

One of the Pacific Northwest's Top Game Retailers: High Cash Flow, Flexible Owner Hours, Great Location

This retailer of an all-inclusive gaming environment is available for acquisition. It offers just about any type of game a person can imagine including but not limited to: board games, role-playing games, card games, miniatures, vintage video games, dice, and gaming accessories and supplies.

In addition to offering a wide variety of games, it hosts a large number of in-store games and events which creates a sense of community, cross selling opportunities, and results in a "sticky" business that leads to repeat business. Events are coordinated both by store staff and by customers.



What some people are surprised to learn is how strong the board / table top game industry has become in recent years. Board game sales in the U.S. grew by 28% in 2016, and are expected to continue to grow at a compound annual growth rate of 9%, or 2-3x the rate of GDP growth, through 2022. These strong industry trends should contribute to this business' continued success in the coming years.

Unlike many single-location retail businesses, this business doesn't require crazy owner hours for a low level of compensation. Rather, there are well-trained staff in place which allow an owner to work flexible hours while enjoying 1-percent income (seller cash flow for the most recent 12-months was a little under \$600,000). It's also an enjoyable / social business to own. People come to the business primarily for entertainment and socialization, unlike need-driven businesses where people begrudgingly buy products or services (i.e. tire shops, office equipment, doctors, etc.). While a buyer doesn't need to have experience with gaming, if you like games you'll love owning this business.

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|--------------------------|--|
| Business Type: | Game retailer and events |
| SIC: | 5945 |
| General Location: | Pacific Northwest |
| Organization Type: | S Corporation |
| Business Listing Number: | 100009127 |
| Years in Business: | 10+ |
| Employees: | 8 FT (excluding primary owner) and 14 PT |
| Price: | \$2.6 million plus inventory at cost |
| Revenue*: | \$3,559,703 |
| Gross Profit*: | \$1,563,093 |
| Re-Cast EBITDA*: | \$ 529,304 |
| Discretionary Earnings*: | \$ 583,774 |

* The above numbers are TTM ending 5/31/18.

Business Highlights

- **Flexible owner schedule.** One complaint that many owners of retail businesses have is being tied to their business including evenings and weekends. This business has a high level of delegation to well-trained and cross-trained staff which allows an owner to set their own hours, providing flexibility for personal life and obligations.
- **High cash flow - this isn't buying a job.** Many single-location retail businesses require a full-time, nearly-always-present owner, and only produce cash flow that's equivalent to earning a salary working for someone else. In contrast, this business generated about \$600,000 of seller cash flow in the past 12 months.
- **The hard work of establishing a true brand has already been done.** It takes years of marketing, great service, satisfied clients, publicity, and reviews to establish a strong brand. A buyer will benefit from the reputation and goodwill that this business has already established, and which has allowed it to grow into one of the pre-eminent game stores in the region.
- **It's a fun business to own.** This business is very social, and attracts customers who are there to have fun and because they want to be there, as opposed to many businesses that are more need-driven where customers don't really want to buy the product and won't really get enjoyment out of them, but they are a necessity (i.e. tire stores, dentists, pharmacies, office equipment, etc.). If a buyer is already interested in gaming, then it provides a way to make a living doing something enjoyable.
- **A great selection of games.** With over 30,000 products, this business offers one of the largest selections of games in the region.
- **An excellent location and facility.** This business is housed in a large space conducive to hosting gaming events and is located in a prime central location with easy access to freeways and transit.
- **Unique events and offerings.** This business hosts a robust schedule of unique events which build a sense of community amongst its clients, resulting in "sticky" repeat business, as well as psychological switching costs.
- **A reputation for customer service.** As reflected in abundant customer reviews, this business is known for providing exceptional customer service by knowledgeable and passionate staff.
- **Recession resistant.** During economic downturns people seek more affordable forms of entertainment. During the "Great Recession" this business' sales grew 80%.

