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ALTA FOX
C A P I T A L

Collectors Universe (Nasdaq: CLCT)

Improved Governance, Capital Allocation and Digital Strategy: The Alta Fox Path to \$150/share

Date: 9/21/2020

Current Price: \$52.14/share

3-year Target Price: \$150/Share

Last Day to Buy Shares for Voting Rights*: 10/1/2020

Date of Annual Meeting: 12/1/2020

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Executive Summary

- Collectors Universe (“CLCT”) has a dominant core grading business but has underutilized its most valuable assets which we believe include:
 - Physical possession of cards/coins at the time of grading
 - Extensive customer base and proprietary card/coin data
 - Strong PSA and PCGS brands
- Alta Fox believes that CLCT can become the **center** of the entire coin/card ecosystem, but that the current Board of Directors lacks the vision, expertise, and incentives to make it a reality.
- This presentation outlines high priority additional service offerings that could add meaningful value to customers and would result in scalable, recurring revenue streams for CLCT.
 - Digital Portfolio & Data Analytics Services
Our vision: CLCT becomes the “Bloomberg” of cards/coins
 - Integrated Consignment & Inventory Storage Services for *flat fees*
Our vision: CLCT becomes the “Nasdaq” of cards/coins
- Seamless integration between grading, storage, information analytics, and consignment services could make CLCT a one-stop-shop for all of collectors’ needs.

We ask that Shareholders
consider our plan

About Alta Fox Capital Management

- **Alta Fox** is a Fort Worth, Texas-based investment manager focused on small-cap and micro-cap public equities. The firm was founded by Connor Haley in 2018 and since launch, has openly shared investment ideas, research and analysis through our website and other public communication methods. Alta Fox has a demonstrated track record of outperformance both at a fund level and through our high conviction research pieces posted on our website. At Alta Fox, we believe in taking a hands-on approach to value creation and creating our own catalyst. Alta Fox and Mr. Haley have added strategic value to multiple portfolio companies and the Firm is often characterized as, “among the most knowledgeable shareholders” by portfolio companies.

Alta Fox and Collector’s Universe (CLCT):

- Alta Fox’s thesis on Collector’s Universe (CLCT) remains our highest conviction investment idea today. **We were one of the only institutions buying the stock at the March 2020 lows and encouraged management to do the same.** Management deferred responsibly to the Board which executed no buybacks.
- We have a vision for the future of CLCT that involves improved governance, capital allocation, and shareholder engagement & accountability. Unfortunately, this vision is being dismissed by the company and to date, Alta Fox has been treated with hostility by a disengaged and arrogant Legacy* Board of Directors that has managed a dominant business to mediocre returns. CLCT’s phenomenal returns in 2020 and going forward **will be in spite of** a disengaged and out of touch Legacy Board of Directors, as CLCT’s key end market demand is stronger than ever (while CLCT has been objectively unprepared for the surge in demand).

Alta Fox has been left with no choice but to take an activist position in the company and escalate what could be a private discussion with CLCT’s Board to public markets, as CLCT’s Board remains unwilling to engage and find common ground with one of its largest and most proactive shareholders.



*Legacy Board = Current Board Members of CLCT who started prior to 9/14/20

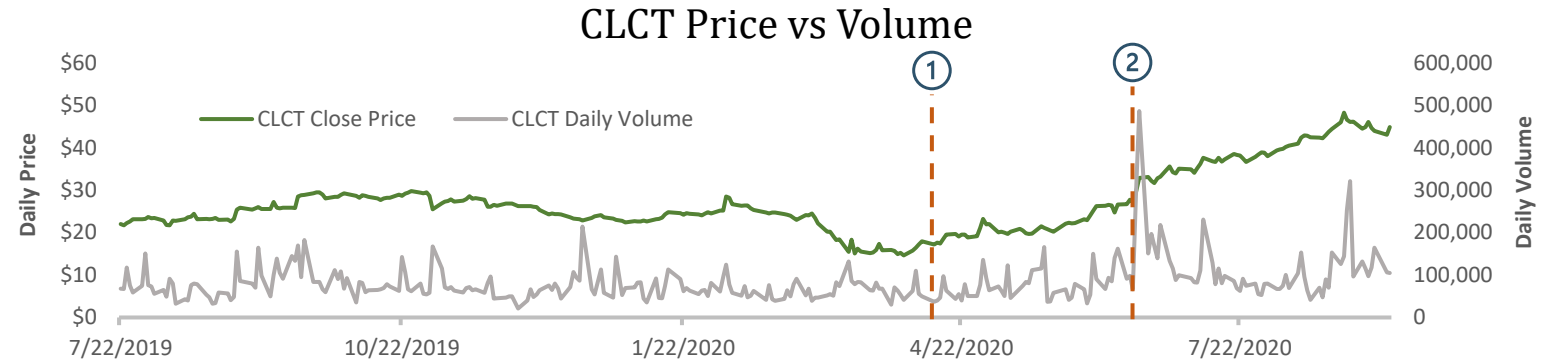
1. <https://twitter.com/AltaFoxCapital/status/1273714521820073985>

2. <https://www.altafoxcapital.com/research>

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Recap of Events | Impact on CLCT's Market Value

While it was not our initial intention when investing in CLCT to become involved in an activist way, the collective response from the Board of Directors (among many other facts) demonstrated that the Board does not have the best interests of long-term shareholders in mind.



① 4/10/2020

- Alta Fox first presented our ideas to the Company's CEO and while he seemed to agree our ideas had significant merit, he also indicated there was no timeline for any of the proposed initiatives. Sensing these initiatives were not a priority for management, Alta Fox reached out to CLCT's Board of Directors for further discussion.
- Bruce Stevens, the Chairman of CLCT, was openly hostile towards Alta Fox and uninterested in hearing our plans for shareholder value creation. We were told to refrain from future communication with the company, and Stevens expressed ambivalence towards whether Alta Fox remained a shareholder or not.

② 6/18/2020

- As significant equity owners of CLCT (>3x the entire existing Board of Directors), we felt compelled to present our vision for the future of the company. On 6/18/20 we released our Open Letter to Shareholders¹ detailing what we thought was a conservative framework for getting to \$100/share in value for CLCT over the next three years, ascribing 50% of equity value to digital and 50% to the existing business. Despite the stock price almost doubling since the release of our Letter, we think the idea is just as compelling today and have sold zero shares since the release of our Letter. We also believe it is important to note that Alta Fox has risked our own capital to acquire shares, rather than the Board who has simply accumulated shares as compensation for sitting on the board.
- In the three days following the release of Alta Fox's open Letter to Shareholders, CLCT's stock price increased 22% and average daily volume was 291% higher than in the preceding year (6/18/19 - 6/17/20).

Recap of Events | Impact on CLCT's Market Value

Today

- Since the release of our Letter, over 80% of the free float has turned over since the release. Alta Fox has a high degree of confidence that most of the recent buyers of CLCT's shares are excited about its strategy based on the market's positive reaction to our involvement and the resoundingly positive feedback we have received from customers, shareholders, former employees, and business leaders through public and private social media.

Total shares turned over since activist release	6/18/2020-9/9/2020	6,972,594
Total Fully Diluted Shares Outstanding		9,078,000
% of shares outstanding turned over since release		77%
Alta Fox Capital shares		496,945
Insider shares (as of FY19 proxy statement)		243,992
Total Fully Diluted Shares Outstanding ex-Alta Fox & Insiders		8,337,063
% of float turned over since release		84%

- CLCT continues to be the biggest position in our fund and **we currently own over 5.0% of Collectors Universe ("CLCT")**. We believe that the existing grading business is significantly undervalued and that the company has an opportunity to innovate around its core business to create new high margin and recurring income streams. Since April, we have had to meaningfully take up our estimates for the core business's earnings power as channel checks suggest that trading card demand has far exceeded our initially forecast demand, **ultimately raising our intrinsic value estimate from \$100/share to \$150/share**.

Examples of Stakeholder Support

Following Alta Fox's 6/18/20 Letter to Shareholders:

- We have received an outpouring of positive support from customers and shareholders through private email and public social media.



I have no sympathy for 70+ year old board members who don't engage in amicable discussions about creating shareholder value. Especially when they own limited equity, never buy stock, and sit on other boards.

Good luck 'refreshing' \$CLCT @AltaFoxCapital

documented the ability to leverage CLCT's competitive advantages in a scalable way or introduce meaningful new revenue generating services. In our opinion, CLCT's lack of innovation and margin improvement is primarily attributable to a complacent and disengaged Board that has not demonstrated or executed on a thoughtful capital allocation plan.

The Board of Directors Lacks Alignment with Shareholders

Alta Fox believes that CLCT's poor historical capital allocation is directly related to a Board that is not properly aligned with shareholders. Excluding Joe Orlando, who was appointed as CEO and member of the Board in FY18, we give a sampling of facts about the other four current Board members:

- Average tenure on the CLCT Board is over 13 years,
- Average age is over 73,
- They sit on an average of 3 other boards in addition to CLCT (as of the FY19 DEF14A filing),
- Their Board member compensation is primarily cash driven (68% in FY19),
- There have been zero insider open market purchases in the last 5 years (see exhibit 1), but considerable open market sales,
- Their individual and collective CLCT equity ownership is miniscule.

Exhibit 1: CLCT Insiders' Open Market Buy/Sell Orders over the Last 5 years.

Source: Bloomberg

11:08 AM · Jun 19, 2020 · Twitter for iPhone

2 Retweets 45 Likes

<https://twitter.com/AKWilk/status/1273996048600571906>

Squarespace <no-reply@squarespace.info> to me Thu, Jul 9, 10:06 AM

Name: [REDACTED]

Email: [REDACTED]

Primary reason of interest:: Shareholder in CLCT, Customer of CLCT

Message: The Company is run very poorly as regards "Customer Service" -- there is virtually no 'service' whatsoever. Telephone calls are not returned. One hardly ever reaches a live person, and when you do, that person is a "know nothing" who refers you to someone else, who never returns calls or email inquiries. This is no way to run a public company which has a monopoly on grading and should be more profitable than it is. New management ought to look into the administrative workings of this company. I am well aware that the Covid-19 virus has necessitated layoffs, furloughs, and closings but even a skeleton staff ought to do better for a public company. I look forward to a change in the Board of Directors [REDACTED]

Squarespace <no-reply@squarespace.info> to me Fri, Jun 19, 12:50 AM

Name: [REDACTED]

Email: [REDACTED]

Primary reason of interest:: Customer of CLCT, Other

Message: I am bullish on the Grading and Authentication industry. I am not a shareholder because of my shared skepticism of the governance and future of CLCT.

Squarespace <no-reply@squarespace.info> to me Sat, Jul 18, 9:27 PM

Name: [REDACTED]

Email: [REDACTED]

Primary reason of interest:: Shareholder in CLCT

Message: I fully support the removal of all existing board members (ex. Joe Orlando). Poor capital allocation, terrible stock-based compensation plans, and non-existent shareholder engagement have been a thorn in the side of this great business. I'm fully confident your valuation of the business can be realized with the proposed improvements.

Squarespace <no-reply@squarespace.info> to me Thu, Jun 18, 5:57 PM

Name: [REDACTED]

Email: [REDACTED]

Primary reason of interest:: Shareholder in CLCT

Message: Good move. Own the stock because I have been a large long-term collector. Been very dismayed about their lack of growth in booming markets. Always have an excuse. No innovation.

Examples of Stakeholder Support

Following Alta Fox's 6/18/20 Letter to Shareholders:

- We have received an outpouring of positive support from customers and shareholders through private email and public social media.

I think this is extremely good for PSA. The grader haters aren't going to like this very much. I just finished reading the article published and here are some of the takeaways I got out of it.

- You want to know why nobody cares about the company on the conference calls or why there hasn't been significant change to the company in order to improve its current standing? The current board members do not care about the direction and profitability of the company nor do they believe in the company. They're there so that they can say they are board members of a publicly traded company. If they performed this way with any other mainstream company they would have been removed long ago.
 - "while we had amicable discussions with Chief Executive Officer, Joseph J. Orlando, we felt that the rest of the Board was largely uninterested in listening to our suggestions and informed us that CLCT would no longer communicate with Alta Fox going forward. We were disappointed by such a dismissive response to a large shareholder, which heightened our concern that the Board is not acting in the best interests of shareholders. As a result, Alta Fox has been forced to escalate the matter to ensure proper governance and to maximize value for all shareholders."
- Want to know if the company is headed in the right direction? Look no further than insider purchases and sales of the company stock.
 - "There have been zero insider open market purchases in the last 5 years (see exhibit 1), but considerable open market sales. Their individual and collective CLCT equity ownership is miniscule."
 - PSA own board members don't even think highly enough about the company to actually own any stock. The old farts are there only to collect a check.
- The things that they say they are doing in order to alleviate the backlog is common speak but never actually amounts to anything.
 - "While CLCT has recently announced hiring initiatives and operational improvements, years of similar announcements leave us doubtful that these efforts will quickly solve their capacity problem. Improving grading turnaround times and delivering new and innovative services for customers is a top priority for Alta Fox and our slate of highly-qualified director nominees."
 - "Our nominees would work tirelessly with management to fix the bottlenecks in the core grading business, introduce valuable new digital services, and bring increased transparency to both investors and customers"
 - It's good that they see the biggest problem is turnaround times. I am also interested in what digital services means. I wonder if it might be something like SGC's seller ready images?
- I think they may start to look at some sort of PSA selling platform or storage (Vault) to expand their services.
 - "unique marketplaces, inventory storage, and pricing analytics for collectibles"
- The most interesting thing to me is the lack of even one hint of any FBI investigation into PSA's grading practices or any mention of grading practices (preferential treatment, pop control). For a company to invest that much into them and attempt to replace the board and take the company private instead of public, they have got to know about any investigations into the company. The fact that nothing is mentioned is a sign that they are not concerned at all for the outcome of that investigation. If I'm not mistaken, two of the potential board members they proposed are collectors and I would think they have some knowledge of what customers main concerns are. Unless they don't frequent the boards.....

Looking for [Nolan Ryan](#) and [Evan Longoria](#).

Know what would really help "refresh" the \$CLCT board? @AltaFoxCapital firing all of you guys and delivering value and innovation for shareholders and customers. Why doesn't the company want large shareholders to have board representation?

7:46 PM · Sep 14, 2020 · Twitter for Android

13 Likes

Costa Verde Capital @CostaVerdeCap · 43m
Replying to @OtterMarket and @AltaFoxCapital
How about a Board with a plan to reinvest the cash? Eliminate the crazy delays for starters. (Collectors are NOT happy.) Then innovate—build on CLCT's dominant position by adding complimentary products/services. I think @AltaFoxCapital's nominees would bring some welcome changes.

Alta Fox Twitter Account Stats following release of CLCT post

11:43

Tweet activity

Connor Haley @AltaFoxCapital
\$CLCT is our highest conviction long position since the fund's inception. We have taken an activist position to increase shareholder value. Please see the press release here: <https://yhoo.it/3hEcvhL>

As well as our open letter to shareholders here: <https://bit.ly/3deOTgb>

Impressions 88,339
times people saw this Tweet on Twitter

Total engagements 8,100
times people interacted with this Tweet

View all engagements

Reach a bigger audience
Get more engagements by promoting this Tweet!


Get started

Examples of Stakeholder Support

Following Alta Fox's 6/18/20 Letter to Shareholders:

- We have received an outpouring of positive support from customers and shareholders through private email and public social media.

parkus
MCC Senior Member



Members
358
804 posts

Profession: Private Investor
Location: Houston, TX

Posted June 18

On 6/18/2020 at 12:43 PM, Yaron Naymark said:

@Connor Haley coming in hot

One of the largest shareholders in Collectors Universe Inc. is seeking to replace its board, arguing the company could be worth \$100 a share within the next three years under the right leadership. Failing that, it believes the company – which opened at \$26.99 Thursday – should consider going private.

Alta Fox Capital Management, which owns a 5.4% stake in the authentication company, argued in a letter to shareholders Thursday that there are several levers it could pull to drive operational efficiency, profitable digital innovation, and shareholder engagement. But, in order to do so, it said it needs a more engaged board.

The firm has nominated six directors to the five-member board in order to ensure it has enough candidates to replace the board if it were expanded ahead of its annual general meeting, which was held in December last year.

While discussions with Chief Executive Officer Joseph Orlando have been “amicable,” the rest of the board was “largely uninterested in listening to its suggestions” and said it would no longer engage with Alta Fox, the firm said in a letter reviewed by Bloomberg.

“We were disappointed by such a dismissive response to a large shareholder, which heightened our concern that the board is not acting in the best interests of shareholders,” said Connor Haley, Alta Fox managing partner.

A representative for Collectors Universe wasn’t immediately available for comment.

Authentication Services

Collectors Universe provides authentication and grading services for collectors of coins, trading cards, sports memorabilia and autographs. The shares have risen 39% in the past year, giving the company a market value of about \$250 million.

Alta Fox argues the company is undervalued and that a refreshed board could work with management on improving its core grading business, including expanding digital offerings. It argues the company has failed to innovate while competitors have started offering services like unique marketplaces, inventory storage and pricing analytics on collectibles.

“The second option is to slash public company costs and go private,” Haley said. “We believe there would be many strategic and financial buyers.”

In addition to Haley, Alta Fox’s nominees include Nat Turner, Lorraine Bardeen, Damian Blazy, Judy Krandel, and Susanne Meline. Turner, appointed to Jared Kushner’s ad-hoc task force to combat the coronavirus earlier this year, is an avid collector and owns one of the prodigious Michael Jordan trading card collections in the world.

“Our nominees are highly qualified and can bring sorely needed leadership, particularly in the areas of corporate governance, investor relations, M&A experience, and digital transformation,” Haley said.

The #1 issue I've had with this company is the lack of capital allocation skills. They have a share buyback in place but haven't bought any shares back in 4+ years despite the stock getting drilled down to a ~12-14% ATY on FCF back in late 2018. Also, I understood why they cut the dividend a little over 2 years ago but at this point the cash has ballooned on the balance sheet and they really don't have use for this much cash other than returning it to shareholders as it isn't a capital intensive business. I highly doubt any new growth initiatives would cost more than \$5 million.

Joe Orlando has actually done a pretty good job thus far if you ask me. However, someone really needs to get their ear regarding capital allocation because as Connor is arguing and I agree, the share price would have a lot more upside if some very small changes were made. I've never had an opinion on the board but if Orlando and the CFO can't figure out the capital allocation, its up to the board to educate them.

 **Squarespace** <no-reply@squarespace.info> Mon, Jun 22, 8:34 PM

Name: [REDACTED]

Email: [REDACTED]

Primary reason of interest:: Other

Message: As the former [REDACTED] I am in possession of a lot of information and insight into the real story of CLCT. During my tenure the stock price increased 7 fold and revenue 3 fold. Unfortunately I was forced to leave a lot of upside on the table. [REDACTED]

 Tue, Aug 4, 9:06 AM

I have read your letter regarding the undervalued operations of CLCT. I am a retired money manager, having founded [REDACTED] Inc. back in 1979. At the peak, I was managing over \$3.5 billion before starting to wind down by selling my 3 mutual funds to [REDACTED]

I have known Collector's Universe for many years and have also been a shareholder for quite sometime. I am now in the process of auctioning off my multimillion baseball card and memorabilia collection and definitely feel that cards graded by PSA command a premium over cards graded by their competitors.

A former Chairman of the Board of CLCT, [REDACTED] served on a Board that I served on, and appeared to care less about advancing the prospects of CLCT. Your letter accurately defines the undervaluation of CLCT, and I am in full support of your proposals.

[REDACTED]

Card Demand Has Far Surpassed Our Initial Expectations

- We have had to dramatically take up our revenue and earnings assumptions for CLCT. Based on our channel checks detailed in upcoming slides, **we now think that CLCT will be run-rating \$2.50-\$4.00 in EPS by the end of FY21** driven primarily by explosive PSA revenue and profitability growth.
 - The self-isolation and ensuing nostalgia driven by COVID-19 has further accelerated growth in trading card demand by bringing former childhood collectors back into the hobby now as adults *en masse*. While refusing to quantify the magnitude of growth for investors in public filings and commentary, CLCT has communicated in much greater detail with the press:

*“In a typical week last year, the company was receiving about 68,000 cards a week. In the recent weeks since its operations have reopened after being closed due to COVID-19 concerns, they’ve been receiving 250,000 cards a week according to Orlando”.*¹
 - While CLCT has handled their capacity management objectively poorly thus far with a backlog that has increased for years *prior to COVID-19*, given the trading card renaissance experienced in 2020 the opportunity for CLCT to become an industry innovator has never been clearer.

Original Projections in Open Letter

	FYE23	FYE23
Revenue by Segment (000s)		
Coin Grading Revenue	\$50,843	Consignment Revenue \$17,000
Trading Card Grading Revenue	\$46,513	Physical Storage Revenue \$16,524
Other Revenue	\$4,266	Digital Portfolio Revenue \$27,947
Total Grading Revenue	\$101,622	Total Incremental Revenue \$61,471
Net Income Margin	19%	Net Income Margin 30%
EPS	\$2.01	EPS \$2.03
PE Multiple	25x	PE Multiple 25x
Value/Share	\$50.2	Value/Share \$50.8
Total Value per share	\$101.0	
Current Share Price	\$27.2	
Total Upside	272%	

Updated Projections

	FYE23	FYE23
Revenue by Segment (000s)		
Coin Grading Revenue	\$44,898	Consignment Revenue \$17,000
Trading Card Grading Revenue	\$97,643	Physical Storage Revenue \$16,524
Other Revenue	\$4,324	Digital Portfolio Revenue \$27,947
Total Grading Revenue	\$146,865	Total Incremental Revenue \$61,471
Net Income Margin	27%	Net Income Margin 30%
EPS	\$4.05	EPS \$2.03
PE Multiple	25x	PE Multiple 25x
Value/Share	\$101.3	Value/Share \$50.8
Total Value per share	\$152.1	
Current Share Price	\$44.9	
Total Upside	239%	

1. <https://www.sportico.com/business/commerce/2020/sports-trading-card-boom-attracts-wall-street-1234613260/>

CLCT's Board Remains Unwilling to Engage (1/3)

Despite the outpouring of positive stakeholder support received, Alta Fox **still** attempted to establish amicable relationships with the Board, attempting to arrange calls through lawyers and offering to meet Board Members in person at CLCT's HQ. Alta Fox was refused.

