

Deal Summary

Asking Price:	\$2,950,000	Listing ID:	DAJG
Down Payment:	\$ 295,000	Company Type:	Security communication and response equipment manufacturer
FF&E:	\$ 16,000	Location:	Dallas – Ft. Worth Metroplex
Inventory:	\$ 118,000	Adjusted EBITDA:	\$619,212 ¹

¹ Weighted average for 2019 – 2021

Terms

With a down payment of \$295,000 (10%), third party financing is available to finance the remaining balance over 10 years for a buyer with a requisite background that is qualified by the bank (the owner is willing to carry back 10% of the purchase price if needed). It will require a monthly payment of approximately \$26,200. All notes will be personally guaranteed.

Purchase Price	\$2,950,000
Down Payment (%)	10%
Down Payment (\$)	\$295,000
Loan Amount (%)	80%
Loan Amount (\$)	\$2,360,000
Interest (Prime + 2.75)	6%
Term of Loan (Y)	10

Year	Revenue	Cost of Goods		Gross Profit	Operating Expenses	Adjusted EBITDA	Adj EBITDA as	
		Sold					% of Sales	COGS as %
2019	\$ 2,195,205	\$ 649,373	\$	\$ 1,545,832	\$ 1,502,484	\$ 495,903	22.59%	30%
2020	\$ 2,078,951	\$ 484,360	\$	\$ 1,594,591	\$ 1,111,158	\$ 788,657	37.94%	23%
2021	\$ 1,819,370	\$ 465,098	\$	\$ 1,354,272	\$ 1,098,824	\$ 566,868	31.16%	26%

Legal Organization

Type of Corporation: S Corporation
Year End is December
NAICS Code: 423990
Accounting Method: Accrual

Top Things to Know About This Business

- **Turnkey Operations:** Company is guided by well-defined systems and processes
- **Non-cyclical:** Company's products are in demand regardless of business cycle
- **Covid:** Company remained open. There was some impact to 2020 and early 2021, but many of the impacted customers had delayed (rather than cancelled) demand.
- **Strong Cash Flow:** \$700,000+ in cash flow in 2020
- **Robust Cash Flow Margins:** Consistently exceeded 20% cash flow margins over the past 3 years
- **Established Brand:** Excellent reputation for outstanding on-time and on budget work.
- **Backlog:** Backlog consistently grown throughout 2021.
- **Seller Financing:** 10% seller financing available to show seller's confidence in continued success.
- **Training:** Seller will train free of charge for 2 months to ensure smooth transition.

Business Activity

The company is a leader in the design and implementation of critical incident notification systems. When the company began in the early 1990s, it focused on courthouses and other government facilities. Since then, the company has expanded to schools, hospitals, factories, and office buildings.

The company's product is unique in that it delivers alarms directly to first responders. Incident notification is the crucial first step. The faster the response, the quicker and safer the resolution.

The company has almost 400 customers. In most years, at least one unique customer will represent more than 10% of sales, but it's usually a different customer each year. Average order size is about \$10,000.

Bank financing is available to borrowers that have a requisite background as dictated by the bank

Key Strengths

- 1) Product Technology is superior because we have built the ability over the years to deliver integrated systems
- 2) Reputation and Customer List
- 3) Product Cost Compared to Competitors
- 4) Technical Know How
- 5) Flexible & Quick to React

Possible Weaknesses

- 1) Opportunity to enlarge the sales team
- 2) Lack of Capital for investment in product development
- 3) Untapped potential for aggressive entry into federal sales
- 4) Company has not pursued export sales
- 5) The company has done direct sales but not much marketing and advertising

Marketing Strategy

There are so many expansion opportunities for this product. Any facility that uses a radio is a potential customer. Company has had strong interest from federal agencies but has been unable to figure out how to access this market. There is also a lot of potential for export sales if an in-country partner can be identified.

History

The Company was started in 1994 by the current owner. The business has been in its present location for over 8½ years.