Opportunities

In addition to simply continuing to provide great service to current customers and capitalizing on the very favorable brand that this business has built that has resulted in strong repeat business, the following unexploited opportunities for growth have been identified:

- **Actively pursue e-commerce / internet sales.** This business has only dabbled in selling items on the internet, and it is generally agreed that this is a large untapped revenue source. It already has a strong brand and presence on-line, it just doesn't actively pursue sales of its products online. Internet sales would do a wonderful job of increasing market reach, worldwide presence, and serving loyal customers - particularly those who are remote and travel occasionally to store events.
- **Open additional locations.** This industry is growing rapidly but is highly fragmented. While this business has been successful in attracting customers from a fairly widespread geographic area, there may be an opportunity for opening other locations in the region to allow neighborhoods / the sub-market to be more conveniently and locally served. Likewise, the concept could be replicated in other geographic locations outside of the region. Growing the business into a multi-location company may help a buyer achieve a high exit price when they eventually sell.
- **Increase the number or type of events.** While this business already hosts a large number and type of events, there is plenty of opportunity to increase the volume and variety of events. This isn't limited to in-store general gaming events. It may also include business employee parties, team building, more kids camps, adult camps, after school programs, home school groups, farmers markets, off-site events and product promotion.
- **Increase sales at game conventions.** While the owner and staff do attend game conventions, they don't sell items at 25%-50% of these conventions. A buyer could choose to sell products at all or most of these conventions.
- **Do a roll-up of independent game stores.** The table top / board game specialty retail industry is highly fragmented. This business is one of the market leaders in this space. A buyer could use this as a platform investment and then pursue a regional or national roll-up of other game stores to achieve economies of scale.

Financials

Condensed Summarized Income Statements

| | 2016 | 2017 | TTM 31-May-18 |
|--|-------------|-------------|------------------|
| Revenue | 3,235,822 | 3,432,886 | 3,559,703 |
| COGS | (2,017,189) | (2,081,960) | (1,996,610) |
| Gross Profit | 1,218,633 | 1,350,926 | 1,563,093 |
| Expenses | (889,768) | (959,298) | (1,026,545) |
| Net Income | 328,865 | 391,628 | 536,548 |
| Adjusted EBITDA | 354,328 | 493,570 | 529,304 |
| Seller Discretionary Earnings (EBITDA plus market wage of primary owner) | 408,798 | 548,040 | 583,774 |

Any financial or operating information relating to the company was prepared by, or from figures, documentation and information supplied by the Seller. Codiligent LLC, its principals, and employees can not guarantee the accuracy, completeness, quality, or reliability of information, financial data, or assumptions provided. A buyer should not rely on Codiligent LLC, its principals, or employees for any investigation, interpretation, or opinion as to the accuracy, completeness, quality, or reliability of said information. A buyer should conduct its own independent investigation and evaluation of this business opportunity, ascertain the accuracy, quality, reliability, and completeness of information provided, and assumptions used, and develop and rely on independently developed projections. Codiligent LLC, its principals, and employees shall neither be responsible for the accuracy, completeness, quality, or reliability of information, financial data, assumptions used, or projections provided, nor shall it be responsible for Buyer relying on said information and data.

BUYER REGISTRATION FOR CODILIGENT LISTING #1000009127

Thank you for inquiring about Codiligent listing #1000009127.

Confidentiality in this transaction is of utmost importance. A more comprehensive package of confidential information is available to qualified buyers who complete and submit the following forms to Codiligent LLC. You are welcome to submit an alternate certified personal financial statement in place of using the provided form.

Please submit these forms by email: e@codiligent.com or Fax: 888-324-5888

| | | | |
|---------------|----------------------|-------------------|----------------------|
| Name: | <input type="text"/> | Company: | <input type="text"/> |
| Email: | <input type="text"/> | Address: | <input type="text"/> |
| Phone: | <input type="text"/> | City, State, Zip: | <input type="text"/> |
| Mobile Phone: | <input type="text"/> | Website: | <input type="text"/> |

Are you an owner, director, shareholder, manager, employee, advisor, or consultant to any other businesses in this business' industry? YES or NO (please circle one)

If you answered "Yes" to the last question, name the business(es) and describe your affiliation:

Please describe your career background in 2-3 sentences:

What's the source of your down payment:

What is the minimum average annual return on equity that you require? %

What are your top acquisition criteria?

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| 1 | <input type="text"/> |
| 2 | <input type="text"/> |
| 3 | <input type="text"/> |
| 4 | <input type="text"/> |

What is most appealing about this business based on information you have already reviewed?

What concerns do you have about this business based on the information you have thus far?

What businesses / industries or geographic locations are of interest for an acquisition?