- **Alta Fox offered reasonable settlement terms** that involved new Board members, better shareholder representation and an investor relations strategy – the current Board dragged their feet and did not come back with a counter proposal.
- On 9/14/20 the CLCT's Board released the following¹ plan:
 1. Added three new Board members, **none of whom were from Alta Fox's slate.**
 2. Added a low-profile 3rd party IR firm. **Alta Fox is an expert in assessing 3rd party IR firms, but was not consulted by the Board in this decision.**
 3. Mentioned a focus on driving "shareholder value creation". **The last time "shareholder value creation" was mentioned by CLCT prior to Alta Fox's involvement was in 2009.**
- We are disappointed – but not surprised – by both the current Board's defensive and arrogant maneuverings in the face of reasonable settlement terms presented by Alta Fox and its refusal to engage in dialogue with us. **Our Board nominees intend to work alongside the new Board members in rectifying the Legacy¹ Board's long history of disengagement and together implement a thoughtful capital allocation plan executing on low-risk/high-upside digital and value additive services while improving CLCT's core grading operations and customer service. Shareholder representation is needed, and the current Board continues to demonstrate it will not deliver.**
- On 9/14/20 Alta Fox engaged in a call with **management** for the first time since April 2020, who solicited Alta Fox's plans going forward and offered nothing in return except a promise to relay our concerns and stance to the Board.

Company	#	Source	Upload	Period	Language	Size
Collectors Universe Inc	1	18-K	17:02:38	09/14/20	English	64k
Collectors Universe Inc	1	DEFA14A	17:00:40		English	65k
Collectors Universe Inc	1	Earnings Call	11/09/09		English	

1. Legacy Board = Current Board Members of CLCT who started prior to 9/14/20
 2. <https://finance.yahoo.com/news/collectors-universe-announces-board-refreshment-123000244.html>

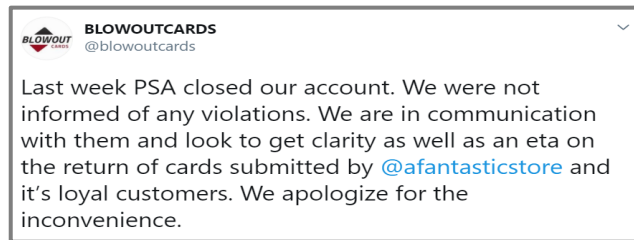
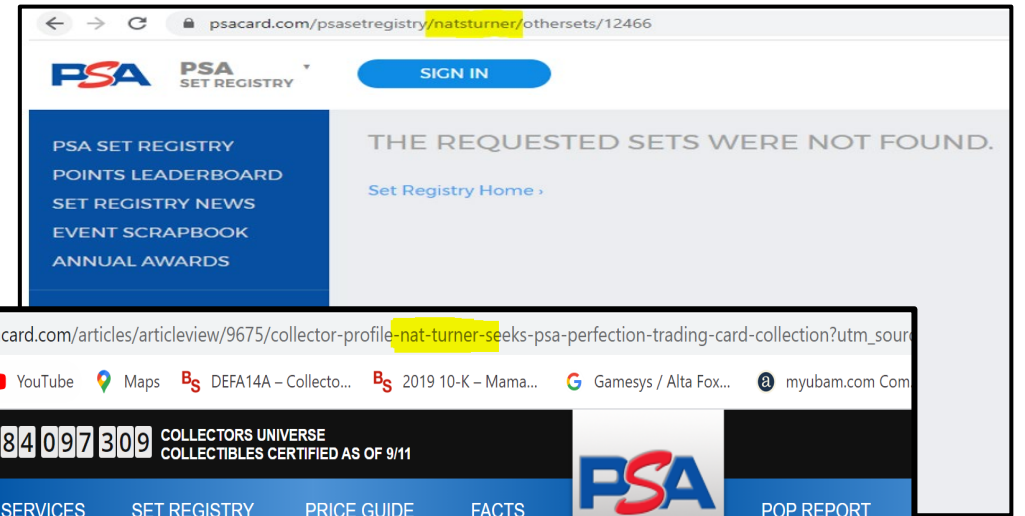
CLCT's Board Remains Unwilling to Engage (2/3)

CLCT continues to turn its back on customers (see sample screenshots):

- PSA took down its article profiling Nat Turner, one of the hobby's post notable collectors, due to his initial affiliation with our slate, and temporarily banned his prized Set Registry account.
- Consistent with its banning of Nat Turner for petty reasons, CLCT banned Blowout Cards which owns the most popular sports card forum on the internet (blowoutforums.com)³, likely due to criticisms of PSA on its forums.⁴

Both instances, among numerous others, are unacceptable ways to treat key customers and are characteristic of a disengaged, out of touch Legacy Board that is lacking in the *customer obsession* Alta Fox's nominees will bring to CLCT's Board.

Alarming, collectors have not been surprised with this action and perceive this as normal course of business for PSA.⁴



1. https://www.psacard.com/articles/articleview/9675/collector-profile-nat-turner-seeks-psa-perfection-trading-card-collection?utm_source=email&utm_medium=newsletter&utm_campaign=newsletter-psa-2018oct23&spMailingID=57627296&spUserID=MzgyNzUwMzYwNzgS1&spJobID=1503290135&spReportID=MTUwMzI5MDEzNQ52
 2. <https://www.blowoutforums.com/showthread.php?t=1248075>
 3. <https://www.blowoutforums.com/showthread.php?t=1248075>
 4. <https://twitter.com/blowoutcards/status/1298067529814990849>

CLCT's Board Remains Unwilling to Engage (3/3)

CLCT continues to turn its back on **shareholders**.

- CLCT had 0 questions asked on their latest earnings call, telling investors afterwards that there were questions in the queue, but “technical difficulties” prevented them from being asked.
- Despite nearly 2 months of Q1 21 being over at the time of their Q4 20 conference call and the trading card market being stronger than ever, CLCT refused to quantify how strong the trading card market is and what that will mean for earnings power going forward.
 - Joe Orlando, Q4 20 earnings call:

“In Summary, our fourth quarter turned out better than expected as we ramped up our operation in May and June, and we finished Q4 with strong momentum primarily in the cards and autographs business. With the continued backlog in that business, we intend to build on that momentum as we enter our fiscal year '21.”¹

- Note that we find fault with the Legacy Board for not instructing and incentivizing management to give more guidance to shareholders – not current management.
- Despite the market's undeniably positive response to Alta Fox's involvement, CLCT's Board refuses to engage with Alta Fox.
- CLCT's Board continues to demonstrate strong objection to having meaningful shareholder representation on its Board of Directors.
- Although CLCT ignores developers and investors looking to help CLCT expand its value proposition and earnings power, Alta Fox has had many conversations with 3rd parties interested in assisting with building the digital infrastructure outlined in this deck.
- **Bottom-line: CLCT's Board has demonstrated no accountability to customers or shareholders, running CLCT as if it were an insignificant private company when in fact it is at the center of an exploding hobby and two multi billion-dollar marketplaces (cards/coins). Shareholders and customers deserve better.**

1. <https://www.fool.com/earnings/call-transcripts/2020/08/26/collectors-universe-inc-clct-q4-2020-earnings-call/>

Where We Stand Today

ALTA FOX'S TOP PRIORITIES:

IMPROVED CORPORATE GOVERNANCE

- Shareholder representation on the Board
- Aligning compensation policies for management and the Board with customer and shareholder success


IMPROVED CAPITAL ALLOCATION

- Tactical share buybacks: There have been no share buybacks executed since 2009 despite multiple opportunities to repurchase shares at double digit free cash flow yields
- Redeployment of cash into high ROI opportunities: The Legacy Board has overseen cash accumulating on the balance sheet for years
- Introduce low-risk, high ROI ancillary recurring and scalable revenue streams that improve the customer value proposition

IMPROVED SHAREHOLDER ENGAGEMENT AND ACCOUNTABILITY

- Formal earnings guidance to shareholders, More focus on investor engagement and outreach (conference attendance, sell side coverage, better disclosure, etc.)
- Long-term revenue, earnings, and qualitative goals clearly communicated to the market


March 2020 Alta Fox correspondence with management surrounding CLCT share buybacks at stock prices of ~\$14.00 or a 12-13% TTM FCF yield:




Connor Haley <connor@altafoxcapital.com>
to Joe, me ▾

Mon, Mar 16, 9:01 AM ☆ ↶ ⋮

If now isn't a good time to buyback shares, not sure what is. Widespread panic.



Connor Haley | *Managing Partner*
ALTA FOX CAPITAL MANAGEMENT, LLC
640 Taylor Street, Suite 2522, Fort Worth, TX 76102
(office): 817-639-2369
(cell): 469-261-0496
connor@altafoxcapital.com



Joe Orlando <JOrlando@collectors.com>
to Connor, me ▾

Mon, Mar 16, 10:00 AM ☆ ↶ ⋮

I understand where you are coming from...but this is a **board decision**.

They are aware of the sentiment, so further discussions will take place.

Take care and be well,

Joe

Why Is Shareholder Activism Required

CLCT'S BOARD CONTINUES TO DEMONSTRATE A CULTURE OF SHAREHOLDER AMBIVALENCE, ONLY MAKING MARGINAL DISINGENUOUS CHANGES AFTER BEING PRESENTED WITH THE POSSIBILITY OF A PROXY FIGHT.¹

- Most of CLCT's Legacy Board members have been on the Board for over a decade and have overseen CLCT's lack of successful innovation over the last 10-15 years. The Legacy Board of Directors has not shown a willingness to provide transparency, engage with investors, or grow CLCT beyond simply its legacy grading business.
- The Board members are paid mostly in cash, scarcely have made open market purchases, and are on many other boards. We question their dedication and focus. They are not the right leaders to push CLCT to reach its potential.
- In short, the Legacy Board has allowed a dominant asset to compound per share value at mediocre rates for too long. As long as Legacy Board members remain in de-facto control of CLCT, we do not anticipate any genuine and meaningful changes to occur.

Collectors Universe

Collectors Universe's primary business is authenticating coins and trading cards to validate that they are legitimate and assigning a grade based on the condition of the items. CLCT is paid tiered fees based primarily on the stated value of the underlying item graded and the turnaround time the buyer selects.

CLCT Historical Financial Highlights Notes:

- It took an activist investor to get elected to the Board in July 2007 (FY08) to properly incentivize management to clean up the business. He became interim CEO in 2009, and under his leadership EBIT margins improved from 5.8% to a high of 21.0%. He exited the business in FY13. During his time as CEO, CLCT's annual total shareholder return ("TSR") was 53.15% vs. the S&P500 at 22.32%.
- Our historical numbers below are CLCT's restated financials post the discontinuation of their jewelry business in 2009.

Model Sheet Currency : USD (000s)	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
CLCT Historical Financial Highlights														
Revenue from Coin Grading	23,317	22,924	20,943	25,781	29,992	32,432	32,144	42,100	42,192	40,267	47,545	42,838	41,394	41,599
y/y %	-2%	-2%	-9%	23%	16%	8%	-1%	31%	0%	-5%	18%	-10%	-3%	0%
% of total	60%	58%	58%	65%	68%	67%	65%	70%	68%	66%	68%	63%	57%	53%
Revenue from Card Grading	10,966	11,518	10,190	9,746	10,229	11,335	12,462	14,090	14,925	15,917	17,926	21,065	26,420	33,673
y/y %	30%	5%	-12%	-4%	5%	11%	10%	13%	6%	7%	13%	18%	25%	27%
% of total	28%	29%	28%	25%	23%	23%	25%	23%	24%	26%	26%	31%	36%	43%
Other Revenue	4,403	5,063	4,781	4,236	4,211	4,592	4,484	4,381	4,567	4,770	4,687	4,546	4,639	3,619
y/y %	-5%	15%	-6%	-11%	-1%	9%	-2%	-2%	4%	4%	-2%	-3%	2%	-22%
% of total	11%	13%	13%	11%	9%	9%	9%	7%	7%	8%	7%	7%	6%	5%
Total Revenue	38,686	39,505	35,914	39,763	44,432	48,359	49,090	60,571	61,684	60,954	70,158	68,449	72,453	78,891
y/y %	5%	2%	-9%	11%	12%	9%	2%	23%	2%	-1%	15%	-2%	6%	9%
Gross Profit	21,950	19,726	19,529	24,169	27,183	28,957	30,022	37,908	38,631	38,052	43,311	38,978	42,300	45,236
Gross Margin	56.7%	49.9%	54.4%	60.8%	61.2%	59.9%	61.2%	62.6%	62.6%	62.4%	61.7%	56.9%	58.4%	57.3%
EBIT	2,985	1,306	2,088	8,356	8,289	9,157	9,494	12,476	12,108	12,370	13,224	8,977	14,342	14,102
EBIT Margin	7.7%	3.3%	5.8%	21.0%	18.7%	18.9%	19.3%	20.6%	19.6%	20.3%	18.8%	13.1%	19.8%	17.9%
Forward Looking Tax Rate	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Adjusted Net Income	2,239	980	1,566	6,267	6,217	6,868	7,121	9,357	9,081	9,278	9,918	6,733	10,757	10,577
Adj Net Income Margin	5.8%	2.5%	4.4%	15.8%	14.0%	14.2%	14.5%	15.4%	14.7%	15.2%	14.1%	9.8%	14.8%	13.4%
FDSO	8.50	8.36	9.16	7.69	7.94	8.11	8.51	8.86	8.88	8.90	8.92	9.02	9.15	9.34
Adjusted EPS	\$0.26	\$0.12	\$0.17	\$0.81	\$0.78	\$0.85	\$0.84	\$1.06	\$1.02	\$1.04	\$1.11	\$0.75	\$1.18	\$1.13
y/y %	-21%	-56%	46%	376%	-4%	8%	-1%	26%	-3%	2%	7%	-33%	57%	-4%

Key Financial Metrics

	9/9/20
Stock Price	\$44.88
FDSO (FY20)	9,239,911
Market Cap	\$414.7M
Cash (FY20)	\$28.6M
Debt (FY20)	\$1.7M
Enterprise Value	\$387.7M

TTM Multiples

	Q4 19 – Q4 20
PE	37.8x
EV/EBITDA	22.6x
FCFE Yield	4.0%

FY21 Multiples

	9/9/20
PE	14.8x
EV/EBITDA	9.6x
FCFE Yield	6.9%

A Message to Collectors Universe Customers

Before delving into the specifics of our plan, it is of the utmost important to recognize that our success in driving value for shareholders is *inherently linked to driving value for collectors worldwide*. Alta Fox has conducted significant research into pain points of CLCT's current customers and is committed to rectifying these pain points and delivering a better value proposition.

Examples of pain points for CLCT customers are as follows:

Struggling to maintain reasonable grading turnaround times

Poor capital allocation resulting in underwhelming technological innovation

Unoptimized and disengaged social media presence

The majority of this presentation will focus on examining new services CLCT can offer existing customers and collectors. These will enhance the customer value proposition and will ultimately grow interest in collecting cards/coins (resulting in increased grading demand).

In addition to executing the following digital and recurring revenue initiatives, Alta Fox intends to **prioritize improving turnaround times, CLCT's social media presence, and overall customer service.**

Main Thesis Points

1. CLCT's existing core grading business is materially undervalued. CLCT's core grading service is a high-quality business characterized by strong competitive advantages, excellent returns on capital, and exciting secular tailwinds in both cards and coins. With increased shareholder representation among leadership, the existing business could be worth \$100/share over the next three years.
2. CLCT has multiple opportunities to invest in high-margin, adjacent growth verticals. We believe these opportunities, if properly executed, can be conservatively worth an incremental \$50/share.
 - a) Collectors Digital Portfolio
 - b) Two-Sided Marketplace (Consignment)
 - c) Physical Storage
3. The complacent Board of Directors has shown **no urgency to innovate and invest in these high-margin verticals**, has no coherent capital allocation plan, and needs shareholder representation immediately. The potential value creation opportunity is too large to ignore, and fresh ideas are needed.
4. Alta Fox owns significantly more stock than anyone on the Board or management team, and we intend to vote for new directors at the company's upcoming annual meeting. Our plan and proposed slate of directors will drive greater value to CLCT's customers, employees, and shareholders. **The record date is 10/5/20 and annual meeting date is 12/1/20.**

1

CLCT's existing core grading business is materially undervalued.

CLCT's core grading service is a high-quality business characterized by strong competitive advantages, excellent returns on capital, and exciting secular tailwinds in both cards and coins. With increased shareholder representation among leadership, the existing business could be worth \$100/share over the next three years.

CLCT's Core Grading Business

OVERVIEW

- Coins and trading cards are part of broader alternative physical assets that are often difficult to authenticate and value (comparable asset classes would be fine art or classic cars).
- Grading companies solve this problem by verifying that items are legitimate and “grading” their condition through both objective and subjective measures.
Using card grading as an example, graders will rate quality by assessing among other things: corner/edge scratches/sharpness, how the card is centered, if there are any printing errors on the card (blemishes, lines, etc.), overall eye appeal, etc.
- Grading an item typically increases its value regardless of the grade, as it opens up the market to the vast majority of collectors who will not buy unauthenticated items. The value of the increase depends on the item graded and the grade received.
 - The difference in one grade can potentially mean thousands of dollars of value.
- **CLCT's grading business benefits from extremely high barriers to entry.**
 - Brand reputation
 - Without brand reputation, buyers will not value your grade.
 - There is a network effect associated with the sheer volume of items graded by a grading operator. Buyer and seller familiarity with a grader is in large part determined by the prevalence of existing market items with their grade.
 - Limited talent supply
 - Grading requires in-depth market knowledge and years of experience. There is a finite number of professionals with this skill-set (particularly for very rare items).
 - The grading markets for coins (duopoly) and cards (oligopoly) are extremely consolidated markets with operators that have been around for multiple decades.
 - Due to high barriers to entry, CLCT has significant pricing power and typically raises prices each year. *For example, they have raised PSA prices each year for the last 9 years.*¹
- Grading businesses inherently increase demand for the assets they grade through lowering buyer risk by establishing trust in item quality and providing a basis for precedent transactions for comparable items with the same grade.
- In many ways, grading companies play the role of gatekeeper/regulator for illiquid markets, similar to Sotheby's with art and Moody's with credit ratings. **High barriers to entry, significant pricing power, high incremental margins, and low capex make these businesses very attractive.**

1. <https://seekingalpha.com/article/4288546-collectors-universe-inc-s-clct-ceo-joseph-orlando-on-q4-2019-results-earnings-call-transcript>

CLCT's Unit Economics and ROE

- Over the last 5 years, CLCT has averaged \$17.42 in revenue per coin graded and \$11.50 in revenue per card graded.
 - In FY20, CLCT graded ~2M coins and ~3M trading cards.
 - Modern items typically take less than 30 seconds to grade, while vintage and rare item grading can take much longer.
 - CLCT's revenue *should* be a function of the number of items submitted * service level requested (based on declared value), yet in recent years it has been limited by capacity constraints due to not having enough graders on hand resulting in record backlogs and the loss of new business.
 - The cost of grading experts fluctuates with revenues.
 - Besides shipping, warranty, and insurance expenses, the majority of CLCT's other expenses are fixed.
- Grading businesses produce extremely attractive returns given low capital intensity and high incremental margins. CLCT's attractive ROE over the last 5 years is displayed below:

	FY16	FY17	FY18	FY19	FY20
Net Income	7,703	8,509	6,236	9,977	10,786
Average Equity	16,732	15,456	15,093	16,608	21,980
ROE	46%	55%	41%	60%	49%

- CLCT has historically operated at a ~60% gross margin and ~20% EBIT margin. The current boom in trading card demand driving CLCT's volume and effective pricing higher should result in meaningfully higher EBIT margins in FY21.

CLCT's Coin Grading Business (PCGS) Overview

- Professional Coin Grading Service (“PCGS”) was the first company dedicated to grading coins and began operations in 1986.¹
- PCGS’ sole competitor followed one year later, with Numismatic Guarantee Corporation (“NGC”) founded in 1987.²
- Coins are received by PCGS, graded on a scale from 1-70, placed in a protective, sealed slab, then sent back to the customer.
- PCGS is the dominant coin grader in the US while NGC is the dominant coin grader overseas. Overall the coin grading market is split roughly 50/50 with PCGS/NGC.
- Fees are based on the declared value of the item and the requested turnaround time.
- Specially minted coins make up the bulk of submissions. This leads to lumpy demand that can make intra-quarter and even intra-year data difficult to compare. However, the long-term trend is very healthy with PCGS revenue showing a 10-year CAGR of 5%.

Grading Scale

	Abbr.	Description
POOR	P (1)	Extremely worn and barely identifiable. Only a smooth basal state remains.
FAIR	FA (2)	Worn almost smooth, but some features are identifiable.
ABOUT GOOD	AG (3)	Readable letters although still worn. Face is still fairly smooth.
GOOD	G (4, 6)	Worn but readable. Details flat. Rims complete.
VERY GOOD	VG (8, 10)	Design worn, features are more prominent and somewhat flat.
FINE	F (12, 15)	Shaper lettering with deeper recesses in the detail.
VERY FINE	VF (20, 25, 30, 35)	More definition in the detail and lettering. (VF-35) Light to (VF-20) moderate wear on the high detail.
EXTREMELY FINE	XF (40, 45)	Detail is complete with high points somewhat flat.
ABOUT UNCIRCULATED	AU (50, 53, 55, 58)	(AU-50) friction over most of the surface. (AU-58) friction barely visible on high points, great eye appeal.
MINT STATE	MS (60 – 70)	(MS-60) zero wear with hairlines or contact marks. (MS-70) perfect strike.

