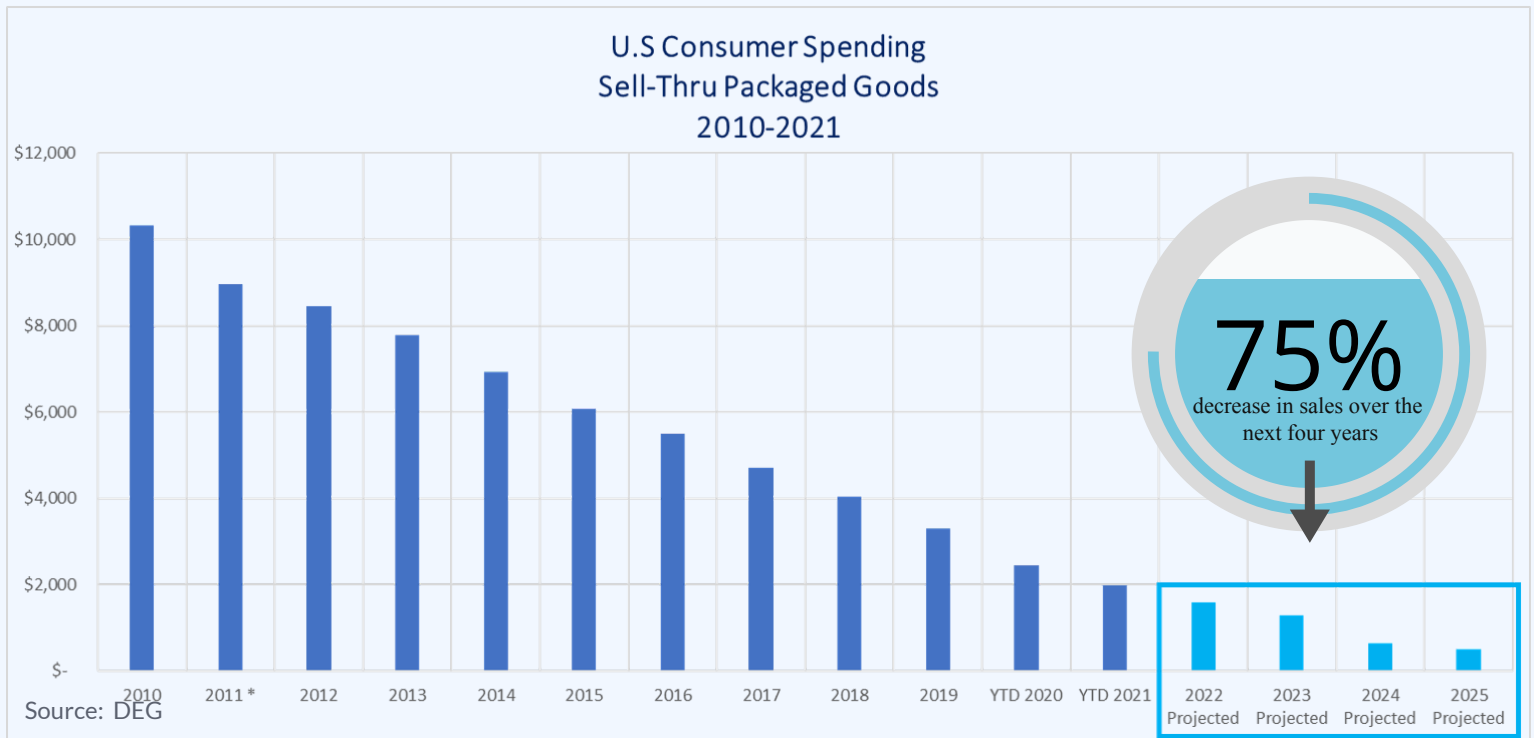


Managing Packaged Media

THE EVOLVING STRATEGY
FOR PHYSICAL DISCS

Industry Overview



- Packaged media sales declined more than 80% in the last ten years and will continue to do so at a rate of 20% per year
- Walmart stores have begun to exit the catalog business
- Eventually less than 1K of the more than 10K titles will be available in-store at national retailers



Catalog Sales Mix

2022 YTD vs. 2021 Full Year: Catalog

| | UNITS | | SHARE | |
|----------------|---------------|------------------|-------|-------|
| | 2022 WKS 1-27 | 2021 - Full Year | 2022 | 2021 |
| Brick & Mortar | 16,500,731 | 28,260,955 | 68.1% | 71.7% |
| E-Commerce | 7,743,857 | 11,158,260 | 31.9% | 28.3% |
| Total | 24,244,588 | 39,419,215 | 100% | 100% |

Source: NPD

32%↑

Of catalog sales occur online.
An inverse relationship to in-store sales.

