of this Standard Buyer's Confidentiality and Warrant Agreement (the "Agreement") is as follows:

Description of Business: Sports Memorabilia and Collectibles

Asking Price: \$2,900,000

In order to induce Broker or Seller to furnish information regarding the Business (the "Information") to Buyer for Buyer's evaluation and possible purchase of said Business and in consideration for Broker's or Seller's furnishing such information, Buyer understands, agrees, represents and warrants to Broker and Seller as follows:

1. The word "Buyer," as used herein, shall mean and include the undersigned individually, as a member of a partnership, as an employee, stockholder, officer or director of a corporation, as an agent, adviser or consultant for or to any business entity and in any other capacity whatsoever.

2. The Information is of a proprietary and confidential nature, the disclosure of which to any other party will result in damage to the Seller and/or Business, and Buyer further represents and warrants as follows:

(A) The Information furnished by Broker or Seller has not been publicly disclosed, has not been made available to Buyer by any party or source other than Broker or Seller and is being furnished only upon the terms and conditions contained in this Agreement.

(B) Buyer will not disclose the Information, in whole or in part, to any party other than persons within Buyer's organization, including independent advisers/consultants, who have a need to know such Information for purposes of evaluating or structuring the possible purchase of the Business. Buyer accepts full responsibility for full compliance with all provisions of this Agreement by such other persons.

(C) Buyer will not disclose, except to the extent required by law, to any parties other than the persons described in Paragraph 2(B) above that the Business is available for purchase or that evaluations, discussions or negotiations are taking place concerning a possible purchase.

(D) Buyer will not utilize, now or at any time in the future, any trade secret(s), as that term may be defined under statutory or common law, that is/are included in the furnished Information for any purpose other than evaluating the possible purchase of the Business, including, without limitation, not utilizing same in the conduct of Buyer's or any other party's present or future business(es).

(E) In addition to the prohibition against utilizing trade secret(s), Buyer will not utilize any other furnished information for any purpose other than evaluating the possible purchase of the Business, specifically including, without limitation, not utilizing same to enter into and/or engage in competition with the Business or assist or promote any other party(s) in so doing. The foregoing prohibition against utilizing said Information in competing with the Business shall remain in effect for three (3) years from the date hereof and shall be applicable to competition within the presently existing marketing area of the Business.

(F) If Buyer decides not to pursue the possible purchase of the Business, Buyer will promptly return to Broker all Information previously furnished by Broker or Seller, including any and all reproductions of same, and further, shall destroy any and all analyses, compilations or other material that incorporates any part of said Information.

3. Buyer will not contact the Seller or Seller's employees, customers, suppliers or agents other than Broker for any reason whatsoever without the prior consent of the Broker. All contacts with the Seller or such other parties will be made through or by Broker unless otherwise agreed to by Broker, in writing.

4. The Information furnished by Broker has been prepared by or is based upon representations of the Seller and Broker has made no independent investigation or verification of said Information. Buyer hereby expressly releases and discharges Broker from any and all responsibility and/or liability in connection with the accuracy, completeness or any other aspects of the information and accepts sole and final responsibility for the evaluation of the Information and all other factors relating to the Business.

5. The Information is subject to change or withdrawal without notice and the Business is being offered for sale subject to prior sale or the withdrawal of said offering without notice.

6. Buyer will indemnify and hold harmless the Broker and Seller from any and all claims or actions arising from Buyer's acts or failures to act in pursuing the possible purchase of the Business, including, without limitation, reasonable attorney's fees and other expenses incurred by Broker.