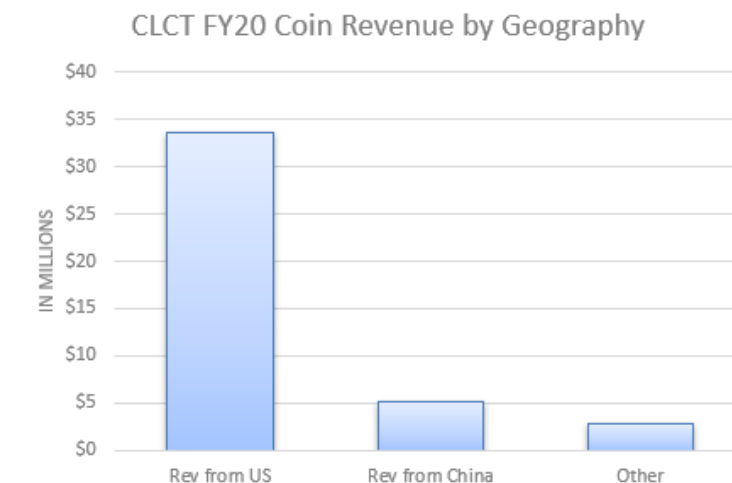
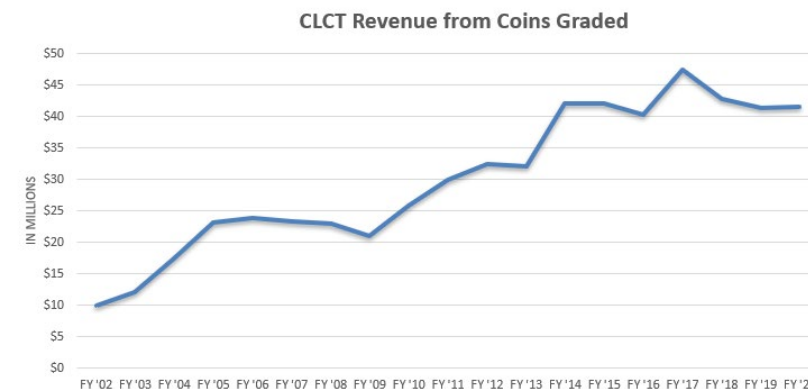
NGC

PCGS



CLCT's Coin Grading Business (PCGS) Demand Analysis

- US Market (80.7% of FY 20 Coin Revenue)
 - Mature market exposed to an aging demographic.
 - The US Rare Coins yearly sales value is ~\$4B.¹
 - This market will likely be stagnant from a volume perspective, but with pricing growth we expect revenue to grow low single digits per year.
- Chinese Market (12.5% of FY 20 Coin Revenue)
 - Counterfeiting and overall consumer mistrust is more prevalent in China, so third-party grading from a non-Chinese firm like PCGS with a world-renowned brand is in high demand.
 - Nascent market and exposed to a much younger demographic.
 - **“In 5-10 years China will for sure be a bigger market than the US for PCGS”**
 - -- *Expert Chinese Coin Dealer based in the US*
 - We think PCGS' China grading business can sustain a 20-30% growth rate for the foreseeable future.
 - PCGS only upgraded its China management personnel a few years ago, moving from a US based non-Mandarin speaker to a China-based Mandarin speaker. We think PCGS is still in early days of optimizing its execution in China.
 - Demand from China has historically been lumpy, but our channel checks suggest the segment is positioned well for growth going forward.



Bottom-line: PCGS has ~50% of the coin grading market globally, will leverage pricing power to sustain low single digit growth in the US, and will better capitalize on growing international markets, conservatively resulting in mid single digit overall coin grading revenue growth going forward.

1. <https://www.coinnews.net/2018/12/27/u-s-rare-coin-market-tops-4-billion-in-2018/>

CLCT's Card Grading Business (PSA) Overview

- Professional Sports Authenticator (“PSA”) was the first company dedicated to grading sports cards and was founded in 1991.¹
- Sportscard Guaranty Corporation (“SGC”) launched in 1998² and Beckett Grading Services (“BGS”) launched in 1999.³
- Trading Cards are received by PSA, graded on a scale from 1-10, placed in a protective, sealed slab, then sent back to the customer. The numerical grading scale differs marginally by operators (contrary to the coin market), as competitors will more frequently use half-point grades than PSA, and some such as BGS will offer sub-grades for centering, corners, edges, and surface.⁴
- PSA dominates the vintage market in the US and has ~50% of market share in the modern market which is shared with SGC and Beckett.
 - Given PSA has graded most the cards in the US, there is often a **liquidity** (as it is easier to find comparable graded cards) **and brand premium** placed on their cards vs competitors.
- While CLCT grades non-sports cards, the vast majority (+80%) of graded cards are sports cards. Sports cards have become popular for a variety of reasons, most importantly attributable to the limited supply of rare cards, athletes’ increased ability to garner fan bases through social media, and the overall accessibility of sports.
- Fees are based on the declared value of the item pre-grade and the estimated turnaround time.

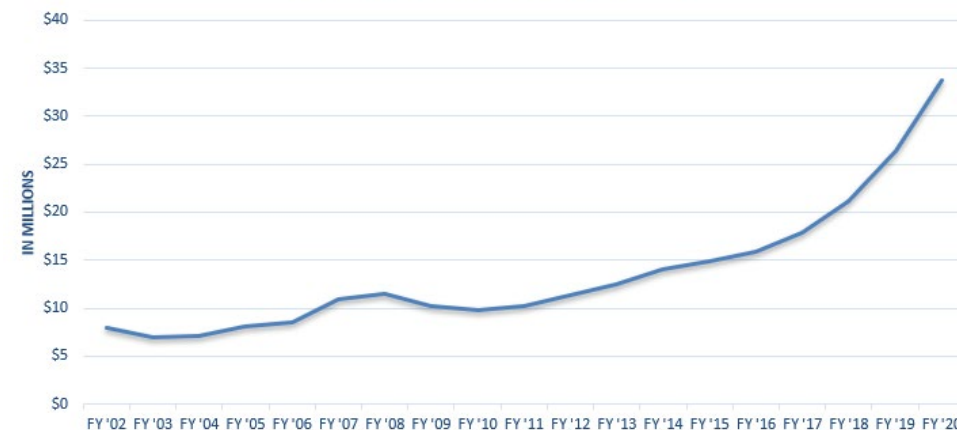


1. <https://www.psacard.com/about/>
2. <https://sportscollectorsdigest.com/cards/card-grading-inside-the-process-with-psa-sgc>
3. <https://www.beckett.com/news/what-is-card-grading/>
4. <https://goldcardauctions.com/psagrading-or-beckettgrading/>

CLCT's Card Grading Business (PSA) Demand Analysis (1/3)

- The US is the main market for trading card grading. The market has been in secular growth over the last 10 years, though it has accelerated recently.
 - PSA growth metrics:
 - FY18 grew revenue 18% y/y
 - FY19 grew revenue 25% y/y
 - FY20 grew revenue 27% y/y
- We think the market's recent strength will continue for the following structural reasons:
 - Social media is driving increased athlete exposure, further endearing fans to athletes.
 - Trading cards are now being socially accepted as an investment vehicle, and more speculators are entering the market.
 - Public sports cards investors like Gary Vee command large followings, and the buzz generated from their commentary/tweets further fuels demand for trading cards.
 - Liquidity and value-added services are being added to the market.
 - I.e. StockX, PWCC's "The Vault", and Alta Fox's proposed initiatives for CLCT (all will be elaborated on later in the presentation).
- Relative to rare coins at \$4B in yearly US sales, experts estimate the value of the US sports memorabilia market to be \$5.4B.¹

CLCT Revenue from Cards Graded



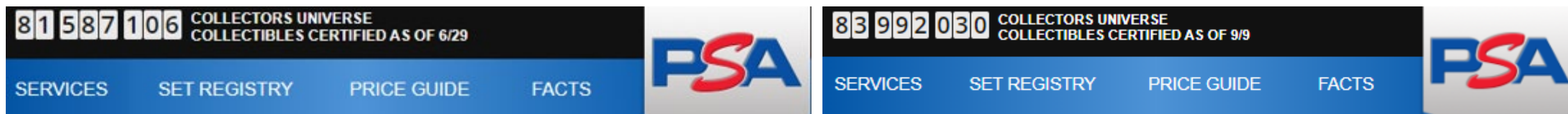
Source: <https://www.youtube.com/watch?v=rSFm2SkJvyQ>

1. <https://www.forbes.com/sites/davidseideman/2018/09/19/tech-entrepreneur-determines-first-true-estimate-of-sports-memorabilia-market-5-4-billion/#51a2e2e952e8>

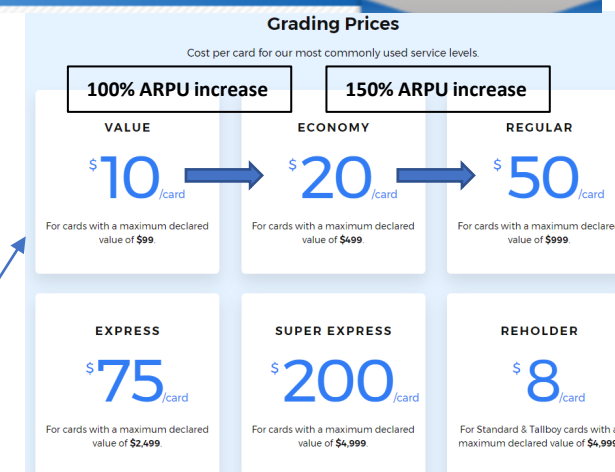
CLCT's Card Grading Business (PSA) Demand Analysis (2/3)

Our initial expectation released to the market was that CLCT would do \$2 in EPS in FY23. **We now think the business can conservatively achieve \$2.50-\$3.50 of EPS in FY21. Drivers of this change:**

- CLCT's publicly reported number of items graded (PSA+PCGS) has increased dramatically. The vast majority of this increase is attributable to PSA.
 - CLCT graded 5M items in FY20. According to PSA's website (prior to being **removed** on 9/15/20), CLCT has already graded >2.4M items (~50% of their FY20 items graded) and Q1 21 is not yet over.
 - This could imply that CLCT is run-rating over 10M items graded per year.*



- PSA has hired >65 new employees since June 2020 based on their letters to customers.
 - While not all new employees will be graders/help in the grading process, **PSA only employed 33 graders as of FY20**. We expect PSA's hiring significantly improved its processing capacity.
- PSA's realized prices per card are on track increase meaningfully throughout FY21 from its level of ~\$11.4 in FY20 (near the bottom of PSA's pricing tier).
 - PSA raised prices on ultra modern cards for value-based submissions by 33% and 50% on ~June 13th, 2020.¹
 - Given the incredible strengthening in card values realized throughout 2020, the value of average cards submitted to PSA will have increased, causing PSA's price realized to subsequently increase by potentially very meaningful rates.
- These changes should help the business see further gross margin and operating leverage.



Source: <https://www.psacard.com/services/tradingcardgrading>

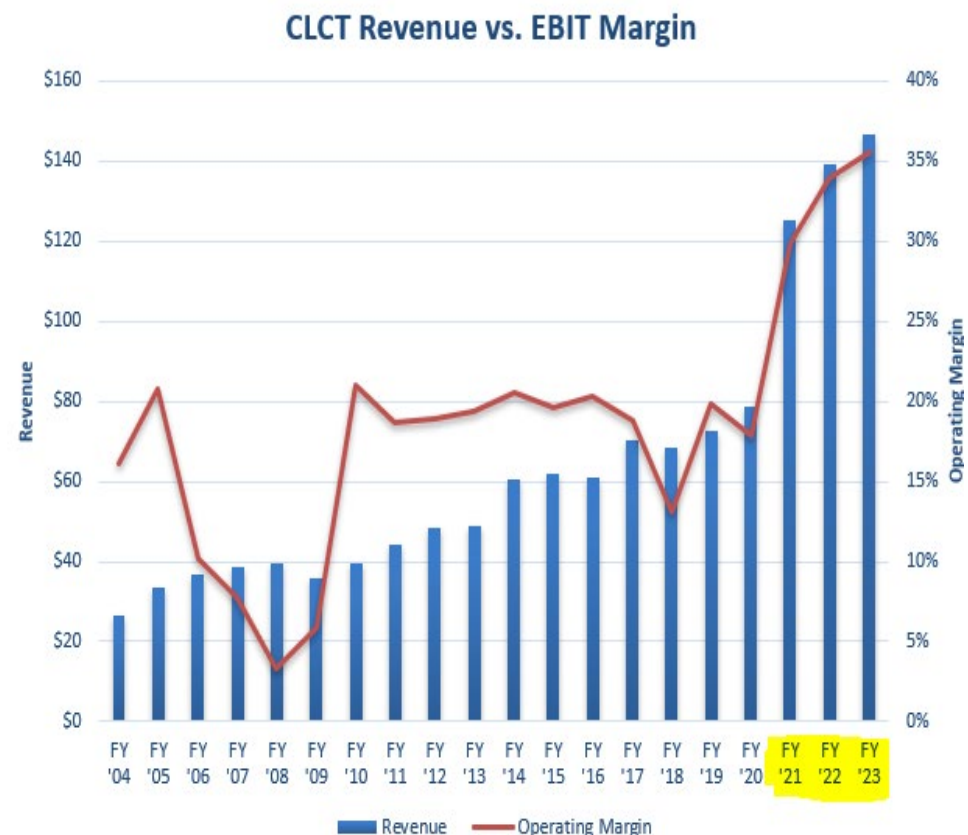
1. <https://www.blowoutforums.com/showthread.php?t=1385323>

CLCT's Card Grading Business (PSA) Demand Analysis (3/3)

- PSA's backlog is currently at record levels (well over 1M cards). The fervent demand for grading services in trading cards is undeniable and will become even clearer in PSA's results in the upcoming quarters.
- However, despite the high backlog being a good indicator of demand, it is also an indicator of poor capacity management that is stifling PSA's growth. We attribute this to the following:
 - CLCT has only one California-based facility, which limits capacity and introduces geographic risk (particularly relevant during COVID-19).
 - Management has not significantly invested or innovated in cost effective and time efficient grading processes.
 - *Customers often complain about turnaround times, which have been as long as 6-9 months to get their PSA graded cards back.*
 - *We believe many grading companies have become complacent given the high barriers to entry. While humans will always play a key role in grading, technology and AI-based tools can help the process become more efficient, reduce errors (and fraud), and improve turnaround times.*
- **Bottom-line: the trading card market is growing rapidly, and PSA has a dominant brand which is capitalizing on this growth. We think PSA can grow at a CAGR of ~40-45% from FY20 to FY24. Given channel checks indicating explosive, sustainable growth, we think our estimates are conservative particularly if new leadership aggressively addresses capacity constraints.**

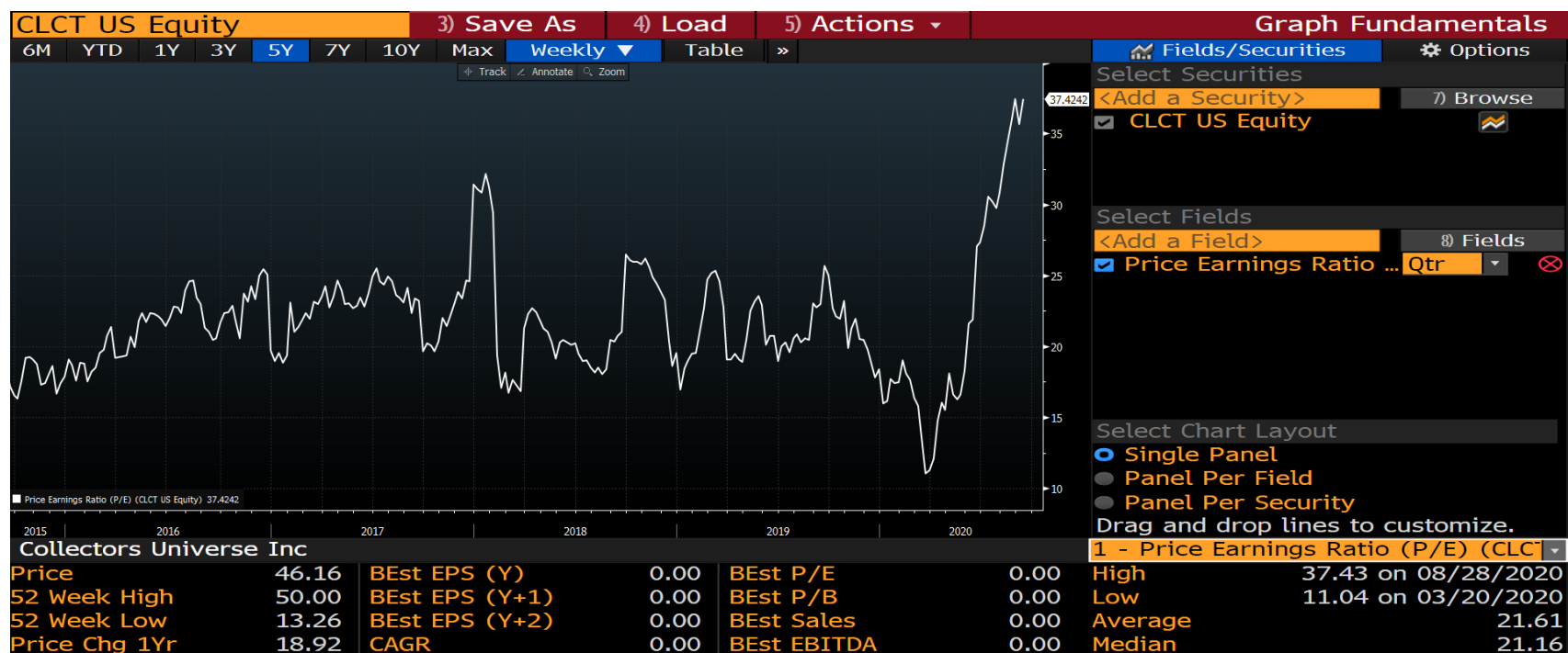
The Path to \$100/Share on the Existing Grading Business (1/2)

- CLCT currently has ~60% gross margins and ~20% EBIT margins, but leadership has failed to deliver EBIT margin expansion over the last decade. *In FY 2020 CLCT posted an EBIT margin lower than in FY 2010 even though revenue nearly doubled during that time period.*
- Given the explosive growth CLCT is seeing in trading cards, we think the business is poised to see 30%+ operating margins in FY21 which should grow into FY22 and beyond.
- **We see a path to \$3.00-4.00 in sustainable EPS for CLCT going forward as record PSA submissions & record card prices continue, PSA continues to optimize price, and PSA's capacity expands.**
 - The variability in short-term earnings power is driven by uncertainty surrounding the timing and degree of PSA's capacity expansion (a function of the number of employees PSA adds to their grading and processing departments) as well as the impact of its recent price optimization.
- We think a target 25x PE multiple is reasonable given CLCT's economic moat, core business growth opportunities, and FCF in excess of Net Income. This alone results in \$100/share in intrinsic value for CLCT.



The Path to \$100/Share on the Existing Grading Business (2/2)

- If this business has averaged a 21x EPS multiple historically with a complacent Board possessing little equity ownership, what will it be worth when it is run for the primary benefit of common shareholders with proper capital allocation?
 - CLCT trades at only 15x NTM EPS based on our conservative FY21 EPS target of ~\$3.00.*



The Growth Algorithm to \$100/Share for the Core Grading Business by 2023

- CLCT is poised to see explosive growth in FY21. We conservatively assume growth moderates in the following years, resulting in a ~20-25% 3-year revenue CAGR.
- If properly managed there should be tremendous operating margin leverage, allowing EPS to CAGR at ~50% p/y with most of the growth taking place in FY21.
 - *With the right execution, CLCT could hit \$4.00 in EPS as early as FY21 – we believe our estimates are conservative.*
- With increased shareholder representation among leadership, CLCT should command a +25x EPS multiple for the following reasons:
 1. Restored investor confidence in capital allocation
 2. Renewed focus on investor engagement (conferences, sell side coverage, guidance, transparency, etc.)
 3. Card grading revenue growing as a % of overall revenue mix. This is higher multiple revenue vs. coin grading revenue as card collectors are a younger demographic, card revenue is less lumpy, and there are more growth opportunities
 4. PCGS has an attractive secular growth opportunity in China.
- At a 25x multiple, CLCT's core grading business is worth \$100/share.

	FY20	FYE21	FYE23	3-year CAGRs
Revenue by Segment				
Coins	41,599	40,094	44,898	3%
US	33,563	32,641	34,958	1%
China	5,208	5,106	7,352	12%
Other	2,828	2,347	2,588	-3%
Trading Cards	33,673	82,061	97,643	43%
Other Revenue	3,619	3,261	4,324	6%
Total Revenue	78,891	125,416	146,865	23%
Gross Margin	57.3%	58.8%	63.8%	
EBIT Margin	17.9%	29.9%	35.5%	
Net Income Margin	13.7%	22.3%	26.6%	
EPS	\$1.19	\$3.03	\$4.05	51%
Current PE Multiple	38x	15x		
Stock Price	\$44.90	\$44.90		
Target PE Multiple			25x	
Target Stock Price			\$101.33	
Implied Return on Core Business			126%	

Dispelling the Bear Case

The biggest pushback we have heard on the investment case in CLCT is that trading card demand is a “fad”. **While COVID-19 has accelerated growth and development of this market, we think the notion that trading card demand could “bust” is unlikely, and believe that we are still in *early innings* of trading card growth for the following reasons:**^{1,2,3}

- PSA has shown secular growth since its founding in 1991.
- PSA’s historical revenue growth has understated true demand due to its continuously growing backlog.
- The only time trading cards *ever* saw a “bust” was in the 1990s as trading card supply was not controlled by manufacturers and manufacturers did not have the pseudo monopoly relationships with sports leagues that they do today.
- The globalization of sports and overseas interest in trading cards (particularly NBA and Soccer cards) are long-term tailwinds.
 - While PCGS and NGC are global businesses, PSA is still very much a US business.
 - Successful NBA players from foreign countries will often see significant demand for their trading cards from their home country, continuing to bring new collectors into the hobby.
 - As the rest of the world follows the US in accepting trading cards as legitimate investments, it is possible that demand for Soccer card grading could grow exponentially given its overseas popularity (Soccer cards are a very small % of cards graded today).
- Trading card speculation is quasi sports betting, and the two should fuel each other’s respective growth.
 - Sports betting is slowly becoming popularized in the US as new states legalize it yearly. Trading cards represent one of the best ways to bet on the future success of a player. As sports betting becomes more widespread throughout the US, we think the ensuing betting culture will increase trading card speculation as well.
- Trading cards are institutionalizing and becoming accepted as legitimate asset classes.^{1,2,3}
- Technology and value additive services are continuously being added to the market.
 - These enhance liquidity and price transparency, bringing new users into the market and making it easier than ever to buy and sell cards.
 - Sharing collections and sports card investment ideas through social media, coupled with increased social media athlete/fan engagement have made trading card collecting and speculation more exciting than ever.
 - Even if demand slows down, PSA will likely have taken so many cards into their backlog in FY21 that it will have revenue visibility for years.