The migration of sales to online will result in a need for less overhead to manage the supply chain.

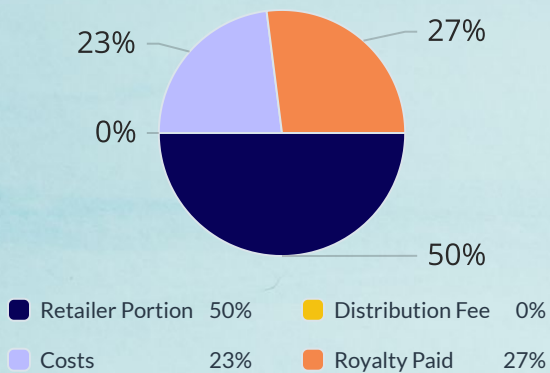
The cost structure needs to align with sales.

A higher margin, low risk model is the studio's solution.

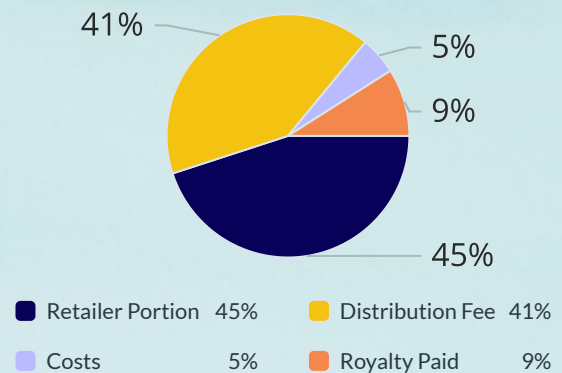


Model Comparison

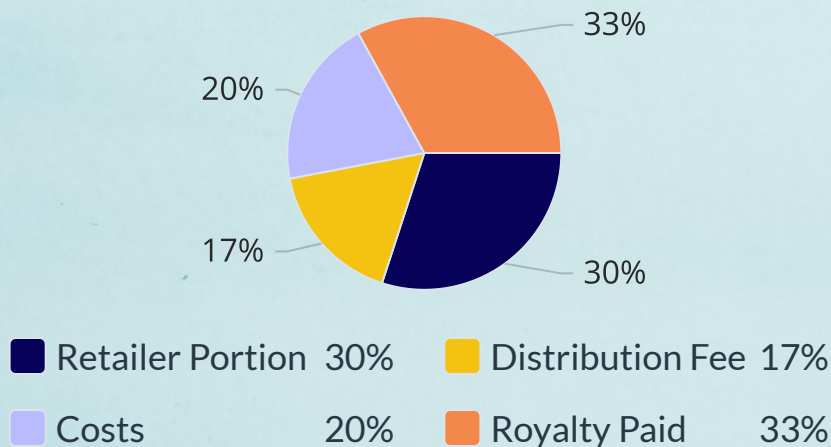
Home Video - \$19.95 DVD



Third Party Licensing - \$19.95 DVD



Allied Vaughn - \$19.95 DVD



**ALLIED VAUGHN DELIVERS MORE INCOME
AND MARGIN PER UNIT SOLD**

when compared to both traditional home video and licensing to a third party.

The Packaged Media Decision Tree

All titles that don't get in-store placement go to the Allied Vaughn models, enabling titles to remain active and generate revenue at higher profit margins.

The Five Step Distribution Model



Digital Distribution

is driving the decline of packaged media sales.



Monetize Physical Media

by outsourcing to Allied Vaughn and eliminating overhead.



Create Touchless Income

Allied Vaughn handles asset trafficking, packaging, compression, authoring, sales, and distribution.



No Cost Deductions

A simple royalty arrangement will cover all services.



Eliminate Studio Resources

Allied Vaughn aligns with studio requirements. All titles are available and produce long-term income for the studio.

STEP
01

STEP
02

STEP
03

STEP
04

STEP
05

Our Vision

90%

of packaged media will be sold exclusively online with the exception of new releases.
Less than a thousand titles will remain in the brick and mortar supply chain.