7. Buyer will not, for a period of three (3) years from the date hereof, enter into any agreement for the purchase of the Business, in whole or in part, or assist or promote any other party in so doing, unless such agreement to purchase provides for commission to be paid Broker, with the commission being defined as the amount agreed upon by Broker and Seller in the "Standard Listing Agreement" or similar agreement between those parties. The phrase "agreement for the purchase of the Business" as used

herein, shall mean and include any agreement, specifically including, but not limited to, offers to purchase, letters of intent and similar agreements, that provides for the transfer, conveyance, possession of, or disposition of the Business, its capital stock, assets, or any portion thereof, and the commission amount to be paid Broker shall be the greater of either the minimum commission or the commission based upon sale price (or purchase price), as these amounts are defined in the aforesaid agreement between Broker and Seller. Further, "sale price (or purchase price)" as used herein shall mean and include the total amount of consideration paid or conveyed to Seller or for Seller's benefit, including, without limitation, cash, capital stock, notes, personal property of any kind, real property, leases, lines of credit, loans, contingent payments (e.g., license agreements, royalty agreements, payments based upon future sales or profits, etc.), employment or management contracts, consulting agreements, non-competition agreements, assumption or discharge of any or all liabilities, and any combination of the foregoing and/or other consideration. The commission amount agreed upon by Broker and Seller in the aforesaid agreement between those parties will be made known to Buyer by Broker, upon Buyer's request, when and if an agreement for the purchase of the Business is made by Buyer. If Buyer violates the foregoing provision, Buyer will be liable for and pay said commission to Broker upon demand without any obligation on Broker's part to first exhaust any legal remedies against Seller.

8. Buyer represents that Buyer has sufficient financial resources to complete the transaction for the asking price and terms set forth herein. Buyer agrees to provide, upon request by Broker or Seller, financial statements, references and other pertinent information evidencing such financial sufficiency.

9. The performance and construction of this Agreement shall be governed by the laws of the State of Texas. All sums due hereunder shall be payable at the office of the Broker in Dallas County, Texas and all parties hereto agree to forbear from filing a claim in any other jurisdiction.

10. This Agreement shall be binding upon the Buyer, Buyer's heirs, executors, successors, assigns, administrators or representatives. If any provision of this Agreement shall be held to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and this Agreement shall be construed as if such invalid, void or unenforceable provision had not been contained herein.

11. Any controversy between the parties to this Agreement involving the construction or application of any of the terms, covenants or conditions of this Agreement, shall on written request of one (1) party served on the other, be submitted to binding arbitration. Such arbitration shall be under the rules of the American Arbitration Association. The arbitrator shall have no authority to change any provisions of this agreement; the arbitrator's sole authority shall be to interpret or apply the provisions of this Agreement. The expenses of arbitration conducted pursuant to this paragraph shall be born by the parties in such proportion as the Arbitrators shall decide.

12. The terms and conditions of this Agreement shall also apply to any other business and/or property on which Broker has been retained to represent the owner(s) in the sale thereof and on which Broker or owner(s) has furnished information to Buyer. Further, it shall not be necessary for Buyer to execute any additional agreement(s) to that effect and any terms and conditions of this Agreement that refer to the date hereof shall automatically be adjusted to reflect the date on which Broker or owner(s) initially furnished information to Buyer on such other business and/or property.

13. The provisions hereof cannot be modified, amended, supplemented or rescinded without the written consent of Broker and this Agreement sets forth the entire agreement and understanding

EXECUTED ON THIS _____ DAY OF _____ 2018

Typed/Printed Name of Buyer

Typed/Printed Name of Buyer

Signature (Individually and as
Duly Authorized Representative)

Signature (Individually and as
Duly Authorized Representative)

Street Address

Street Address

City, State, Zip Code

City, State, Zip Code

Telephone / Email address

Telephone / Email address

Deal Summary

Asking Price:	\$2,900,000	Listing ID:	AVTT - TX
Down Payment:	\$989,500	Company Type:	Sports Memorabilia
Inventory:	\$1,400,000	Location:	Southeast Arkansas & DFW
FF&E :	\$50,000	Adjusted EBITDA:	\$900,000
Total Assets:	\$1,450,000	Adjusted EBITDA is defined as EBITDA + Owner's Salary + One-time and Discretionary expenses	

Terms

It is the owner's primary desire to sell 100% of the company however seller is very open to minority and majority equity investments as well as debt investments.