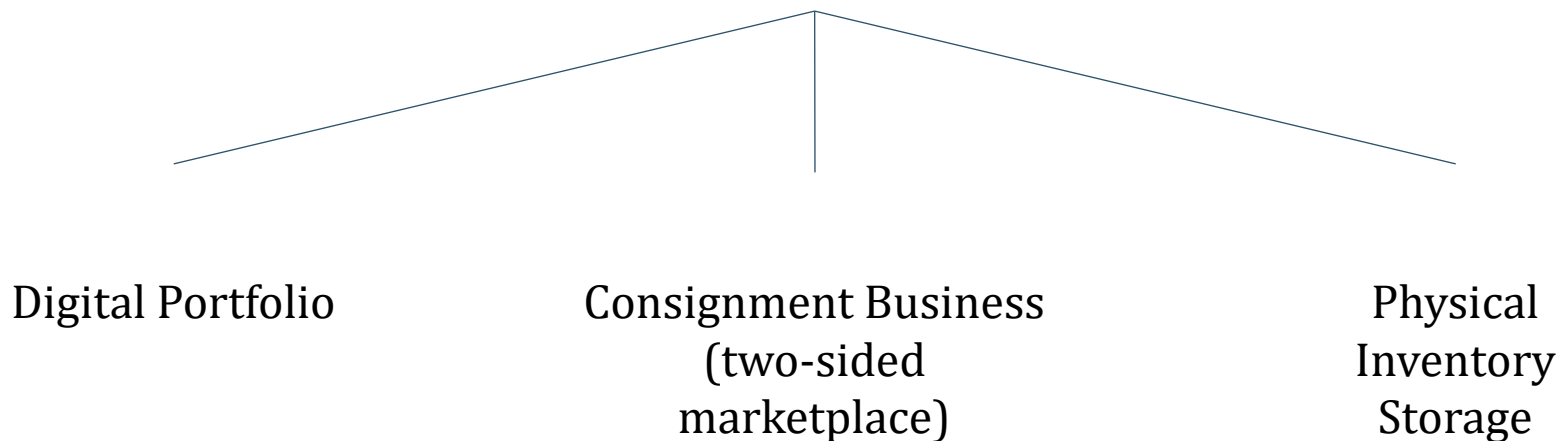
Bottom-line: There are currently hindrances in terms of price transparency and liquidity that slow down overall market growth. Over the next five years we think PSA and others will solve these problems leading to lower friction in card trading and a further opening up of the market. The explosive demand and market changes in FY21 should provide PSA sustainable revenue visibility for years, even if the market cools down (which we think is unlikely).

1. <https://www.trendfollowing.com/2019/04/04/ep-751-brent-huigens-interview-michael-covel-trend-following-radio/>
2. <https://www.sportscardinvestor.com/2019/07/05/why-now-is-the-time-to-invest-in-sports-cards/>
3. <https://www.garyvaynerchuk.com/sports-cards-value-will-explode/>

2

Alta Fox's Plan For Innovation

CLCT has multiple opportunities to invest in high-margin, adjacent growth verticals. We believe these opportunities, if properly executed, can be conservatively worth an incremental \$50/share.



Digital Portfolio

Consignment Business
(two-sided
marketplace)

Physical
Inventory
Storage

Background Info - Digital & Recurring Revenue Initiatives

INTRODUCTION

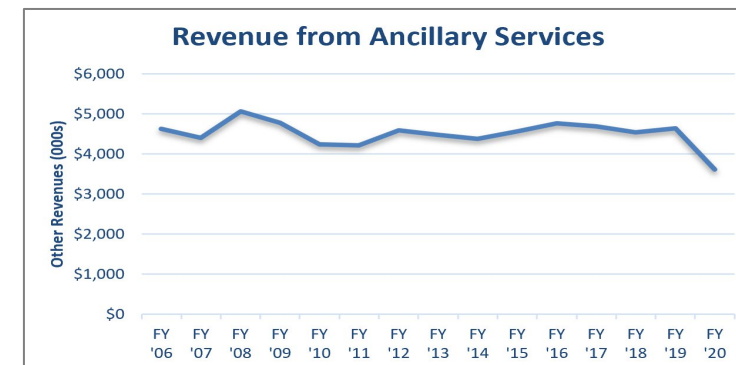
- CLCT's core grading business is high quality because of its **barriers to entry** (duopoly in coins and oligopoly in cards) and **low capital intensity**.
- However, there are limitations to its core grading business model given that CLCT will often only grade high value items (9-10s/69-70s) once and will not be able to "re-monetize" those items. *By only offering grading services, CLCT severely limits the value they can extract from each item graded* (i.e. the US rare coin market does \$~4B in sales every year, but PCGS US only did \$33.6M in revenue FY20).
- **The Legacy Board has overseen and enforced CLCT's lack of innovation over the last decade.**
- While CLCT's grading business offers attractive unit economics, it is not highly scalable due to significant labor costs.
- Each proposed adjacent revenue stream is **scalable, recurring, and improves the customer value proposition**.
 - **CLCT has been presented with a rare opportunity – COVID-19 has accelerated the secular demand for trading cards, taking the hobby a decade forward in the span of 6 months. While CLCT's cash generation will grow exponentially for the foreseeable future, it is more important now than ever for CLCT to be reinvesting into offering ancillary *recurring/sustainable* revenue services that will ultimately help grow its grading value proposition.**
- CLCT's most valuable assets are its brands. By capitalizing on its well-known brands and bundling offerings, customer acquisition for CLCT should be far easier than for other start-up competition offering similar services.
- **Alta Fox believes the following digital and recurring revenue initiatives can be implemented with low risk to shareholders.**

Background Info - CLCT Current Digital Offerings

In recent years, CLCT has put no emphasis into optimizing monetization for their digital initiatives and has put little emphasis on growing their services, viewing them primarily as support services in growing core grading demand.

CLCT's existing digital offerings are **scattered, unoptimized, and have not shown meaningful revenue growth in over 10 years:**

- Certified Coin Exchange (CCE) – launched in 1990 and acquired by CLCT in 2005
 - B2B exchange that allows dealers to place bid/asks on coins. There are over 100,000 bid/asks on platform.
 - Monetized through monthly subscription.
- Collectors Corner – launched in 2007
 - Extension of CCE that allows dealers to sell direct to consumer for a flat monthly fee. The overwhelming majority of listings are for coins.
 - The value of listings today is in excess of \$150M.
- Collectors Club
 - ~31,000 subscribers to monthly card/bi-monthly coin magazine (print & digital).
- Collectors.com – launched in 2015
 - Listings aggregator for various types of collectibles across 865 different websites. Value of all listings is >\$4B.
 - Free for consumers to use, and CLCT charges fees for featured sellers
- CLCT Set Registry – launched in 2001
 - Allows collectors to upload coins/cards digitally, but tracking functionality, portfolio analytics, and UI are all subpar. Free for collectors to use.



Search **Discover** **Collect**

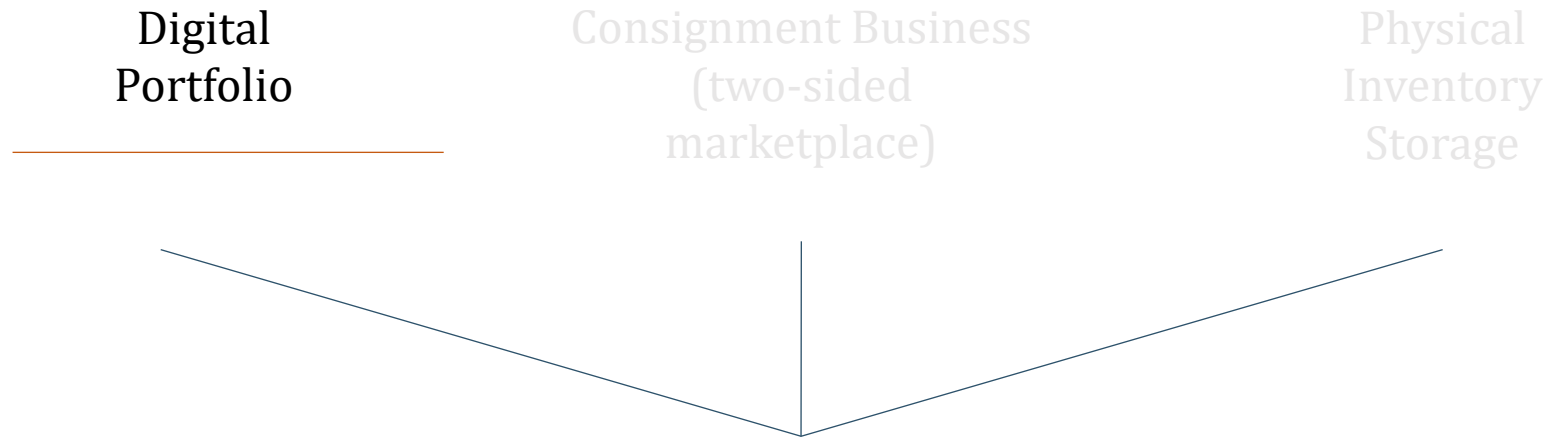
868 Sites	1,015,576 Sellers	58,815,375 Collectibles
Total Value \$4,257,466,881		

How It Works
Find it first using Collectors.com's expansive reach and precise results.

- Browse** what you collect
- Choose the filters** that matter to you
- Connect with the seller** that has what you want

COLLECTORS.COM
Find It First.

Strategic Opportunities



These opportunities would be 100% incremental to CLCT's existing business, would cement CLCT's value-add with customers, and create high margin and recurring income streams for shareholders. CLCT is uniquely positioned to capitalize on these initiatives because card and coin grading precede almost every sale of meaningful value.

Digital Portfolio

INTRODUCTION

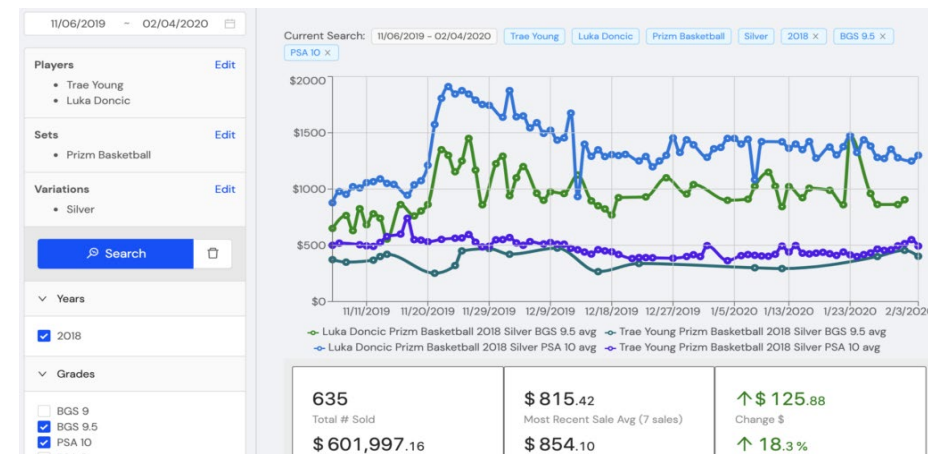
- Finding high quality, reliable precedent transaction data for cards/coins has always been a challenge for collectors. Many rely on combing through completed eBay sales to get a sense of price movements, but this is inefficient for reasons such as:
 - Data is difficult to aggregate.
 - Data can be difficult to find if the item is niche.
 - There are no data analytics accompanying the raw data.
- CLCT is already recording this information through their PCGS/PSA pricing guides and their Collectors.com listings aggregator.
- CLCT could *easily* display this data through intuitive price charts with analytics such as volume of transactions, price change, and social media mentions. CLCT could then offer monthly subscriptions to collectors to access this platform.
- We know there is demand for this service, as there are already start-ups like Market Movers offering this with little marketing and obscure brands (relative to PCGS/PSA).

Digital Portfolio: Market Movers

MARKET MOVERS: AN EXAMPLE OF A POTENTIAL ACQUISITION TARGET

- The Market Movers platform launched in February 2020 and aggregates historical and current sports card pricing data, volume of transactions, and offers sports card investment advice. We estimate the platform has 1,200 subscribers today.
- A market-based subscription business like Market Movers thrives under cheap customer acquisition and low churn. Key to minimizing churn is maximizing value to customers. Because of CLCT's decades of proprietary pricing data and existing Set Registry, we think CLCT is positioned to offer a best-in-class digital product in a nascent industry. Most importantly, CLCT could immediately take advantage of their existing customer database (into the hundreds of thousands) to increase the number of subscribers on a Market Movers-like product - likely by more than 20x.
 - CLCT could acquire customers virtually for free by allowing every customer who submits an item for grading in the next 3 months to receive a free trial for their service.
- We think an acquisition of Market Movers by CLCT would be a "home run" as the business would be worth considerably more under CLCT than under one entrepreneur making investment videos on his own, and that the innovative talent Geoff Wilson (the founder of Market Movers) could bring to CLCT would be instrumental in executing Alta Fox's digital and recurring revenue initiatives.

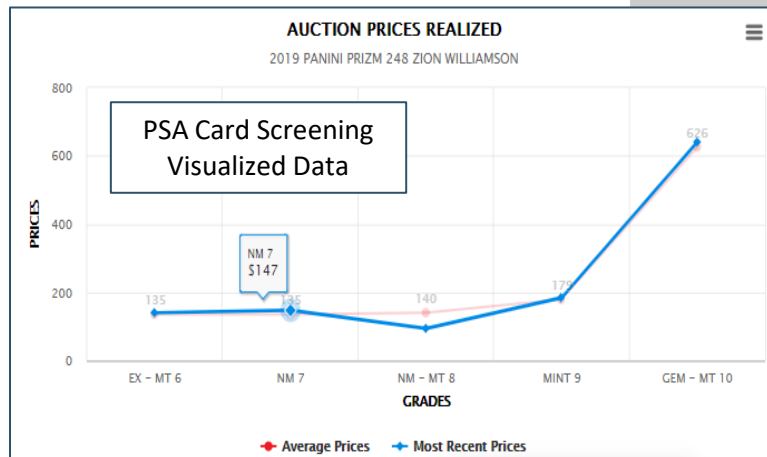
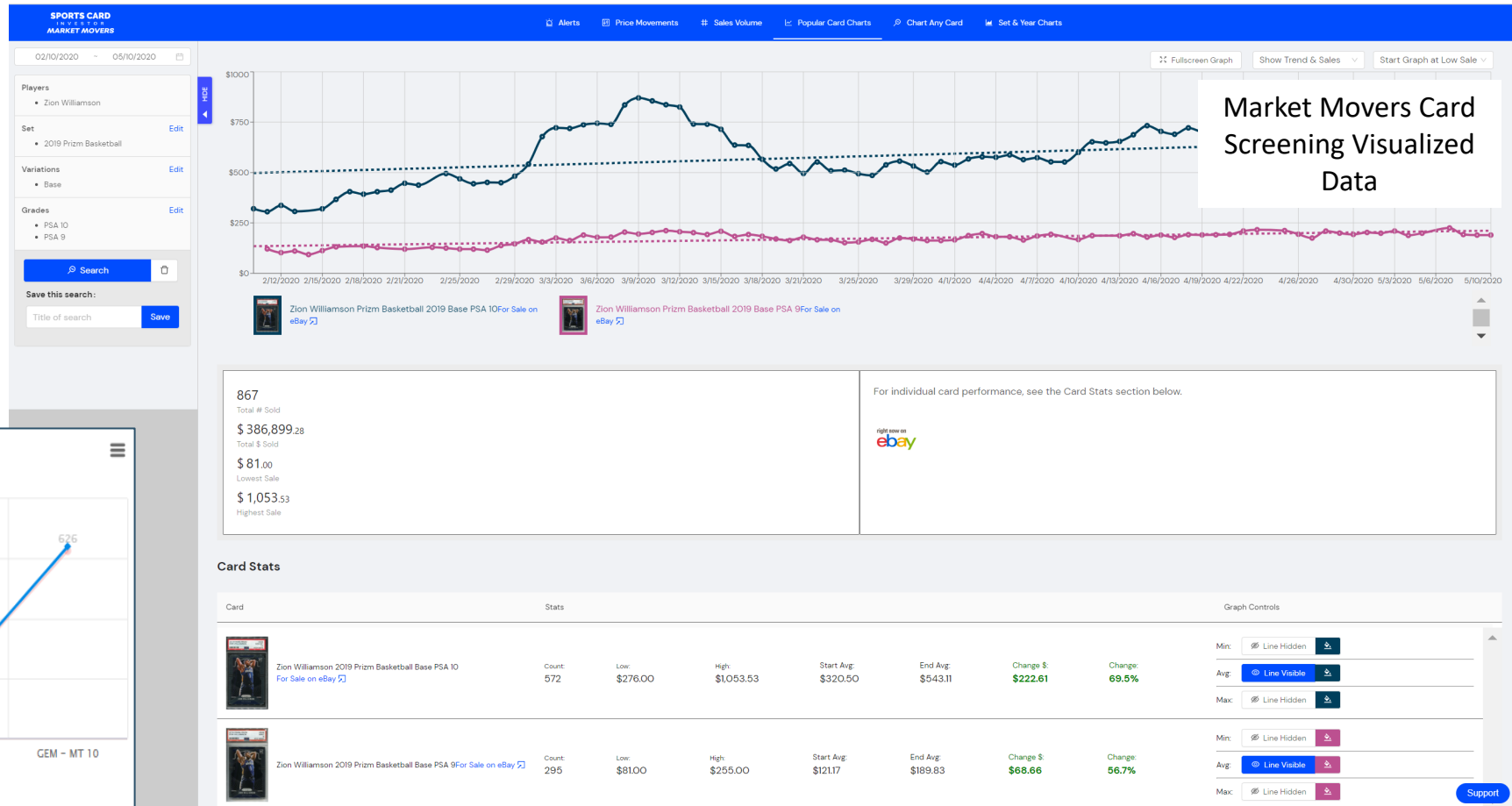
Player	Card	Change \$	Change %	Start Avg	End Avg (Current Price)	# of Sales	\$ of Sales
Damian Lillard	2012 Prizm Basketball Base PSA 10	+\$117.49	+104.4%	\$112.50	\$229.99	14	\$2,099.00
Ty Jerome	2019 Prizm Basketball Silver Raw	+\$1.00	+101.0%	\$0.99	\$1.99	9	\$21.46
RJ Barrett	2019 Prizm Basketball Green Raw	+\$5.50	+78.6%	\$7.00	\$12.50	18	\$229.92
Ja Morant	2019 Prizm Basketball Pink Ice Raw	+\$75.00	+60.0%	\$125.00	\$200.00	25	\$4,025.00
RJ Barrett	2019 Prizm Basketball Red White Blue Raw	+\$1.75	+53.8%	\$3.25	\$5.00	22	\$183.65
Lebron James	2003 Topps Chrome Basketball Base BGS 9	+\$350.00	+50.0%	\$700.00	\$1,050.00	7	\$6,031.50
PJ Washington	2019 Prizm Basketball Silver Raw	+\$4.59	+45.9%	\$9.99	\$14.58	24	\$364.00



Digital Portfolio: Market Movers

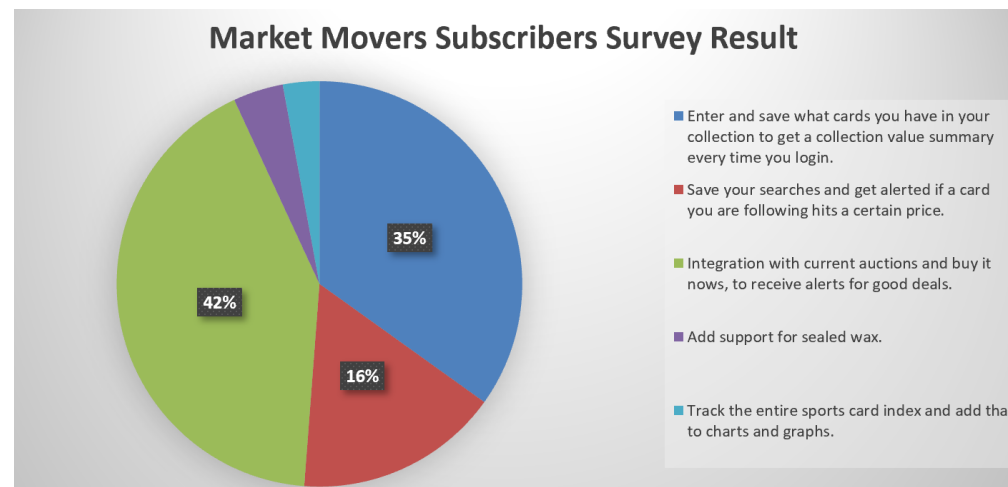
PSA Analytics Clearly Outclassed by Market Movers

- Despite being new to the market and having much less data, Market Movers offers a far superior solution for historical pricing analytics compared to PSA's Set Registry.
- CLCT has been a dominant player in the coin/card markets for decades, but its digital offerings leave much to be desired. New leadership is needed to shepherd CLCT into the digital age.