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| Businesses / Industries: | <input type="text"/> |
| Geographic Locations: | <input type="text"/> |

CONFIDENTIALITY AGREEMENT FOR CODILIGENT LISTING 100009127

THIS IS NOT AN AGENCY AGREEMENT

Neither this agreement nor any other communications between Codiligent LLC and you will establish a Principal-Agent Relationship, unless explicitly stated in writing. Codiligent LLC represents the Seller. Nothing in this agreement shall be construed to create a Principal-Agent Relationship between you and Codiligent LLC. You agree and acknowledge that you will engage professional advisors as you deem necessary and appropriate in connection with a potential acquisition, and that Codiligent LLC is only providing you with certain information. You agree and confirm that you have neither engaged Codiligent LLC to provide any advice to you about an acquisition, nor will you rely on information provided by Codiligent LLC in making a purchase decision. Codiligent LLC makes no representation or warranty, express or implied, as to the truth, accuracy, or completeness of any information provided to Codiligent LLC by the Seller. You further agree that you have not established a Principal-Agent relationship with Codiligent LLC.

CONFIDENTIALITY

This Agreement is made between the undersigned individually, and any business entity in which the individual is employed by, an officer of, or has a financial interest in, as well as any such entity's officers, directors, employees, agents and advisors ("The Buyer") and Codiligent LLC for the benefit of Codiligent LLC and the owner ("The Seller") of the number-designated business listed above ("The Business") of which information is being requested.

In consideration of the disclosure of confidential information regarding The Business by Codiligent LLC to Buyer, it is understood and agreed that:

1. Confidential Information is defined as: all information received by The Buyer from Codiligent LLC or The Seller now and in the course of future investigations or due diligence, which is not available to the general public. This confidential information includes all oral, written, or electronic data inclusive of, but not limited to, records, reports, analyses, photos, plans, financial statements, policies, procedures, ideas, customers, samples, notes, and studies. Anything prepared by Codiligent LLC, The Seller, or another party pertaining to The Business is to be considered Confidential Information unless explicitly stated in writing otherwise by Codiligent LLC or The Seller. If there is any reasonable doubt whether anything is, or may be Confidential Information, it is.
2. The Buyer will not disclose any Confidential Information or make known by confirmation, that this company, division, or product line is for sale or that financing is being sought, either before or after termination of investigations or negotiations to any person or organization not authorized in this agreement.
3. Without specific prior written approval of Codiligent LLC or The Seller, The Buyer shall not provide any Confidential Information to any broker, intermediary, lending institution, prospective equity partner, syndication member, investor, or other financing source. If disclosure to such parties is desired, Codiligent LLC may require the execution of a separate confidentiality agreement with those parties.
4. The Buyer will not contact the The Seller's employees, customers, suppliers, competitors, accountants, bankers, or attorneys to discuss The Business or seek information about it, without written permission from Codiligent LLC or The Seller.
5. The Buyer will not contact The Seller directly unless authorized by Codiligent LLC.
6. All Confidential Information provided by Codiligent LLC or The Seller to The Buyer shall be used solely for the evaluation of a potential acquisition or financing decision, and shall not be used for any other purpose.
7. All Confidential Information shall be promptly returned or destroyed, as directed by Codiligent LLC or The Seller.
8. The Buyer shall not enter into any agreement for the purchase of stock or assets of any companies about which Codiligent LLC furnished information to The Buyer, unless said agreement contains an acknowledgement that Codiligent LLC is the procuring cause of such agreement and Codiligent LLC is entitled to a commission as agreed upon by such company and Codiligent LLC.

Dated at _____ am/pm this _____ day of _____ 20__.

Name (printed): _____ Phone: _____

Address: _____

Signature: _____

CERTIFIED STATEMENT OF PERSONAL WORTH AND INCOME

Name (printed): _____ Date: _____

Address: _____ Phone: _____

I certify that the following information is true & accurate (please sign) _____

ASSETS

AMOUNT IN US\$

Cash on Hand
US Government Securities
Other Stocks & Bonds
IRAs & Tax Deferred Retirement Accounts
Accounts, Loans & Notes Receivables
Cash Surrender Value of Life Insurance
Real Estate
Equity in Business Owned
Automobiles
Plane, Boat, RV, Motorcycle
Household Furnishings and Personal Effects
Other Assets

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TOTAL ASSETS

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LIABILITIES & NET WORTH

AMOUNT IN US\$

Credit Card Debt
Line of Credit Balance
Notes Payable
Auto Loans
Liens on Real Estate
Plane, Boat, RV, Motorcycle Loan
Other Liabilities

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TOTAL LIABILITIES

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TOTAL NET WORTH (ASSETS - LIABILITIES)

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SOURCE OF INCOME

AMOUNT IN US\$

Salary
Bonus & Commissions
Dividends & Interest Income
Business Income
Real Estate Income, Royalties
Other Income

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TOTAL INCOME

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