Legal Organization

Type of Corporation: S Corporation
 Year End is December 31st
 SIC Code: 5999
 Accounting Method: Accrual

Top Things to Know About This Business

- **Business Model:** Provider of on-site authentic memorabilia and collectible items.
- **Growing Cash Flow:** Cash flow has grown each year and is projected to hit \$1 million in 2018.
- **Strong Contracts.** Company has secured contracts with big name programs and the Super Bowl
- **Intellectual Property / Patent:** Company holds a patent for a special bidding/auction process.
- **Robust Inventory:** Retail value of inventory is 3x of book value.
- **Potential for Increased Margins:** Currently 90% of inventory is purchased through a wholesaler. To reduce COGS, buyer can setup direct signings with athletes to bring the company's cost basis down as well as add another revenue stream by wholesaling to other vendors.
- **Growth Potential:** The company has a small footprint in the in-stadium memorabilia market, controlling less than 10%. With capital, the growth opportunity is exponential.
- **Brand Recognition & Test Tested:** Company has been an industry leader for 22 years
- **Growing Industry:** The industry has increased from \$1 billion to \$3 billion over 10 years
- **Employee/Contractor Loyalty:** 100% of the company's workforce has been employed 2+ years

Business Activity

Established in 1995, the family-owned business is a licensed provider of authentic sports, presidential as well as entertainment memorabilia and collectible items serving a \$14 billion industry. Merchandise includes helmets, jerseys, footballs, baseballs, basketballs, photos and other autographed items from all major sport organizations, including MLB, NFL, NCAA, PGA and NHL in addition to presidential and entertainment memorabilia. The owner oversees the general business administration as well as strategic planning for the company. The sales team sets up the contracts, the sales manager runs the events, the product manager orders the products and the office manager handles all of the production and shipping. The owner runs a shared retail store and production facility in Arkansas while sales and marketing are operated in DFW. In Arkansas, the company operates in a leasehold space within a shopping mall. The space is approximate 10,384 square feet with about 10% of the space allocated to a storefront retail space for the general public and the remaining 90% of the space is used as a production facility. The company's biggest time of the year is football season. Historically, 70% of sales have come from August through the Super Bowl. Last year the company acquired a golf company, which has provided more sales in the spring and summer.

Contracts

Currently, the company has about 20 multi-year contracts with teams and/or venue with another 5-10 contracts pending. The contracts are with NCAA/College teams, NFL teams, NBA teams as well as special events such as golf tournaments, NCAA/College bowl games, and serves as a vendor at the super bowl. The just landed their first MLS soccer team contract and have a couple of pending NHL contracts.

The company mostly has contracts with teams however the company has secured a few venue contracts for this fall. With team-only contracts, the company can only sell when the team is playing at their home venue however with venue contracts; the company can sell at all publicly ticketed events at the venue. This is very helpful in arenas as they tend to have 100+ events a year between basketball, hockey and entertainment which will add more revenue to the historically slower months.

Additionally, the company has secured a contract with a prominent sports and entertainment provider and will be ruling out in various venues and arenas throughout 2018. The owner has decided to setup a new company to house this new contract and will run any entertainment related business through this new company and keep the sports-related business in the current company. Although the entities will be separate, the current owner is willing to sell both companies together within the asking price.

Business Model

The company negotiates sponsorship opportunities with teams and in return they are able to setup kiosks on-site at different live events to sell various sports and memorabilia properties to event goers in real-time. The items are shipped to customer post-event. The average order size is \$450.

Given the popularity as well as the ease and the difficulties around building out a network to handle the in-venue model, a lot of the company's competitors have mostly concentrated their resources and efforts to the

e-commerce. While the company also has an e-commerce presence, they have devoted a lot their resources in building out a nationwide infrastructure to service a host of teams and major events by being on-site and capturing the special moment of fans being at the game and in the moment.

The company uses a third-party staffing company to help procure the labor for the for the onsite talent. For a majority of the areas, they are Regional Managers in place to help with quality control and serve as a buffer between the on-site talent and the corporate management team.