From Analytics Platform to Digital Portfolio

- Market Movers ran a survey asking sports card collectors what additional features they would like. Their top answers were as follows:
 1. **Integration with current auctions and 'buy it now's, to receive alerts for good deals.**
 2. **Enter and save what cards you have in your collection to get a collection value summary every time you login.**



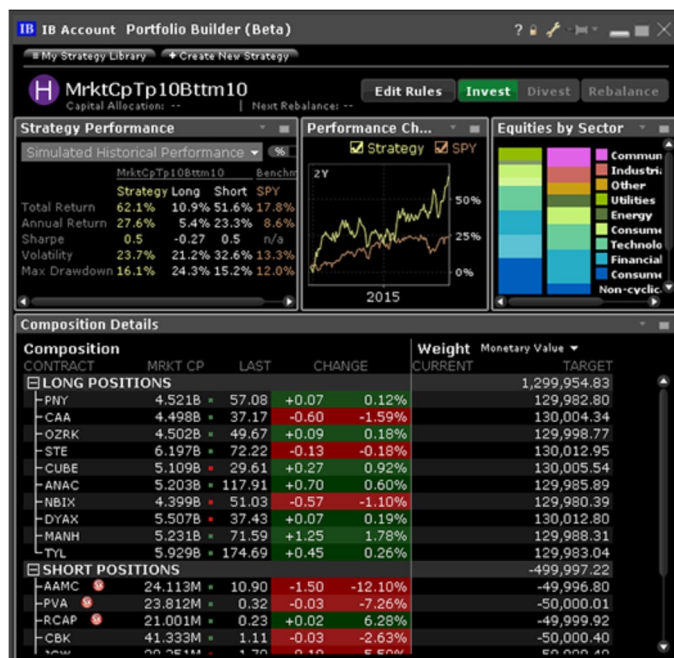
Source: <https://www.sportscardinvestor.com/market-movers/>

- Collectors are asking for high quality brokerage account applications (i.e. viewing and monitoring portfolio holdings, setting pseudo limit buy orders). Unlike the stock market with numerous brokerage providers, there is no comprehensive platform for coin/card collectors today.

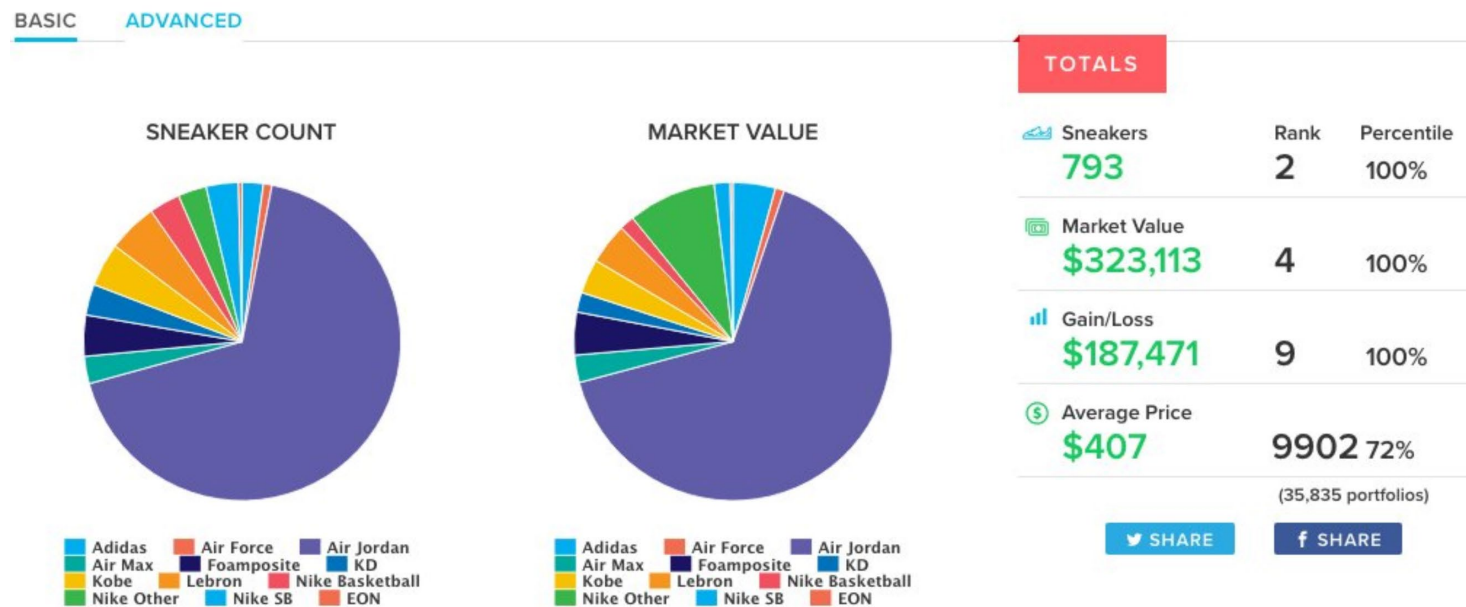
The Alta Fox Vision for the Digital Portfolio

- The Digital Portfolio is a brokerage account for all things Collectors Universe.
- The Collectors Digital Portfolio will innovate and improve on portfolio tracking capabilities for competing asset classes.

Interactive Brokers Example Stock Portfolio



Example: StockX Sneaker Portfolio



Collectors Universe's Current Offering

PSA's current "portfolio" offering is shown to the right. Note the following short-comings:

- *NO* Current (or any) market value
- *NO* additional analytics capabilities (i.e volume, total portfolio value, return data, social sentiment data for specific cards, good/poor value etc.)
- *NO* Ease of look-up capabilities for unowned items
- *NO* Relevant news articles linked to the page about players in the portfolio
- *NO* Automatic uploading of images
- *NO* Easily sharable images through social media

The screenshot shows the 'MY INVENTORY' page on the PSA Set Registry website. The page includes a navigation bar with 'PSA SET REGISTRY', 'INVENTORY', 'SETS', 'SHOWCASES', 'ADD INVENTORY', and 'START A SET'. Below the navigation, there's a search bar for 'Cert #' and buttons for 'ADD' and 'DELETE'. The main content area displays a table of active inventory items. The table has columns for 'Cert #', 'Spec #', 'Card #', 'Description', 'Grade', 'Pop', 'Pop Higher', 'My Cost', 'Current Value', 'Purchase Date', 'Source', 'Owner's Comments', 'Location', 'PSA/DNA', and 'Image'. There are 8 items listed, including '2019 PANINI CONTENDERS WINNING TICKET WT-1 TOM BRADY' and '1952 TOPPS 311 MICKEY MANTLE'. Each row has an 'Act' dropdown menu and an 'Upload' button. The page also includes filters like 'Delete Checked', 'Mass Delete', 'Default Sort', and 'Filter', and a 'Showing 1 to 8 of 8' indicator.

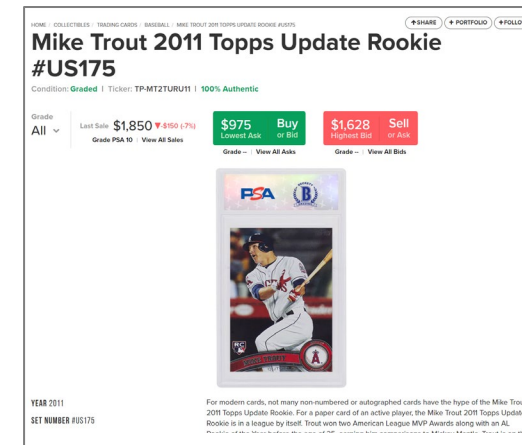
Cert #	Spec #	Card #	Description	Grade	Pop	Pop Higher	My Cost	Current Value	Purchase Date	Source	Owner's Comments	Location	PSA/DNA	Image
	Y038000001	WT-1	2019 PANINI CONTENDERS WINNING TICKET WT-1 TOM BRADY		0	0						Act		
	WL77003664	278	2019 PANINI PRIZM 278 KURT WARNER BLUE SHIMMER		0	0						Act		
	GM70000814	79	2019 PANINI LUMINANCE 79 CAM NEWTON BLUE		0	0						Act		
	Y038000001	WT-1	2019 PANINI CONTENDERS WINNING TICKET WT-1 TOM BRADY	10	0	0						Act		
	0101523110	311	1952 TOPPS 311 MICKEY MANTLE		0	0						Act		
	42655610	0101523110	1952 TOPPS 311 MICKEY MANTLE	1.5	62	1175						Act		
	XN13000002	248	2019 PANINI PRIZM 248 ZION WILLIAMSON	10	0	0						Act		
	45565177	XS62000003	2019 PANINI CERTIFIED 151 ZION WILLIAMSON	10	33	0						Act		

Digital Portfolio: Overview (1/2)

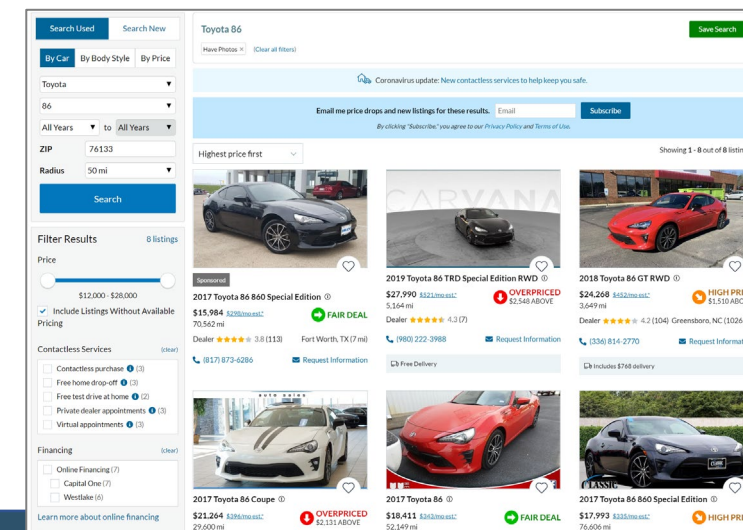
How The Digital Portfolio Integrates with the Core Grading Process:

- Graded item uploaded to customer account by CLCT.
- Customer goes into account, sees grade, and decides whether or not to store item with CLCT, immediately list for consignment, or order the item shipped back to them.
- Users with active accounts will be able to do the following
 - Look-up and submit limit buy/sell orders for all types of collectibles and will be notified when a marketplace transaction crosses specified limit price thresholds.
 - Clearly view, analyze, and compare historical pricing data.
 - When browsing buy it now listings, users will receive CLCT's rating of price, similar to Car Gurus' listings (Great Deal, Good Deal, Fair Deal, High Price, Overpriced).
 - Receive news about upcoming auctions on items that users have buy orders out for.
 - Can sell items stored with CLCT and CLCT graded items that the user may have in their own physical possession through Collectors Digital Portfolio (they will have to list non-stored items manually).
 - Upload their personal collection not stored with CLCT into the platform to track values over time and run other portfolio analytics.
 - Share CLCT verified portfolio holdings through Instagram and other social media platforms.

StockX Look-up Example



Car Gurus Car Look-up Example



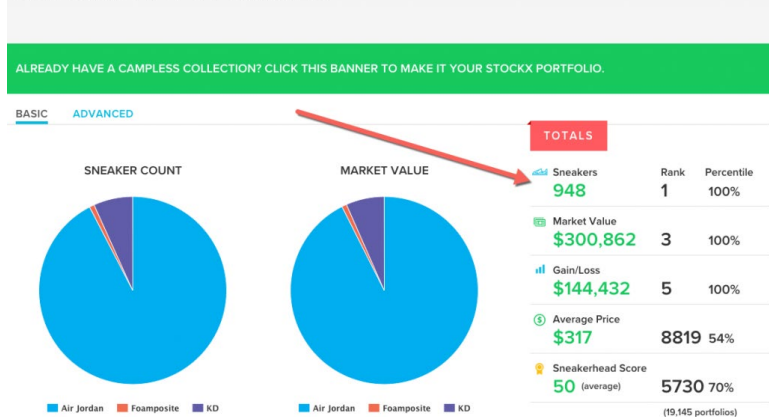
Digital Portfolio: Overview (2/2)

Portfolio Return Examples



- It is imperative that the Digital Portfolio looks pristine and is shareable, as a primary goal of this platform should be to create the new “card binder” for the modern collector.
- The Mobile app must be just as compelling, if not more compelling than the desktop app.
 - While the PSA Set Registry mobile app is focused on building collections and not tracking the value of collections or running analytics, the app does have very high ratings (4.8/5.0) on the Apple Store¹ which gives us confidence CLCT can effectively execute here with proper incentives.
- Linking Collectors Verified Portfolio Holdings to a user’s Instagram/Facebook/Twitter with top notch visuals is free marketing and would begin to de-emphasize the physical nature of coin/card collecting.
- There will also be an option for bid/ask portfolio valuation vs. last transaction valuation.

SOLEDOUT1417'S PORTFOLIO



Note: CLCT = PSA/PCGS

1. <https://apps.apple.com/us/app/psa-set-registry/id1218508459#see-all/reviews>

Digital Portfolio: Monetization

- **We think the Digital Portfolio could be the greatest value add of all our proposed initiatives to not only CLCT customers, but card/coin collectors generally.**
- We propose CLCT offer at least a 30-day free trial where users can upload their own collection and test out the platform. Users will also be able to access the platform for free to view the estimated value of their holdings stored with CLCT. We believe that once users see what Collectors Digital Portfolio offers them, it will become a must have for serious collectors.
- **We propose tiers of pricing, from \$19.99 to \$49.99 per month based on functionality. We think the comparably lower pricing vs. peers in the industry would generate incremental goodwill amongst CLCT's potential Digital Portfolio customer base.**
- While there will be R&D and maintenance that will go into building and improving this product, the platform will be high gross margin, recurring revenue, and will incentivize users to *store* items with CLCT.

Digital Portfolio: Revenue Contribution

- We are assuming CLCT can get ~78,000 subscribers on their Digital Portfolio platform in our base case. We think this is conservative as CLCT has over 78,000 unique accounts on their Set Registry websites, and there are estimated to be as many as 30 million active coin/card collectors in the marketplace today^{1,2}.
- Beyond the monetary value of the Digital Portfolio, we think this service could greatly increase the stickiness of customers and their overall engagement levels. This increased engagement will further separate CLCT from its grading peers and will increase customer loyalty. We have already seen early stages of ancillary digital services improving customer loyalty through positive reception of CLCT's Set Registry platforms³.

	<u>Bear</u>	<u>Base</u>	<u>Bull</u>
Collectors Digital Portfolio Revenue			
PSA Set Registry Accounts	43,457	43,457	43,457
PCGS Set Registry Accounts	34,199	34,199	34,199
Total # of Collectors on CLCT Platforms	77,656	77,656	77,656
% of CLCT set registry collectors who would subscribe to Digital Portfolio	25%	50%	100%
Digital Portfolio Subscribers from CLCT Set Registries	19,414	38,828	77,656
(+) Subscribers not from CLCT's Set Registries	19,414	38,828	77,656
Total Digital Portfolio Subscribers	38,828	77,656	155,312
Effective Monthly Fee	\$29.99	\$29.99	\$29.99
Annual revenue from Digital Portfolio	\$13,973,421	\$27,946,841	\$55,893,683
Sanity Check:			
Active Coin Collectors	10,000,000	10,000,000	10,000,000
Active Card Collectors	20,000,000	20,000,000	20,000,000
Total Active Collectors	30,000,000	30,000,000	30,000,000
Subscribers as % of total active collectors	0.1%	0.3%	0.5%

1. <https://www.marketwatch.com/story/how-to-follow-the-money-in-rare-coin-collecting-2012-09-06>

2. <https://www.trendfollowing.com/2019/04/04/ep-751-brent-huigens-interview-michael-covel-trend-following-radio/> (time stamp: 34:30)

3. <https://www.blowoutforums.com/showthread.php?t=1369771> (4-23-20 comment at 4:16AM)

Strategic Opportunities

Digital
Portfolio

Consignment Business
(two-sided
marketplace)

Physical
Inventory
Storage

Consignment Business

INTRODUCTION

- A majority of customers have items graded in order to both protect and increase item value. However, the current options for storing, monitoring, and transacting in the coin & card market are far from ideal.
 - A customer pays for shipping to CLCT, back from CLCT, and eventually to the buyer (unless the buyer pays for shipping).
 - eBay is not built for coins/cards. A site focused specifically on cards/coins could offer enhanced analytics, notifications, and other features that would enrich the customer buying and selling experience.
- We believe CLCT can take advantage of their position in the grading business to cut out middlemen (eBay, auction houses, etc.) and be the effective broker through a consignment business.
- **If executed properly, CLCT could displace eBay as the primary destination for both card & coin sales from a convenience and pricing perspective.**
 - Why would a collector ship a coin/card multiple times between graders, themselves, and auction houses racking up significant fees if the business grading the coin/card can provide better pricing information, a more specialized marketplace, and reduce total costs?

Consignment Business: Fee Comparison (1/2)

- CLCT could disrupt the consignment industry by charging a **flat \$10 seller's fee rate** and give the seller the option of passing shipping costs onto the buyer or paying shipping themselves.
 - See eBay fee comparisons on the next slide.
 - By capping fees at a flat rate, this would make CLCT the preferred destination to sell high value cards and could incentivize more users to immediately list cards for sale after grading or store with CLCT for sale at a later date.
 - We also think a flat fee would be viewed positively by CLCT customers, since there would be no consignment fee incentives to give cards higher grades.
 - *This is an important consideration and should not be overlooked. We do not want to create any perceived conflicts of interest with the grading business.*
- We think it is reasonable to assume that **20% of all items graded by CLCT would immediately be sold by customers after the point of grading**, especially if CLCT offers *the* most competitive consignment rates, enables customers to avoid return shipping charges entirely, and gives the customer real-time transparency into the value of their items through the “Collectors Digital Portfolio” functionality.

Consignment Business: Fee Comparison (2/2)

- The below table incorporates a customer's cost of return shipping from CLCT into the total cost of later selling their item through a 3P like eBay. At a \$10 take rate, CLCT would earn the following fees on a single item sold vs eBay:

	~eBay Selling Commission	(+) CLCT 1 Item Shipping Fees ¹	= Total eBay Cost	CLCT Selling Commission
\$50 item	\$5	\$14	\$19	\$10
\$500 item	\$50	\$14	\$64	\$10
\$1,000 item	\$100	\$14	\$114	\$10
\$5,000 item	\$500	\$29	\$529	\$10
\$15,000 item	\$750	\$37	\$787	\$10

*eBay fee approximation:
the lower of \$750 or 10%
on cards/coins
Source: eBay customer service agent*

We see our cost comparison estimates as conservative because if items are sold and purchased within CLCT's "vault", the seller will not have to worry about charging shipping fees to their buyer or offering free shipping. Moreover, if location in the right jurisdiction, buyers and sellers can avoid sales taxes completely.

- CLCT would charge no buyers' fee and would give sellers the option to pass along shipping costs to buyers **unless buyers wish to store items with CLCT** in which case there will be no shipping cost to either party.
- CLCT's marketplace can offer a service that is less expensive than its lowest cost peer (eBay) *and* more convenient.

Consignment Business: Revenue Contribution

- Assuming CLCT's average fee is \$10 and that 20% of units graded are put up for consignment with CLCT throughout the course of a year, we think that this business could generate \$17M in annual sales.

	Bear	Base	Bull
CLCT Consignment Business			
Cards (PSA)			
Units Graded	6,000,000	6,000,000	6,000,000
% of cards consigned and sold by CLCT	10%	20%	30%
Total number of consigned cards sold by CLCT (annually)	600,000	1,200,000	1,800,000
Seller's Fee per Listing	\$10	\$10	\$10
PSA Rev from Cards	\$6,000,000	\$12,000,000	\$18,000,000
Coins (PCGS)			
Units Graded	2,500,000	2,500,000	2,500,000
% of cards consigned and sold by CLCT	10%	20%	30%
Total number of consigned coins sold by CLCT (annually)	250,000	500,000	750,000
Average Seller's Fee per Listing	\$10	\$10	\$10
PCGS Rev from Cards	\$2,500,000	\$5,000,000	\$7,500,000
Total Revenue from PSA and PCGS Consignment Sales	\$8,500,000	\$17,000,000	\$25,500,000

PWCC, a newer player in the trading card consignment business, sold ~191,000 items on consignment in 2019, making an average of ~\$40-50 for each sale in fees. At scale, we think our estimates for units sold through CLCT are very conservative given CLCT's unique positioning and low-cost offering.

Note that the above model does not account for customers who sell items that CLCT previously brokered to them that they left onsite at CLCT. This also does not account for owners of CLCT graded units that could sell through CLCT's platform through a 3P listing.

Strategic Opportunities

Digital
Portfolio

Consignment Business
(two-sided
marketplace)

Physical
Inventory
Storage

Physical Inventory Storage: Introduction

- Some % of customers will want to consign immediately, and others will want to consign at a later date. By offering customers an option to securely store cards on their behalf, customers can receive the following benefits:
 - Avoid customer shipping costs from CLCT to customer post grading.
 - Maximize shipping value by storing cards in inventory and shipping in bulk vs single items.
 - Avoid the manual entry of cards and navigating the eBay marketplace at time of sale.
 - Save money through utilizing CLCT's flat-rate selling fees.
 - Easily keep track of items (both in terms of inventory and value) which can be viewed freely through Collectors Digital Portfolio.
 - Removes risk of items getting damaged in the home.
 - Protection from theft.
 - Simplification of insurance process.
- **One could foresee a point in time where a majority of cards/coins are bought, sold, and stored at CLCT, thus eliminating all shipping costs.**

Physical Inventory Storage Business: Fees

- There are many ways to monetize this business, some of which could be far more lucrative than others. However, we think that CLCT should initially offer low storage rates on a per item basis so that the decision will be a no-brainer for customers looking to speculate on prices of coins/cards. We propose a \$0.25 monthly fee per item stored with CLCT.
 - Discounts can be offered for bulk storage and extra fees can be charged for particularly expensive items or larger sports memorabilia (i.e. baseball bats).
- The storage business would still charge users who have items listed for consignment with CLCT.
 - This solves the potential problem of a customer having CLCT list their card for an exceptionally high price that no one would ever buy, and CLCT not being able to monetize that inventory.