All Titles Get a Packaged Media Release with the Allied Vaughn Program



EFFICIENT

- All titles available for shipping within 24 hours
- 100% fill rate equals 100% customer satisfaction



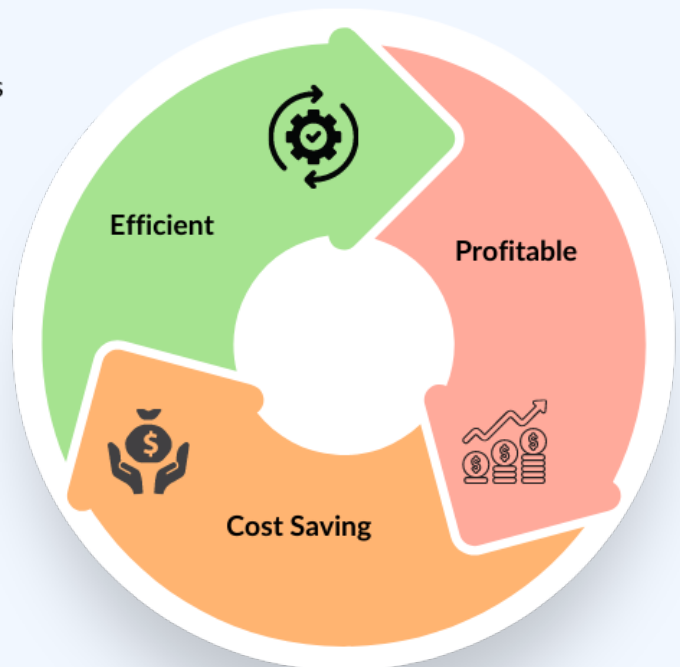
COST SAVINGS

- Eliminate studio expenses associated with catalog titles
- Reduce investment to support releases beyond theatrical
- Allied Vaughn's direct relationship with dominant retailers provides DTC shipments, eliminating freight and inventory



PROFITABLE

- Allied Vaughn's model provides **maximum profit per title** with the highest customer satisfaction and minimal studio resources and distraction
- Creates the ability to expand (not discontinue) the catalog with increased margin on a vast library of titles



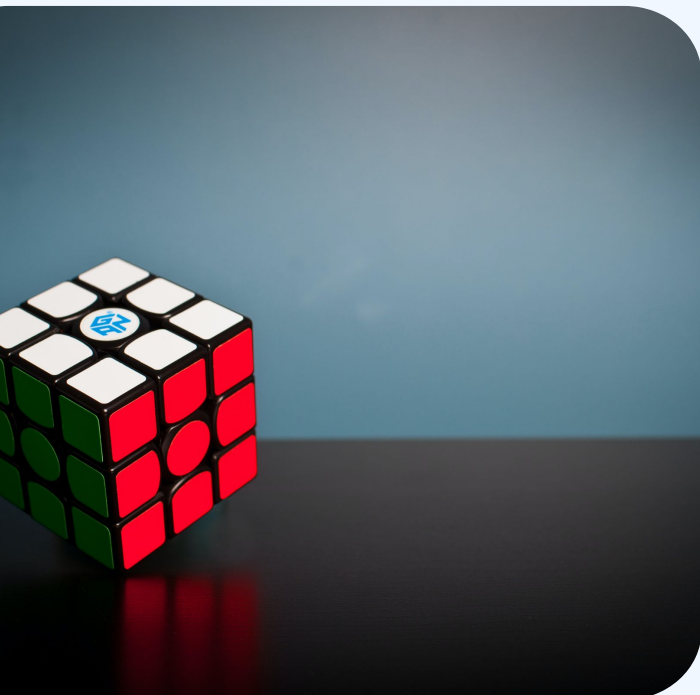
Our Value

- Allied Vaughn operates as an extension of your studio team
- Brand integrity is center stage
- Titles can be pulled back to home video or third party licensing at any time
- The Allied Vaughn MOD model is more profitable over the lifetime of the title
- Highest fill rates as reported by the largest e-commerce retailers



Solutions

- We provide staff
- Maximum cash flow
- No overstock triggered by returns
- No Inventory
- Minimum inventory supply chain maintains title value and integrity eliminating the need for liquidation tactics



Conclusion

Allied Vaughn is uniquely
focused on packaged media
and is your partner to
manage the business for
years to come.