Future Growth

With the company having 20 – 30 contracts (including pending ones), the future prospects for the company are exponential. As an example, there are 130 NCAA Division 1 football programs and the company penetrates only a small fraction of the schools as well as the other major sports leagues.

Sports League	# of Total Teams	# of Total Teams as Customers	% of Market Share
NFL	32	4	12.5%
MLB	30	0	0.0%
NBA	30	2	6.7%
NCAA	130*	18	13.8%
NHL	31	2	6.5%
MLS	23	1	4.3%
Total Teams	276	27	9.8%

* = Tier 1 Division 1 NCAA Football Teams

Key Strengths

- 1) **Great customer service.** Company has no bad online reviews or complaints from customers.
- 2) **Experienced and Loyal Team.** All employees have worked for the business for 2+ years
- 3) **Diverse product mix.** Company sells memorabilia for most of the major sports leagues and teams.
- 4) **Patent.** Company has a patent for a special bidding methodology.
- 5) **Growth Prospects.** The company has small footprint in the \$3 billion market and with capital, the growth opportunity is exponential especially.

Possible Weaknesses

- 1) **Long sales cycle.** Company needs to purchase a large level of inventory sometimes months in advance of a season and with seasons lasting 4-6 months; cash flow is crucial.
- 2) **Capital intensive.** Since the company is a product-based business, it takes a lot of capital to spur growth so managing inventory is a key component.
- 3) **Labor intensive.** Given the in-stadium model, Company must have the personnel to manage the on-site events. The field labors are independent contractors and are hired per event.

- 4) **Inventory System.** Currently, the company manages their inventory manually through hard counts. Implementing a barcode system or something more computerized can add some efficiencies.

Marketing Strategy

The company seeks sponsorship opportunities with various teams and in return for the sponsorships, the company gains rights to sell licensed memorabilia and collectibles on-site. There is a sales team that coordinates the contracts and the sales manager activates those contracts in the field. Since the company is onsite, they do not need any external third-party marketing as the company's marketing dollars are spent through the sponsorship opportunities. The onsite booths/kiosks are staffed by professional models.

History

The Company was started in 1995 by the current owner. The business has been in its present location for 3 years.

Days and Hours:

Monday - Friday: 10:00am to 6:00pm
 Saturday - Sunday: 10:00am to 6:00pm

Sales and Adjusted EBITDA

Fiscal Year End	Revenue	Adjusted EBITDA	As a % of Sales
2017	\$3,016,146	\$900,000	29.9%
2016	\$2,387,077	\$748,000	31.3%
2015	\$2,315,441	\$400,000	17.3%
2014	\$1,554,952	\$506,000	32.6%

* All adjustments to EBITDA were provided by seller

**Projected Figures provided by seller

Employees

The Company has a total of 10-12 full time employees, excluding any third-party field staff. The key employees are the office manager as well as head framer. The field staff fluctuates based on need. The company works through a third-party talent agency to hire and manage the onsite and regional staff.

Assets and Liabilities

An asset list is available for the furniture, fixtures and equipment. All cash and accounts receivable will be retained by the Seller. All debts on the company will be paid off by the Seller at closing. If there is any owner financing as determined by SBA underwriting, any such debt is to be personally guaranteed by the buyer.

Facilities

The owner runs a shared retail store and production facility within a shopping mall in Arkansas. The space is approximate 10,384 with about 10% of the space allocate to a storefront retail space for the general public and the remaining 90% of the space is used as a production facility. The base rent is \$1,700 per month and the company pays a \$100/month marketing fee to the mall as well. Additionally, the Company is responsible for electricity. Sales and marketing is located in Dallas, TX.

Support and Training

The Owner genuinely desires an effective business transition and will train a buyer for 30 days. An additional consulting contract can be obtained.

Reason for Selling

After 20+ years in the business, owner is looking for a new challenge and has already started working on a new venture in addition to running current operations.