Physical Inventory Storage Business: Secured Lending

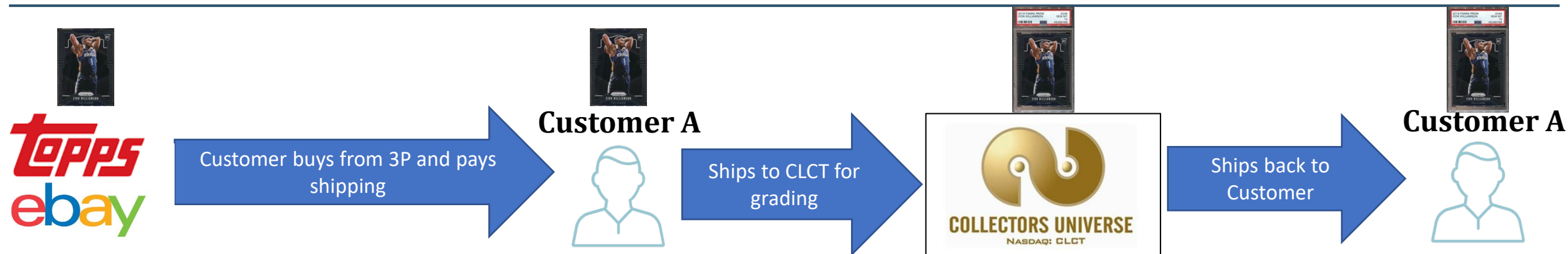
- It is reasonable to assume that some customers storing high value items or significant volumes of items would be interested in borrowing against the value of those items. CLCT will be tracking item values daily through Collectors Digital Portfolio (free for inventory storage customers to use) giving collectors real time access to the value of their holdings which they could then use as collateral.
- CLCT could partner with various banks who can take on the credit risk of the loans, in exchange for favorable profit-sharing arrangements.
 - *We do not want to turn CLCT into a bank, and think that by outsourcing this business CLCT could generate significant incremental risk-free FCF for shareholders.*
- We estimate this business could conservatively generate \$4M+ in annual interest income for CLCT while providing enhanced value to customers.

Physical Inventory Storage Business: Revenue Contribution

- It will take time for the number of items stored with CLCT to reach a critical mass. If we look out 3 years and assume 20% of all non-consigned units graded every year are stored with CLCT, at 25 cents a month per unit stored or \$3 a year, we think the revenue opportunity could be >\$12M.
- Having a storage business would facilitate increased consignment, provide a platform for secured lending, and encourage users to log into Collectors Digital Portfolio to view the value of their items stored.
 - Note that Collectors Digital Portfolio would have certain free tools for users storing items at CLCT, such as viewing the values of those items.

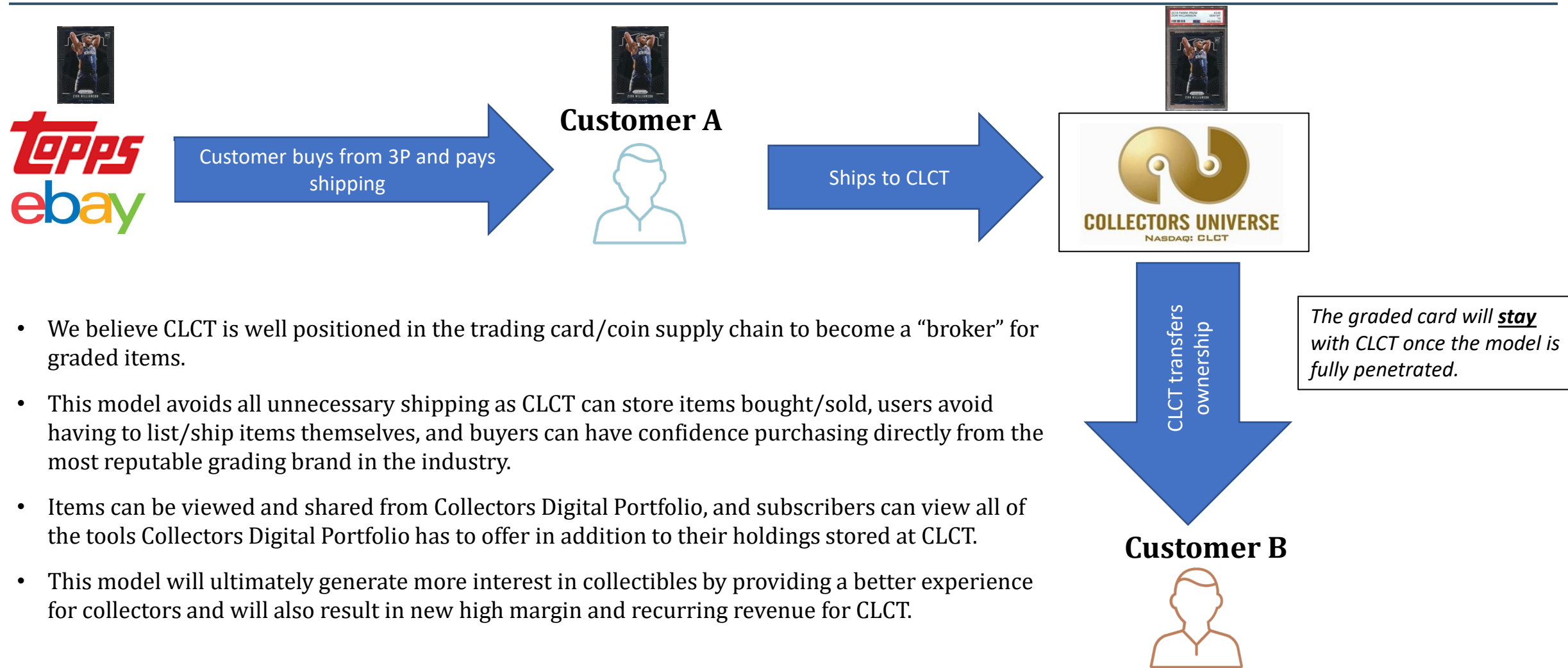
	<u>Bear</u>	<u>Base</u>	<u>Bull</u>
CLCT Inventory Storage			
Units Graded (both cards and coins)	8,500,000	8,500,000	8,500,000
(-) total units consigned and sold	850,000	1,700,000	2,550,000
Units Graded but not sold	7,650,000	6,800,000	5,950,000
% of units stored in Inventory	10%	20%	30%
Units stored in Physical Inventory	765,000	1,360,000	1,785,000
Years of inventory build-up	3	3	3
Units held in Physical Inventory after 3 Years	2,295,000	4,080,000	5,355,000
Monthly fee per item stored	\$0.25	\$0.25	\$0.25
Annual revenue of physical storage	\$6,885,000	\$12,240,000	\$16,065,000

Collectors Universe Today



- As shown above, the process of sending items to CLCT today is inefficient because items must be shipped back to users who then must sell their collectibles manually or re-ship items to an auction house.
 - Users also must manually track the value of their collectibles over time.
- Not only does today's model take more time, but it is also more expensive and riskier for the customer, as items can get damaged or lost in transit and in the home.

Collectors Universe with Alta Fox's Initiatives Implemented



- We believe CLCT is well positioned in the trading card/coin supply chain to become a “broker” for graded items.
- This model avoids all unnecessary shipping as CLCT can store items bought/sold, users avoid having to list/ship items themselves, and buyers can have confidence purchasing directly from the most reputable grading brand in the industry.
- Items can be viewed and shared from Collectors Digital Portfolio, and subscribers can view all of the tools Collectors Digital Portfolio has to offer in addition to their holdings stored at CLCT.
- This model will ultimately generate more interest in collectibles by providing a better experience for collectors and will also result in new high margin and recurring revenue for CLCT.

Digital & Recurring Revenue Initiatives Summary

- Paying for shipping from CLCT can be pricey and is ultimately inefficient if the customer is speculating on the price of the item in the short-term or not interested in putting the asset on display at home.
- After grading items we will have CLCT's platform do the following:
 - Upload all items graded into the user's unique **Collectors Digital Portfolio** account that the customer can view, then present them with the following options:
 1. **Consign** graded items with CLCT (*display flat \$10 consignment fee and cost savings realized from no return shipping*).
 2. **Store** graded items with CLCT for CLCT to sell at a later date or to ship back to the customer at a later date (*display \$.25 per item monthly storage fee*).
 3. Ship graded items back to customer (*displaying shipping fees*).

The Path to an Incremental \$50/share

- Most labor involved in the consignment business can be automated. This should carry higher margins than the core grading business. Physical storage, Digital Portfolio, and interest income margins could be 80%+.
- The growth opportunities for these ancillary services should warrant a high “SaaS-like” multiple given their long-term growth potential and low incremental costs.
- **With conservative estimates, we believe that these three strategic initiatives can more than double the earnings power and equity value of Collectors Universe.**
 - Note that we expect the execution of these assumptions to **improve** grading volumes, which is not factored into our calculations below.

	Bear	Base	Bull
Medium-Term Estimates for Value Creation from New Initiatives			
Total Collectors Digital Portfolio Revenue	\$13,973,421	\$27,946,841	\$55,893,683
Total Consignment Revenue	\$8,500,000	\$17,000,000	\$25,500,000
Total Physical Storage Revenue	\$6,885,000	\$12,240,000	\$16,065,000
Total Secured Lending Revenue	\$573,750	\$4,284,000	\$14,056,875
Total Incremental Revenue	\$29,932,171	\$61,470,841	\$111,515,558
Incremental Net Income Margins	30.0%	30.0%	30.0%
Incremental Net Income	\$8,979,651	\$18,441,252	\$33,454,667
Multiple	20.0x	25.0x	30.0x
Value	\$179,593,024	\$461,031,310	\$1,003,640,018
Current FDSO	9,078,000	9,078,000	9,078,000
Value/Share	\$19.78	\$50.79	\$110.56
Implied EV / Rev	6.0x	7.5x	9.0x
Public SaaS Comps for Reference		NTM Sales	
ETSY - Unique ecommerce exchange		8.3x	
CSGP- Data analytics subscription service		16.5x	
CHGG - Student data subscription tool		12.8x	

Public Digital Comps	NTM EV/Sales	Rationale
ETSY	8.3x	Niche e-commerce marketplace.
CSGP	16.5x	Industry leading commercial real estate data analytics subscription service.
CHGG	12.8x	Student information subscription tool.

3

A Complacent Board

The Board of Directors has shown no urgency to innovate and invest in these high-margin verticals, has no coherent capital allocation plan, and desperately needs shareholder representation. The potential value creation opportunity is too large to ignore, and fresh ideas are needed.

A History of Leadership's Squandered Opportunities

Core grading business has failed to reach potential:

- Since IPO, management has not improved their highly manual grading process to a point where they have seen any gross margin expansion.
- Since 2000, when CLCT bought an autograph grading business, management has not been able to successfully expand into any new grading markets. A failed experiment in the 2000's with a jewelry business distracted the company for several years before divesting the asset.
- PCGS has been late to invest in overseas opportunities for coin grading, allowing NGC to attain leading market share internationally.

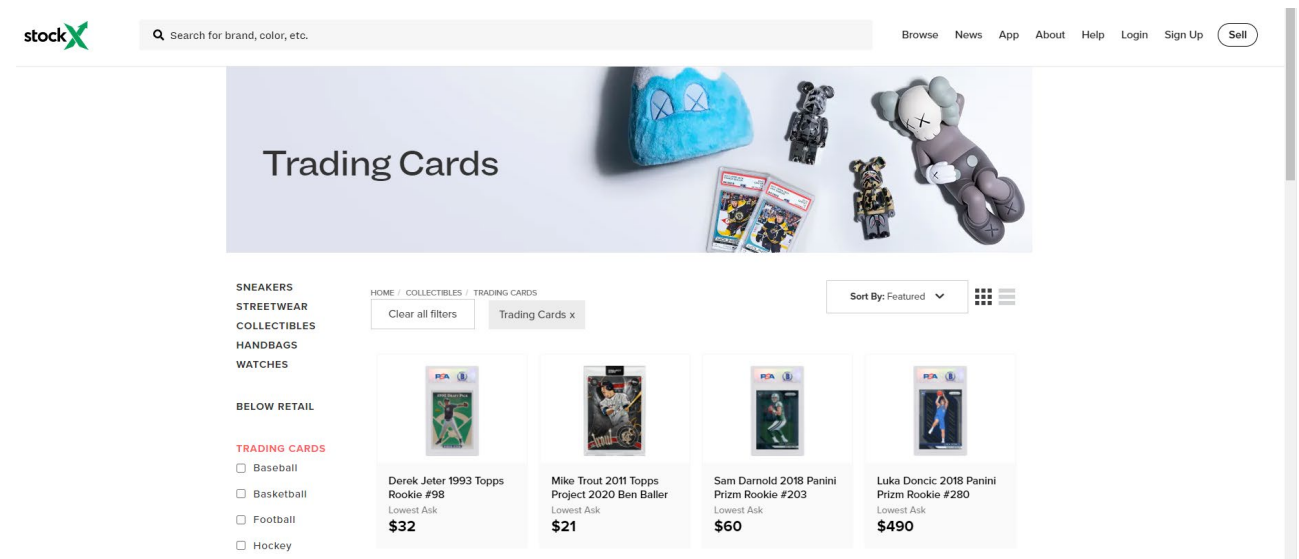
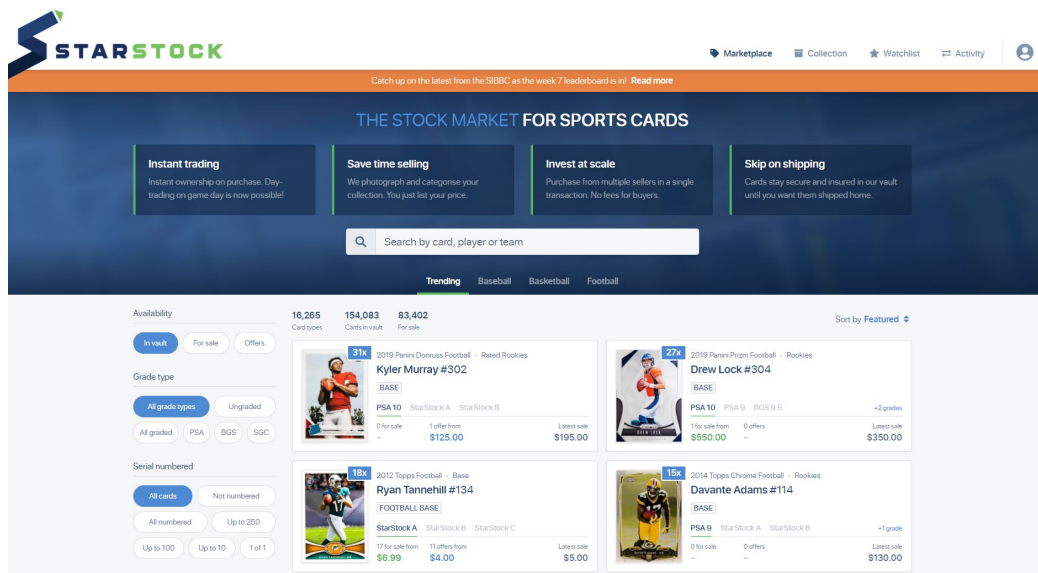
Digital competition is leagues ahead of CLCT today:

- StockX launched as a digital exchange *and* grading service for the sneaker resale market. Bids and asks are shown for a multitude of products. Once a transaction is completed, the seller ships items to StockX who verifies the items are legitimate at the quality described. StockX fees all-in are >10% of the final value of the product sold. StockX also offers portfolio tracking capabilities for users.
 - **Since their launch in 2015**, StockX has expanded into streetwear, watches, handbags, and other collectibles.
 - StockX raised \$110M at a \$1B valuation in 2019¹.
- PWCC is a trading card auction house which has launched "The Vault" as a complement to their auction business. The Vault allows collectors to send in cards to **store** with PWCC that PWCC will sell for them at a later date. PWCC offers digital portfolios that track the value of all items stored with PWCC, which are easily sharable with friends and buyers. PWCC earns high margin recurring revenue from this business service, as fees are calculated as a % of card values.
- MarketMovers.com is a new platform that aggregates historical trading card pricing data in a much more comprehensive way than StockX, and alerts trading card speculators/investors with both card transaction volume and pricing movement. The service currently charges \$50 a month to subscribers.
- StarStock.com is a new exchange that allows collectors to buy and sell graded and ungraded rookie cards in volume that they place StarStock "grades" themselves (estimates for what the card would be graded if it were sent to a grader). **All of the cards on the platform have been sent to StarStock by collectors and dealers, and are stored in its vault.**

1. <https://news.crunchbase.com/news/billion-dollar-streetwear-marketplace-stockx-raises-110m/>

Competition is Moving Quickly, and Time is Short (1/2)

- **StockX launched their platform for trading cards almost 12 months ago.** Trading card liquidity continues to improve.
- **StarStock has gone from concept to a reality in the time since we presented our ideas to CLCT's management in April 2020.**
- While eBay and auction houses are still the dominant platforms for card listings, if left unchallenged, innovative companies like StarStock and StockX could quickly develop unassailable leads in these markets.



Competition is Moving Quickly, and Time is Short (2/2)


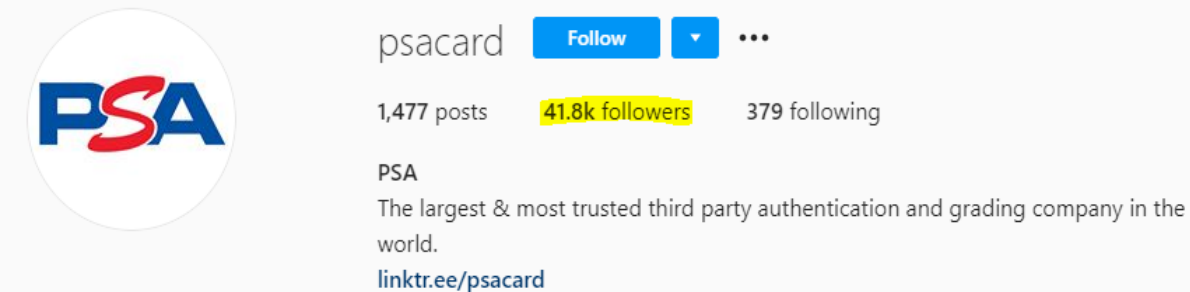
- CLCT is behind the times from a social media perspective. Key to launching these initiatives will be letting customers know the extremely attractive value propositions CLCT will shortly be offering.
- Integration and marketing through Instagram will be key for collectors to display their digital “Card Binders”, yet CLCT’s follower base meaningfully trails StockX’s in this regard despite StockX’s inception in 2015 showing a lack of prioritization in this critical area for future growth.




stockx  [Follow](#)  ...

2,410 posts **3.2m followers** 515 following

StockX
Buy & Sell verified authentic sneakers, streetwear, bags, watches, collectibles & trading cards. Shipping to over 200 countries.
bit.ly/StockXShop



psacard [Follow](#)  ...

1,477 posts **41.8k followers** 379 following

PSA
The largest & most trusted third party authentication and grading company in the world.
linktr.ee/psacard



pcgscoin [Follow](#)  ...

1,770 posts **27.2k followers** 621 following

PCGS
Official account of Professional Coin Grading Service (PCGS), the industry leader for third-party coin grading and authentication. Est 1986. #coins
www.pcgsc.com/news

Digital Competition: StockX Overview

- StockX was founded in 2015, and today is worth over \$1B with revenue between \$100-200M.
 - StockX went from 0 to >\$1B in valuation with *only* the exchange & verification concept.
- StockX has helped *grow* the sneaker resale market to \$2B in 2019, and Cowen estimates it will triple to \$6B by 2025¹.
- If done correctly, we think that the proposals discussed in this presentation can help grow **both** the coin and card market sizes significantly.
- While CLCT will not be the first mover here, we think CLCT has vital ecosystem advantages that position the company to successfully launch these initiatives.

1. <https://www.nytimes.com/2019/06/26/technology/trading-sneakers-stockx.html>

Digital Competition: PWCC's "The Vault"

- "The Vault" offers sellers of collectibles a safe and cost-effective way to store their valuable items, which they can easily consign with PWCC at any time.
- Further, PWCC allows users to see all items stored in The Vault through each user's own digital portal. This allows users to easily track market values of their stored cards over time. Furthermore, they can share their holdings with friends and potential buyers.
- Buyers also have the option of leaving purchased items with PWCC in The Vault.
- **We see the effective execution of digital portfolio analytics, consignment, and inventory storage by PWCC as validation of market demand for these products. Alta Fox's digital and recurring revenue initiatives include introducing these features by CLCT in a way that leverages CLCT's unique competitive advantages to significantly improve the consumer value proposition.**

"Vault" Overview

The Digital "Vault" Experience:

TITLE	CATEGORY	STATUS	SUBMISSION	INSURED VALUE	MARKETPLACE
1909 T206 Ty Cobb PORTRAIT-RED PSA 6 EXM1	Baseball	✓	#12500	\$12,555	Not listed
1933 Goudey Babe Ruth #53 PSA 5 EX	Baseball	✓	#12500	\$11,504	Not listed
1952 Topps Jackie Robinson #312 SGC 75 NM+	Baseball	✓	#12500	\$7,500	Not listed
1955 Parkhurst Jacques Plante ROOKIE RC #50 PSA 7.5 NRM1+	Hockey	✓	#12558	\$6,500	Not listed
1956 Topps Mickey Mantle GRAY BACK #135 PSA 6 EXM1	Baseball	✓	#12500	\$1,788	Not listed
1957 Topps Bill Russell ROOKIE RC #77 SGC 6.5 EX-NM+	Baseball	✓	#12500	\$4,850	Not listed

A secure storage and marketplace service for everyone in the trading card community.

