

Acquisition Opportunity

KCJB – Video Equipment / Studio Rental Company and Video Production

Corporation Type: Parent – Corp; Subsidiary – LLC Location: Western US SIC Code: 7359

Well-established Video Equipment / Studio Rental and Video Production Company that provides rental and production services for corporate, professional, and institutional video and film productions. These services include cameras, lights, trucks, and studio rentals. In addition to their core rental services, the company also offers various video production and support services. The company is well-known in its region and services a large clientele base. The company also includes a strong workforce and all employees are tenured and cross-trained in various aspects of the business. Current owner is looking to try something new and diversify.

Accepting Bids

Top Details/Business Activity

- Established and well-known company; Founded 20+ years ago.
- Strong and steady historical growth through the implementation of complimentary service offering strategies.
- Company has a robust pool of clientele, servicing over 5,000 clients with high amounts of repeat business.
- Utilization of cutting-edge technology for video equipment and production, as well as studio rental services.
- The owner oversees payroll, maintains financials, payables, and the buying and selling of capital equipment.
- All employees are cross trained, allowing the company to operate with high degrees of efficiency and manpower optimization.
- Average order size is \$1,400.
- Very large market for services with expanding opportunity for growth. Industry eclipsed \$2+ Billion in 2019.*
- Company has two physical locations in two states with two brands.
- No one customer exceeds 10% of sales
- Main activity of the business is rental of professional cinema cameras, lenses, lights, and related equipment to businesses.

*IBIS World

Strengths

- Dominant local position in one state and growing market share in both over many years of operations, concurrent with a growing market
- Large and highly loyal customer base with a strong brand reputation amongst its community
- Proven track record that's been vocalized by even its customers through numerous 5-star reviews
- Skilled and tenured employee base with very low turnover
- Asset heavy company that utilizes the latest technologies to provide a top-tier service to its customers

Weaknesses

- Need to integrate brands to drive brand recognition and sales.
- Locally focused with the potential to grow outside its geographical area, however the company has not capitalized on the opportunity
- Minimal sales and marketing efforts, which could be turned around to generate new business as the company lacks both an inside and outside salesforce
- Current office space is at capacity at one location, may need more space for growth.
- Current rental management and account system needs to migrate to newer/better options.
- 2 junior staff not yet 100% fully trained to equal their senior counterparts.
- Lack of in-house lens service technician or equipment (collimator / lens projector) – so the company outsources lens service whereas larger operations can do it in house

Marketing Strategy

- The company's current customers are also its top marketers, as the company gains majority of its new business through word-of-mouth and referrals. There is very little to no advertising and all other business is generated through internet searches based off the company's websites and its high amounts of 5-star reviews. There is a good opportunity to grow the business with sales and marketing outreach, particularly to corporate customers.

Key Indicators (Accrual Basis):

Year (Financial Year End: 12/31)	2020 Annualized \$'000	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000
Revenue	2,659	3,560	2,829	2,754	2,329
Gross Profit	2,536	3,241	2,714	2,595	2,282
Adj. EBITDA*	1,650	1,485	1,103	1,077	729

*Profit before interest, tax, depreciation, amortization (non-cash items) including owner salary, one-time and discretionary expenses.

Reason for selling:

- The owner feels the business has outgrown his capacity to take this business to the next level on his own. He is looking to try something new and diversify.

Included in offering:

- Assets: Recently appraised at \$4,000,000 FMV
- Building is owned by the seller but is not included. It is available for purchase as part of the transaction.
- All debts, if any, on the company will be paid off by the seller at closing.

Business Days and Hours

- Monday – Friday: 9 am to 5 pm
- Saturday : 9 am to 12 pm

Employees:

- The Company has a total of 11 full time employees.

Support and Training

- The Owner genuinely desires an effective business transition with seamless customer service through to the buyer and has expressed openness towards negotiating free-of-charge training period with a qualified buyer.

Next Steps

- In order for us to release the Confidential Information Memorandum, complete the Non-Disclosure Agreement and Buyer Profile and return to:

Ken Clark, Managing Director
ken@thevantgroup.com
480.227.9161



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

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

Description of Business: **Video Equipment / Studio Rental and Video Production Company**

Asking Price: **Accepting Bids**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EXECUTED ON THIS _____ DAY OF _____ 2020

Typed/Printed Name of Buyer

Typed/Printed Name of Buyer

Signature (Individually and as
Duly Authorized Representative)

Signature (Individually and as
Duly Authorized Representative)

Street Address

Street Address

City, State, Zip Code

City, State, Zip Code

Telephone / Email address

Telephone / Email address