SIGN IN TO CONTACT PWCC

- extremely safe**
Bank caliber vault with state-of-the-art security monitoring and rigorous access control
- tax free**
All purchases shipped to the Vault, from Any Venue, are free from sales tax
- peace of mind**
All your cards fully-insured to actual portfolio value
- hassle-free sales**
List your assets on the Vault Marketplace or in an upcoming Auction
- borrow money**
Choose to take a line of credit against your collection at great interest rates
- digital archive**
Digitize your asset collection using our renowned digital imaging

CREATE YOUR ACCOUNT NOW

VAULT DEMO

VAULT FAQ

Additional Vault Benefits

- Custom software to securely view, share, fulfill, and sell assets with third parties.
- Full-scale fulfillment services for all assets in archival.
- Free PWCC Eye Appeal (Above Average, Exceptional, and Superior) evaluation. Applies to cards dated 1986 and older with a market value over \$250.
- Free shipping on all purchases from PWCC Marketplace shipped to the Vault
- Waived Archival Fee for single graded cards purchased in a current PWCC Auction and shipped to the Vault
- Showcase your portfolio in Cooperstown through the exclusive partnership between the PWCC Vault and at the Baseball Hall of Fame.
- Sell your items stored in the Vault in our landmark retail offering, the Vault Marketplace.
- Easily share items in your Vault portfolio with family, friends, or potential buyer through a shareable link.

Number of Accounts:
6,000+

Daily Incoming Packages:
146

Cards In Vault:
46,794

The Physical "Vault" Reality:



CLCT is Significantly Underearning its Potential

- CLCT should own a higher % of the overall transaction value of the coin/card market than they do today. The only part of the transaction value they own today is the grading piece, which is ultimately very small [i.e. \$4B in rare coin sales in the US in 2018 vs. \$34M in PCGS US revenues in FY19 – (June year-end)]
- CLCT is in a prime position to capture more revenue post grading *because they already have physical possession of the coin/card during grading* and a strong brand reputation.
- Following the path of a coin/card from CLCT's facilities is often inefficient and inconvenient for customers. It involves multiple shipping charges, manual uploading of items, and one-size fits all marketplaces that are not specifically catered to coin/card collectors & speculators.
- Our proposed revenue verticals lower overall transaction costs and improve the customer experience.
- **Simply put, this market will become more vertically integrated over time and CLCT is the natural consolidator and beneficiary given their unique place in the ecosystem.**
- This is an enormous opportunity for CLCT and should have been capitalized on years ago. The lack of urgency from company leadership is directly related to a lack of alignment with long-term shareholders.
- On the next slide, we compare our proposed new revenue verticals for CLCT with what is currently offered in the marketplace.

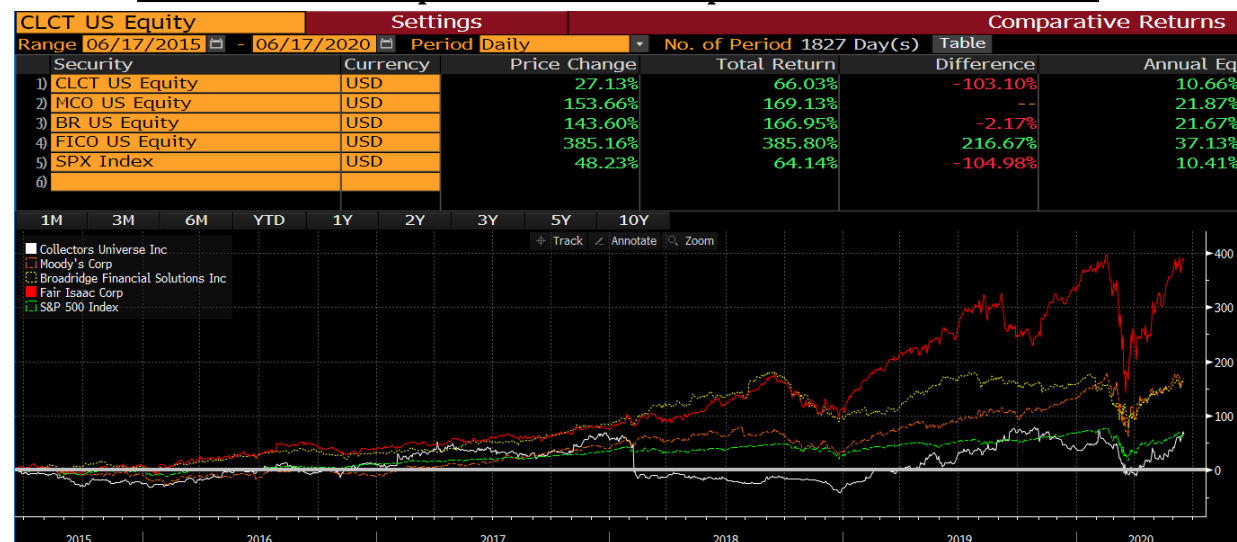
CLCT Ancillary Offerings Competitive Summary

Platform	How it is used	Why it is inefficient	Why CLCT's potential offering will be better
eBay	Primary platform for card listings and high-volume platform for coin listings.	<ul style="list-style-type: none"> Limited seller support, little buyer accountability. Bad reputation for buyer & seller fraud. Take-rates based on % of value sold. Collectors have to get items graded, pay for shipping back to themselves, list their items manually, then eventually ship them out to the end customer. 	<ul style="list-style-type: none"> CLCT can offer more seller support with ancillary offerings (Digital Portfolio, Storage). Products stored with CLCT will have 0 risk of seller fraud. Buyers will have to have CLCT accounts. Offering a fixed fee vs. take-rate model. CLCT will be a one stop shop – customers can avoid shipping costs for receiving their graded items, can avoid listing their items manually, and can have access to Portfolio pricing data to help them track the value of their collectibles.
Auction Houses	Primary platforms used for high value collectible sales.	<ul style="list-style-type: none"> Sellers typically have to ship items to auction houses. Take-rates based on % of value sold, include buyer fees, and overall are much more expensive than selling through eBay. Collectors have to get items graded, pay for shipping back to themselves, then ship their item to an auction. 	<ul style="list-style-type: none"> Offering a fixed fee vs. take-rate model. CLCT has a wider audience than most auction houses and better brand name. CLCT will be a one stop shop – customers can avoid shipping costs for receiving their graded items, can avoid the cost and time of shipping items to an auction house, and can have access to Portfolio pricing data to help them track the value of their collectibles.
StockX	Primary exchange platform for trading cards where buyers and sellers can list bids and asks. Also offers a portfolio tracking tool for users to help track the value of their items.	<ul style="list-style-type: none"> Historical sales graphs not distinguish between grades. Limited transparency into historical transaction data. Charging higher take-rates than eBay, and a buyers' fee. Entering items into StockX's user portfolio is difficult. Limited number of listings. Sellers have to ship cards to StockX at the time of sale for verification and are charged a fee for this verification, despite the card already being graded. 	<ul style="list-style-type: none"> CLCT could parse out historical data for cards sold by grade. CLCT could aggregate historical transaction data across platforms in their Digital Portfolio offering. Offering a fixed fee vs. take-rate model. CLCT has a better brand for penetrating the trading card market and quickly gaining users. CLCT has an immense coin/card database of information that can be used for historical data. CLCT will be a one stop shop – customers can avoid shipping costs for receiving their graded items, can avoid the cost and time of shipping items to an auction house, and can have access to Portfolio pricing data to help them track the value of their collectibles.
PWCC's "The Vault"	Allows customers to store items with PWCC ahead of PWCC later auctioning off that item.	<ul style="list-style-type: none"> Customers first have to receive their collectibles, then send them to PWCC to hold in storage for them. Customers generally will have to consign with PWCC whose service is more expensive than selling on eBay. 	<ul style="list-style-type: none"> CLCT will be a one stop shop – customers can avoid shipping costs for receiving their graded items, can avoid the cost and time of shipping items to an auction house, and can have access to Portfolio pricing data to help them track the value of their collectibles.
Market Movers	Allows subscribers to track values and volumes of historical card sales. Also includes screening and analytical capabilities.	<ul style="list-style-type: none"> Not able to buy/sell on the platform. Not able to view portfolio holdings. Limited audience today, customer acquisition is expensive and inefficient. Expensive to customer at \$49.99/month. 	<ul style="list-style-type: none"> Users will be able to buy/sell and store cards on CLCT's Digital Portfolio platform, in addition to having historical data and analytic capabilities. CLCT already has the contact information for all of these customers. With a compelling product, CLCT could easily get 10% of all grading customers tomorrow. Lower cost to customer at an effective price of \$29.99/month.

CLCT has Significantly Underperformed Relative to Appropriate Peers

- The vast majority of investors agree that the businesses most similar CLCT in public markets today are “toll-road” like oligopoly businesses:
 - SPGI & MCO
 - Corporate bonds issuances of meaningful market value are highly dependent on receiving ratings from credit agencies.
 - FICO
 - Consumer lending decisions taken by banks are highly dependent upon FICO scores and analysis.
 - BR
 - Proxy voting services and trade processing are often heavily reliant upon Broadridge’s services.
- In spite of CLCT’s dominant positioning, the business has vastly underperformed its similarly dominant “toll-road” like peers.**
 - While CLCT has performed in-line with the S&P500 index over the last 5 years prior to Alta Fox’s involvement, it is Alta Fox’s belief that CLCT’s in-line performance is due to the inherent dominance of the business industry (established well before any directors were appointed CLCT’s Board) which prevents any meaningful new competition from entering and continued strength of the coin/card end markets, and should NOT be attributable to the current Board of Directors.
 - We expect the Board to point to a strong TSR relative to small caps as evidence of their effective leadership and capital allocation. We think shareholders will see through this.

CLCT vs. Peers TSR prior to Alta Fox’s Open Letter to Shareholders



- StockX went from a start-up worth \$0 in 2015 to a collectibles industry leader worth >\$1 billion from 2015-2019.**
 - In addition to further optimizing CLCT’s core grading business, CLCT has numerous opportunities to capitalize on digital and scalable recurring revenue opportunities that can be easily cross-sold to CLCT’s large customer base. CLCT has the potential to provide **venture capital-like returns** to public shareholders while taking on low-risk investments that will still ultimately improve demand for its core grading services.

The Legacy Board Members Need to be Replaced Immediately

- The Legacy Board has an average tenure of >11 years and has overseen CLCT’s passive growth strategy.
- Each member of the Board has extremely low ownership despite the majority of Legacy members having over a decade of tenure.
 - Nearly all of their holdings have come from accumulated stock grants rather than open-market purchases.
- Board compensation is primarily cash driven which misaligns their interests with shareholders.
- Legacy Board members have demonstrated an inability to listen and engage in productive dialogue with shareholders. Despite recent additions to the Board, we do not anticipate this arrogant and disengaged mentality to change.

Nominees	Age	Director Since
Deborah A. Farrington	69	2003
Joseph R. Martin	72	2013
A. J. “Bert” Moyer	75	2003
Joseph J. Orlando	48	2017
Bruce A. Stevens	77	2006

	Shares Beneficially Owned ⁽¹⁾⁽²⁾	
	Number	Percent of Class
Renaissance Technologies, LLC		
Renaissance Technologies Holding Corporation 800 Third Avenue New York NY 10022	710,419 ⁽³⁾	7.9%
Joseph J. Wallace	94,841	1.1%
A. J. “Bert” Moyer	62,161	*
Bruce A. Stevens	40,424	*
Joseph J. Orlando	18,143	*
Deborah A. Farrington	15,026	*
Joseph R. Martin	13,397	*
All Directors and Executive Officers as a group (6 persons)	243,992	2.7%

Current Directors	Year Ended June 30, 2019			
	Annual Cash Retainers (\$) ⁽¹⁾		Stock Awards(\$) ⁽²⁾	Total Compensation(\$)
	Board	Committees		
Bruce A. Stevens ⁽³⁾	\$ 110,000	\$ 21,500	\$ 45,000	\$ 176,500
Deborah Farrington ⁽⁴⁾	45,000	36,500	45,000	126,500
Joseph R. Martin ⁽⁵⁾	45,000	32,000	45,000	122,000
A. J. Bert Moyer ⁽⁶⁾	45,000	41,000	45,000	131,000
Former Directors				
A. Clinton Allen ⁽⁷⁾	19,198	1,280	-	20,478
Robert G. Deuster ⁽⁸⁾	19,198	-	-	19,198
Van D. Simmons ⁽⁸⁾	19,198	-	-	19,198
David Hall ^{(8) (9)}	9,538	-	-	9,538

The Legacy Board is Complacent

- The Legacy Board has an average tenure of >11 years and has overseen CLCT's passive growth strategy.
 - CLCT has not created any meaningful non-grading revenue streams in over a decade.
 - While competitors like StockX were building \$1B+ dollar digital businesses from scratch, CLCT was paying out >100% of net income as dividends.
 - This strikes us as particularly poor capital allocation given the many high-margin and value-added services CLCT can offer around their core grading business.
- *When discussing the proposed digital and recurring revenue initiatives with the CEO, while he agreed each idea proposed had significant merit, Alta Fox was told there was no timetable surrounding execution. Concerned about a lack of urgency, Alta Fox attempted to reach all members of the Board of Directors to discuss our plan in an amicable fashion. Shortly thereafter we were told by the **Chairman** (who owns less than 0.5% of the company) to cease all contact with CLCT.*
 - We were surprised at the hostile response received, which is consistent with our view that the Board is not trying to maximize value for common shareholders.
- There has been very little change or innovation at CLCT over the last 10 years. The Board needs new energy, ideas, and leadership to pave a prosperous future for CLCT shareholders.
 - While the Board has responded to minor Alta Fox criticisms by expanding from 5 to 8 members (some with digital transformation backgrounds) and hiring a 3rd party IR firm¹, we view its attempts as disingenuous given its unwillingness to consider Alta Fox's highly qualified nominees prior to its decisions and due to its absent commentary in its 9/14/20 press release surrounding a concrete capital allocation policy and investing in sustainable new revenue streams. CLCT needs shareholder representation on the Board and Board members who are *incentivized* to execute on low-risk/high-upside innovations, as opposed to incentivized to maintain the status quo.

The Legacy Board Has No Coherent Capital Allocation Plan (1/3)

- CLCT cut its dividend in 2018 by 50% and since then has been stockpiling cash on their balance sheet (\$8.7M in Q2 2018 when dividend was cut to \$28.6M in Q4 2020).
 - Since this cut over 2 years ago, management has frequently mentioned that they are *exploring* offering new services to improve collectors' experiences and grow revenue. **However, we have yet to see significant materialization in revenue or profitability growth of any of management's recent initiatives, and do not have details as to what new offerings will be.**
 - Even if the Board put forward a clear capital allocation plan, we would view that as inadequate. There is no shareholder representation on the Board which limits our conviction that the capital deployed would be in the best interest of shareholders.
- Despite having many attractive opportunities to repurchase shares at double digit free cash flow yields, **CLCT has not executed any share buybacks since 2009.** Given CLCT's low capital requirements and comfortable liquidity, Alta Fox encouraged management to repurchase shares at the depths of the COVID-19 sell-off over email and over the phone. Management responded by deferring the decision to the Board of Directors, who unsurprisingly, did nothing.
- Furthermore, investors on multiple forums as well as those we have spoken to have expressed concerns about CLCT's capital allocation policy. Alta Fox plans to institute transparency and accountability regarding CLCT's capital allocation going forward.

The Legacy Board Has No Coherent Capital Allocation Plan (2/3)

- Alta Fox strongly believes that high dividend payout ratios should be a *last resort* capital allocation policy for growing small cap companies with attractive opportunities for reinvestment.
 - Alta Fox is open to maintaining dividends pending the capital needs required to improve the customer experience and growth in the business.
- If the Board is not going to reinvest in value additive services, CLCT should slash public company costs and go private – it is not engaging with shareholders anyway.
 - We believe there would be many strategic buyers of CLCT at higher prices, and we estimate that removing public company costs in FY19 would have added back ~20% to Net Income.
- Despite the fact that we believe there would be many interested buyers of CLCT, the value maximizing path going forward is to invest in high-margin initiatives, accretive M&A with digital bolt on capabilities, and tactical share repurchases.
- In the following slide, we show our priorities for capital allocation, contrasted to management's publicly communicated capital allocation priorities.

The Legacy Board Has No Coherent Capital Allocation Plan (3/3)

Alta Fox Capital Allocation Priorities	Execution Examples of Alta Fox Priorities	CLCT's Public Capital Allocation Plan
1. Reinvest in Core Business	<ul style="list-style-type: none"> Fix customer bottlenecks such as high backlogs and slow turnaround times to deliver an optimized customer experience. 	<ul style="list-style-type: none"> Reinvest to “ramp up” operations.
2. Low-risk, high upside digital and recurring revenue initiatives	<ul style="list-style-type: none"> Hire consulting firms or collaborate with 3rd party IT firms to build Collectors Digital Portfolio and digital consignment capabilities, paying a small upfront fee and agreeing to a longer-term revenue share. 	<ul style="list-style-type: none"> No specific new initiatives communicated.
3. Accretive acquisitions	<ul style="list-style-type: none"> Alta Fox has identified specific opportunities that would be day 1 accretive and add digital capabilities to the business in ways that would increase the customer value proposition. 	<ul style="list-style-type: none"> Very low on list of priorities (#5 out of 7 priorities).
4. Share buybacks at specific levels	<ul style="list-style-type: none"> Look to repurchase shares at double digit FCF yields. 	<ul style="list-style-type: none"> Not considered in “future uses of cash”.
5. Dividends	<ul style="list-style-type: none"> Open to maintaining dividends pending the capital needs required to improve the customer experience and growth in the business. 	<ul style="list-style-type: none"> \$0.175 quarterly dividend.

Under the Alta Fox plan, we expect digital and recurring scalable revenue to represent ~30% of total CLCT revenue by FY23. We also intend to break this revenue out separately from core grading revenue.

Almost Every Board Member Has Been a Net Seller of CLCT

CLCT US \$ ↑ 49.63 +2.28 049.62/49.71Q 4x4						
On 14 Sep c Vol 126,686 O 48.05Q H 49.71Q L 47.71D Val 6.213M						
CLCT US Equity		25 Export	Settings	Security Ownership		
COLLECTORS UNIVERSE CUSIP 19421R20						
1) Current 2) Historical 3) Matrix 4) Ownership Summary 5) Insider Transactions 6) Options 7) Debt						
Transaction Type		All Open Market Buy/Sell	Range	09/14/10	-	09/14/20
Shareholders		Orlando Joseph				
Trade Date	No. Part	Participants	Net Sell (Shares)	Net Buy (Shares)	Close Price	Volume
12) 07/01/2020	1	Orlando Joseph	-4,768		33.9800	88,183
13) 07/01/2019	1	Orlando Joseph	-5,326		22.2300	165,899
14) 07/03/2018	1	Orlando Joseph	-19,465		14.2500	177,234

CLCT US \$ ↑ 49.63 +2.28 049.62/49.71Q 4x4						
On 14 Sep c Vol 126,686 O 48.05Q H 49.71Q L 47.71D Val 6.213M						
CLCT US Equity		25 Export	Settings	Security Ownership		
COLLECTORS UNIVERSE CUSIP 19421R20						
1) Current 2) Historical 3) Matrix 4) Ownership Summary 5) Insider Transactions 6) Options 7) Debt						
Transaction Type		All Open Market Buy/Sell	Range	09/14/10	-	09/14/20
Shareholders		Moyer Albert				
Trade Date	No. Part	Participants	Net Sell (Shares)	Net Buy (Shares)	Close Price	Volume
12) 06/04/2020	1	Moyer Albert	-3,373		25.1400	150,430
13) 03/03/2015	1	Moyer Albert	-5,000		22.4600	33,440
14) 05/27/2014	1	Moyer Albert	-5,203		20.8700	42,461
15) 05/14/2014	1	Moyer Albert	-11,297		20.5300	80,592

CLCT US \$ ↓ 19.445 +0.385 119.28/19.64Q 1x3						
At 10:34 Vol 7,457 O 19.58Q H 19.877D L 19.37J Val 146,083						
CLCT US Equity		25 Export	Settings	Security Ownership		
COLLECTORS UNIVERSE CUSIP 19421R20						
1) Current 2) Historical 3) Matrix 4) Ownership Summary 5) Insider Transactions 6) Options 7) Debt						
Transaction Type		All Open Market Buy/Sell	Range	04/22/05	-	04/22/20
Shareholders		Farrington Deborah A				
Trade Date	No. Part	Participants	Net Sell (Shares)	Net Buy (Shares)	Close Price	Volume
12) 11/12/2018	1	Farrington Deborah A	-1,677		14.2600	20,582
13) 11/09/2018	1	Farrington Deborah A	-12,823		14.3000	43,604
14) 06/23/2014	1	Farrington Deborah A	-6,247		20.6400	60,743
15) 06/20/2014	1	Farrington Deborah A	-10,253		20.0200	88,592
16) 06/17/2011	1	Farrington Deborah A	-10,000		14.3000	40,691

Board members are paid very well, and aside from Joseph Martin who has neither bought nor sold shares, all Board members have been net sellers.

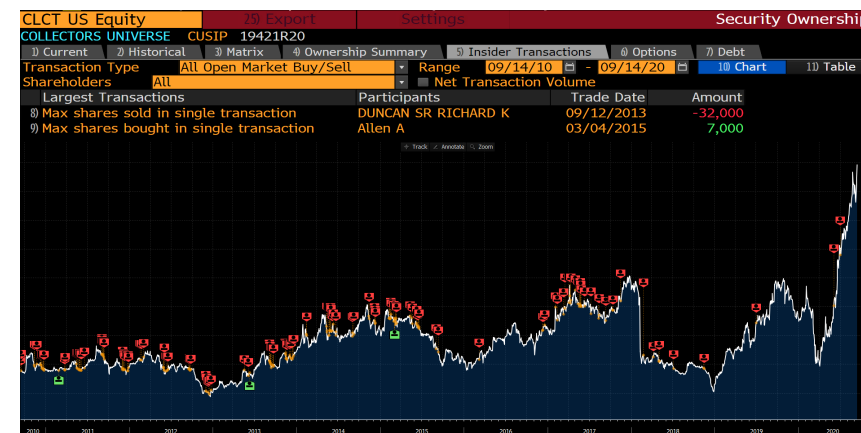
Low Ownership & Lack of Shareholder Awareness

The last time a Board member or member of management bought shares in the open market was 2015, despite already low ownership.

- The Board has shown little to no effort in engaging with shareholders.
- 1. CLCT has no sell side coverage (0 questions were asked on CLCT’s last 4 earnings calls)
- 2. CLCT has no recent investor presentations
- 3. CLCT does not report any adjusted numbers despite significant one-off expenses, making it difficult for the average investor to appreciate full earnings power. For example, litigation expense was \$304,000 higher in Q2 2020, but investors must manually parse through their filings and subtract this increase to get comparable G&A numbers
- 4. CLCT hired a “less than well known” 3rd party IR firm in response to Alta Fox criticisms on 9/14/20¹
- 5. CLCT does not give formal guidance
- 6. CLCT does not have a public long-term plan with quantifiable goals
- 7. CLCT does not attend major small cap conferences
- For example, management has not attended the Roth conference in California for the last several years despite it being a 30-minute drive from their headquarters²

	Shares Beneficially Owned ⁽¹⁾⁽²⁾	
	Number	Percent of Class
Renaissance Technologies, LLC		
Renaissance Technologies Holding Corporation 800 Third Avenue New York NY 10022	710,419 ⁽³⁾	7.9%
Joseph J. Wallace	94,841	1.1%
A. J. “Bert” Moyer	62,161	*
Bruce A. Stevens	40,424	*
Joseph J. Orlando	18,143	*
Deborah A. Farrington	15,026	*
Joseph R. Martin	13,397	*
All Directors and Executive Officers as a group (6 persons)	243,992	2.7%

* Less than 1%.



Alta Fox plans to rectify CLCT’s history of shareholder ambivalence.

1. <https://finance.yahoo.com/news/collectors-universe-announces-board-refreshment-123000244.html>

2. Roth Small Cap Conference Location to CLCT HQ: <https://goo.gl/maps/2s4XWkPNP6kBdsYB6>

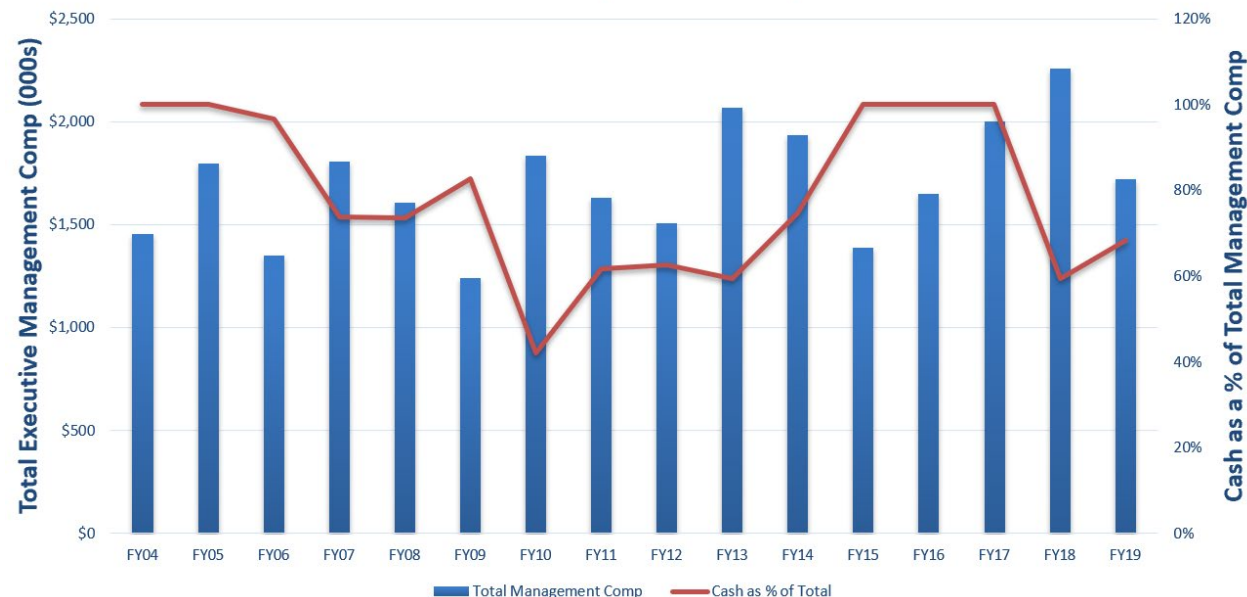
High Cash Compensation has been an Ongoing Problem

- Executives have always been well compensated at CLCT.
- Given the high level of compensation, we would expect the majority of it to come in the form of equity. However, this is not the case and Board cash compensation as a % of total compensation has increased in recent years.
- High levels of cash compensation are reflective of the misaligned incentives of the current Board of Directors.

Board of Directors Compensation Analysis



Executive Compensation Analysis



Alta Fox's Realigned Executive Compensation

- CLCT's Board and Management will be awarded for helping CLCT achieve its full potential, rather than be generously compensated for surpassing easy to achieve financial targets. Given CLCT's significant opportunity set, we believe the business deserves more engaged Board members that have invested their own capital.
- Alta Fox plans to significantly lower the amount of equity compensation granted to management solely for staying with CLCT.
- Alta Fox plans to **raise** total equity performance-based compensation for management based on targeting the following metrics:
 - Digital and recurring revenue growth (i.e. Collectors Digital Portfolio subscriptions, consignment revenue, physical storage revenue)
 - Grading revenue growth
 - Operating margin improvement
- Alta Fox will lower cash compensation as a % of overall management compensation.

Summary of Why the Board Needs Shareholder Representation

- One of the biggest stumbling blocks most fundamental investors have had in their diligence of CLCT is its opaque capital allocation policy and lack of shareholder engagement. We attribute this to a complacent Legacy Board of Directors responsible for misaligned management incentives and poor capital allocation.
 - While its core grading business is an attractive asset, CLCT's most valuable asset is in its relationship with customers and its unique place in the collectibles ecosystem. The complacent Legacy Board has failed to capitalize on the company's dominant position in the marketplace because they are fine with the status quo and keeping their high cash compensation and dividend receipts intact.
 - Moreover, due to a lack of innovation, poor cost control, and not creating scalable service revenue, EBIT margins are stagnant over the last decade despite revenue almost doubling. CLCT has yet to scratch the surface in meaningful EBIT margin expansion (though we think this dynamic will change in FY21 due to industry dynamics rather than as a result of proper capital allocation)
 - The Board and management are also very well paid, have low ownership, and have misaligned incentives.
 - We believe this is why a majority of CLCT's institutional owners are quant funds as they recognize CLCT's attractive financial characteristics and earnings power, while ignoring management's lack of communication with shareholders and misaligned incentives.
 - Without meaningful shareholder representation on the Board and with Legacy Board members still in control, we do not anticipate any meaningful innovation or improved capital allocation to arise at CLCT.
- With a rejuvenated Board offering a transparent, competitive, and innovative vision, Alta Fox intends to drive meaningful value for shareholders.

A Note on the CEO

- CEO - Joe Orlando
 - Joe has been with CLCT for over two decades and was appointed president of PSA in 2002. Since 2002, CLCT's trading card business has more than tripled. It is clear to us that Joe knows how to run a successful grading business.
 - We think that Joe is a good operator, but that the Board of Directors has not provided him with the right incentives or the right talent to take CLCT to the next level in the following ways:
 - Putting little to no emphasis on innovation into new verticals.
 - Putting little to no emphasis on improving investor transparency or engagement.
 - Paying out too much cash compensation and not enough equity compensation.
- Candidly, our conversations with Joe prior to our conversation with the Chairman were amicable and we were impressed with his knowledge of the grading business. We got a very different message from the Chairman of the Board. We think Joe is more aggressive than past management and can continue to be a great asset for the company going forward but needs a more supportive Board to assist in digital innovation and capital allocation.
- There is no Board member with significant equity on the line asking how they can take CLCT to the next level. Board members are happy with the status quo and making an easy 6 figures.
- We believe that CLCT as a public company has never seen an energized management team *and* Board. With Joe leading operations and Alta Fox's proposed nominees leading capital allocation, we think CLCT will be well positioned to maximize shareholder value.

Reality Check & 10 Questions for the Current Board of Directors

1. Why have no members of the current Board invested their own capital to be net buyers of CLCT's stock?
2. Why is there no analyst coverage and why does management not attend more than 1 investor conference per year?
3. What is the company's digital strategy for both value additive services and monetization of those services as the card/coin hobbies evolve?
4. Why is the average Board tenure >11 years?
5. Why is there not better shareholder representation on the Board?
6. Why has CLCT been unable to respond more effectively to growing backlogs?
7. Why does CLCT not issue guidance or communicate a clear long-term plan with shareholders?
8. Why have customer complaints around turnaround times persisted for years under the current Board of Directors?
9. Why is compensation for management and the Board primarily cash driven?
10. Given the company's large and active customer database, why has the company not acquired smaller companies to cross-sell value added services and instead accumulated cash on its balance sheet?



Alta Fox Plan to Improve Governance

Alta Fox owns significantly more stock than anyone on the Board or management team, and we intend to vote for new directors at the company's upcoming annual meeting. Our plan and proposed slate of directors will drive greater value to CLCT's customers, employees, and shareholders.

The record date is 10/5/20 and annual meeting date is 12/1/20.

Alta Fox's Board of Director Nominees (in alphabetical order)

- Lorraine Bardeen
- Damian Blazy
- Connor Haley
- Judy Krandel
- Susanne Meline

Bio: Lorraine Bardeen

- Ms. Bardeen serves as General Manager, Dynamics 365 and Power Platform Industry Solutions & Customer Success at Microsoft Corporation where she drives digital transformation across industries including healthcare, financial services & insurance, media & entertainment, retail, manufacturing, education, and nonprofit.
- Ms. Bardeen's previous roles at Microsoft include General Manager of Engineering, D365 Mixed Reality and Computer Vision Apps, GM Studio Manager, Mixed Reality, GM, Windows and HoloLens Experiences Production & Strategy and Director of Business, Strategy, Operations, Microsoft Studios.
- Ms. Bardeen previously worked as a Senior Associate Consultant at PricewaterhouseCoopers LLP.
- Ms. Bardeen holds a B.S. in Finance from Cornell University.

Bio: Damian Blazy

- Mr. Blazy serves as a Principal of Portfolio Operations at OpenGate Capital Management, LLC. Previously, he served as a Vice President of Portfolio Operations at Kelso & Company and as a Principal at Oliver Wyman.
- Mr. Blazy served as a Naval Officer in the United States Navy, where he served as an Energy Security Analyst, Flag Aide and as a Naval Flight Officer in Strike Fighter Squadron – 103. During his service in the United States Navy, Mr. Blazy was awarded the Strike Fighter Medal and the Navy Marine Corps Achievement Medal.
- Mr. Blazy is an avid comic and card collector.
- Mr. Blazy received a B.S. in Physics, with High Honors, from the University of Maryland College Park, an M.B.A. from the MIT Sloan School of Management, and graduated in the top of his class from the United States Navy Flight School.

Bio: Connor Haley

- Mr. Haley serves as the Founder and Managing Partner of Alta Fox Capital Management, LLC. Prior to founding Alta Fox, Mr. Haley was a consumer and technology focused Analyst at Scopia Capital Management LP. Mr. Haley has been recognized in numerous circles as an emerging thought leader in the small and micro-cap space and is currently a top-ranked member on microcapclub.com Mr. Haley is a frequent panelist at small and micro-cap conferences, including the LD Micro and Planet Microcap Showcase, and has been interviewed in a number of publications and podcasts for his views on the small and micro-cap market.
- Mr. Haley received an A.B. in Government, magna cum laude, from Harvard College.

Bio: Judy Krandel

- Ms. Krandel serves as the Chief Financial Officer of Recruiter.com Group, Inc., effective at the end of June.
- Previously, Ms. Krandel worked as a Senior Business Development and Mergers & Acquisitions Consultant at PeerStream, Inc. Prior to that, Ms. Krandel held roles as Portfolio Manager at Juniper Investment Company and Alpine Woods Capital Investors, LLC.
- Ms. Krandel currently serves as a director of Lincoln 1st Bank and as an advisory board member of Givz.
- Ms. Krandel previously served as a director of CynergisTek and Snap Interactive, Inc.
- Ms. Krandel received her B.S., magna cum laude, in Finance from the Wharton School of the University of Pennsylvania and an M.B.A. with a focus on Finance and Accounting from the University of Chicago Booth School of Business.

Bio: Susanne Meline

- Ms. Meline currently serves as the Co-Founder and Special Situations Advisor of Francis Capital Management, LLC and as an Arbitrator for FINRA. Prior to that, she served as an investment banker specializing in M&A at Houlihan Lokey.
- Ms. Meline currently serves as a director of ClearSign Technologies Corporation.
- Ms. Meline previously served as a director of Aqua Metals, Inc. and Finomial.
- Ms. Meline is a Certified Director through the UCLA Anderson Graduate School of Management and a Board Leadership Fellow for the National Association of Corporate Directors.
- Ms. Meline received a B.A. from the University of California Los Angeles and a J.D. from the University of California Hastings College of the Law.

Delivering New Value to Customers

- Alta Fox will strive to ensure that everyone from the CEO to entry level employees are maniacally focused on creating value for customers worldwide.
- **Ways that the improved CLCT will add incremental value to customers:**
 - Providing consignment capabilities
 - Providing exchange (buy & sell) capabilities
 - Providing storage capabilities
 - Providing secured lending capabilities
 - Providing digital portfolios, price data, volume data, analytics, and more
- **Even the base grading business has significant improvements to make:**
 - Improving turnaround times
 - Improving CLCT's social media presence and engagement with customers
 - Improving CLCT's website interfaces and offerings
 - Improving customer service

Customer Complaints are Consistent Across Social Media Platforms

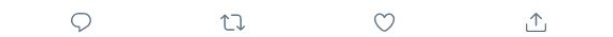


PSA is slowly resuming its California operation. Capacity will be severely limited. Get the details in our latest company update: ow.ly/DeS050zeXLj



11:00 AM · Apr 15, 2020 · Hootsuite Inc.

14 Retweets 29 Likes



Zachary Glatt @GavinRendar · Apr 15
Replying to @PSAcard

I have an order from October not yet complete, and you're taking new short-time orders now?



THE BISHOP @BizhopCrypto · Apr 16
You still haven't received an order you placed from October?!?! So I'm better off just not submitting at all it sounds like! Wow....



Zachary Glatt @GavinRendar · Apr 20
Indeed, if they're taking new quick-turnaround orders with already-reduced capacity. Might take another two months past the lockdown ending for all I know, because it sounds like they'll just keep adding higher-priority subs to the backlog. @PSAcard is welcome to correct me.



- Top tier brands engage and interact with their customers. CLCT claims to be working on improving turnaround times, but their efforts have not been effective in changing either the narrative or the reality.
- Moreover, we have found many instances of CLCT not engaging on social media with customers who are complaining about both their turnaround times and customer service.
- These social media platforms are opportunities for CLCT to improve their image with customers. This will ultimately help CLCT win more grading business from competitors and further grow the coin/card markets.

Posted by u/[deleted] 2 years ago

11 Let's Talk About PSA's Service

PSA has been sitting on \$3,000 worth of my cards for approximately two months on something that was advertised as a 10-day turn around. I've also found that their customer service is unprofessional.

Has anyone experienced this? Anyone have any thoughts on alternative services for card preservation and grading?

Would love to hear others' comments and tips for how they handled similar situations.

20 Comments Share Save Hide Report 87% Upvoted

[deleted] 8 points · 2 years ago
My first membership send in took twice the eta - I've tried calling before and found them generally unhelpful.

My current 12 card order is 4 days shy of the 30 day estimate, but I kinda imagine it's going to be closer to 40 days if I'm lucky.

They're pretty much the end all for pokemon grading, BGS - as I saw it explained, is only reliable from 8.5 grades and up, otherwise there 8's tend to look like psa 5 or 6's.

The best I've heard is to just send them off and forget about them til they show up at your door or you're gunna be annoyed and pissed.

[deleted] 10 points · 2 years ago
I wouldn't so much mind the delay if they hadn't told me it was 10 business day turn around...Especially considering the poor service from the folks I talked to. Seems like we, as consumers, are stuck in a bad anti-competitive situation.

Message from PSA president

mexpo75 Posts: 1,530 ★★★ February 2, 2019 5:50AM in Trading Cards & Memorabilia Forum

It was nice to see the president address the wait times on cards. Hopefully things will continue to improve.

PackManInNC

RookieWax Posts: 1,064 ★★★ February 2, 2019 7:32AM

Doesn't sound encouraging in the least bit. Their "big move" to a new building only increased their capabilities by 25%. The growth in the sports card market alone has probably exceeded that every year for the past 3 or 4 years. Then you add in the surge in non-sports cards and PSA now expanding to accept submissions in Japan? How are things supposed to ever get better?

Alta Fox is Opening the Door for Customers

- We encourage customer feedback on how CLCT's existing services can be improved and what ancillary services collectors would like to see offered.
- Please feel free to contact us with ideas or other thoughts on how PSA/PCGS can improve the collector's experience: info@altafoxcapital.com.
 - *All submissions will be reviewed and considered.*
 - *Alta Fox Board nominees will be deeply committed to solving the pain points in the grading market, as well as providing new services to enrich the value proposition for all customers.*

Delivering New Value to Employees

- Clean-up of workplace culture.
 - Certain Glassdoor reviews indicate nepotism, harassment, and lack of awareness.
- Encouraging and incentivizing equity ownership company wide.
- Giving employees the opportunity to innovate and lead.
 - CLCT has the most talented coin and card graders in the world. Alta Fox will be bringing a host of new ideas and initiatives for CLCT to implement. There will be leadership opportunities for existing employees in various aspects of each project.
- CLCT is uniquely positioned to provide assets for a TV series specifically focused on the collectibles market, profiling graders and the high-profile items they encounter.
 - This will give talented employees an opportunity to share their collectible knowledge in a new way with the world.
 - Imagine descending into CLCT's "Vault" and learning about the history behind a prized 1952 Mickey Mantle PSA 10 stored there (2018 transacted value of \$2.88M for a PSA 9)¹. Not only would this add excitement and opportunities to talented employees to broadcast themselves and their extensive knowledge, but it would also add value and interest to the items themselves which could then be sold on the consignment marketplace.
 - Even if this opportunity was run at break-even, it would be effective marketing that could drive interest in coins/cards, improve CLCT's social media presence, and increase their share in the grading business.
 - *This is just one example of many opportunities CLCT has to create value with their unique marketplace positioning, but requires motivated and correctly aligned leadership to think outside the box.*

1. <https://www.stadiumtalk.com/s/most-expensive-baseball-cards-985687df1bbe45c5>

Delivering New Value to Shareholders

- Restructuring of compensation for the Board and management.
 - No non-executive Board member should be making 6 figures for a company this small, and a majority of compensation should be in long-term equity incentives rather than cash.
- Create a new “Digital” revenue segment which will incorporate these new adjacent revenue verticals.
- Bring on additional leadership/consulting firms to grow new business lines, with compensation primarily based on revenues generated from the respective initiatives.
- Improve engagement with shareholders
 - Increase financial disclosure (i.e. bringing back units graded into reporting).
 - Engage with banks that may be interested in covering CLCT.
 - Attend major small and microcap conferences.

Cost Effective Implementation

- It is important for shareholders to realize that we intend to execute on these initiatives in a financially low-risk way.
 - We will propose immediately engaging with consulting firms and industry experts who would oversee and help implement projects for low upfront fees in conjunction with revenue share agreements for finite periods of time.
- Alta Fox will be extremely cost conscious with development expenses. We intend to get as many projects started as fast as we can, with as little financial risk to shareholders as possible.
- The Board plans to oversee every project from at least high level, with deadlines and high expectations for all parties involved.
- Alta Fox is also open to **accretive** acquisitions that will help accelerate CLCT's digital innovation.

Path to \$150/ Share

- To conclude, we think that with reasonable growth and margin expansion assumptions, CLCT's base grading business is severely undervalued by the market today.
- Furthermore, we think CLCT has unique competitive advantages that will allow the company to take advantage of new high margin revenue streams that will not only improve shareholder returns but will significantly enhance the customer value proposition.

	FYE23		FYE23
Revenue by Segment (000s)			
Coin Grading Revenue	\$44,898	Consignment Revenue	\$17,000
Trading Card Grading Revenue	\$97,643	Physical Storage Revenue	\$16,524
Other Revenue	\$4,324	Digital Portfolio Revenue	\$27,947
Total Grading Revenue	\$146,865	Total Incremental Revenue	\$61,471
Net Income Margin	27%	Net Income Margin	30%
EPS	\$4.05	EPS	\$2.03
PE Multiple	25x	PE Multiple	25x
Value/Share	\$101.3	Value/Share	\$50.8
Total Value per share		\$152.1	
Current Share Price		\$44.9	
Total Upside		239%	

Questions? Comments?

- Please feel free to contact Alta Fox at: info@altafoxcapital.com