Days and Hours:

Monday - Friday: 8:00am to 5:00pm.

Saturday - Sunday: Closed.

Sales and Adjusted EBITDA

Fiscal Year End	Revenue	Adjusted EBITDA ²	As a % of Sales
2021	\$1,819,370	\$566,868	31.2%
2020	\$2,078,951	\$788,657	37.9%
2019	\$2,195,205	\$495,903	22.6%

² All adjustments to EBITDA were provided by seller.

Employees

The company has a total of 6 fulltime employees and 1 part time employee. Their functions cover Sales, Accounting, Technician, and Office Manager.

Assets and Liabilities

All furniture, fixtures, and equipment needed for the business will be included in the sale. All cash will be retained by the Seller. All debts (except trade accounts payable) on the company will be paid off by the Seller at closing. If there is any owner financing as determined by SBA underwriting, any such debt is to be personally guaranteed by the buyer.

Facilities

The business occupies a 4,012 sq ft building and pays \$5,300 per month. The current lease expires April 30, 2022. Seller is in the process of extending the lease for three additional years. The landlord is amenable to extending the lease further.

Support and Training

The Owner genuinely desires an effective business transition with seamless customer service through to the buyer. They will train a buyer for 60 days. An additional consulting contract can be obtained.

Reason for Selling

The owner wishes to retire.

CORPORATE/INVESTMENT GROUP CONFIDENTIALITY AGREEMENT

Security Technology

1. For good and valuable consideration, the receipt and sufficiency of which are acknowledged, the undersigned ("The Recipient") enters into this Confidentiality Agreement with and for the benefit of The Vant Group ("the Broker").
2. The Broker has attached hereto or has provided or may subsequently provide to the Recipient in connection herewith certain technical, financial, and/or business information (collectively the "Information") regarding the Company (as above designated) to facilitate an evaluation by the Recipient whether to acquire the Company or stock or assets thereof. The Recipient acknowledges that the Information is highly confidential and proprietary to the Company.
3. The Recipient shall not at any time, without prior written consent of the Company, furnish, copy, reproduce or distribute, in whole or in part, directly or indirectly, the Information to anyone, except Recipient's financial advisors and investors, who may be furnished with the Information for the sole purpose of advising the Recipient as to the structure of any proposed purchase of the Company (or its stock or assets), and it will keep permanently confidential the Information and will use the Information only for the purpose set forth above. The Recipient shall be under no obligation to maintain as confidential any information which (a) Recipient can show by legally sufficient written evidence was in its possession prior to disclosure by the Broker and/or the Company; or (b) becomes generally available to the public in tangible form other than by acts or omissions of Recipient; or (c) is lawfully obtained from a third party. The Recipient shall not contact the Company to discuss the sale or purchase of the Company or the Information without prior written consent of the Broker.
4. The Recipient hereby indemnifies and holds harmless the Broker, and its agents, representatives, employees and attorneys, from and against any and all claims, liabilities, actions, causes of action and damages, arising from or relating to any injury or loss arising out of, from, or attributed to the transactions or matters subject hereof, or the actions, omissions, wrongful conduct or other breach of this Confidentiality Agreement by Recipient, which indemnification shall include, without limitation, reimbursement of attorney's fees and expenses incurred by the Broker in connection herewith.
5. The Recipient shall not enter into any agreement for the purchase of the Company or its stock or assets unless said agreement contains a provision wherein the parties thereto acknowledge that the Broker is the procuring cause of such agreement and the Broker is entitled to a broker's commission as agreed upon by the Company and the Broker.
6. While the Information is believed to be accurate, it is subject to change, error or withdrawal of offering, without notice. The Company and the Broker expressly disclaim any and all liability for representations or warranties, expressed or implied, contained in the Information, or, for omissions from it. The Company reserves the right to require the return of the Information at any time.
7. A facsimile transmission of this document is legal and binding.
8. The Recipient warrants that the undersigned is a duly authorized by the company to enter into binding legal contracts on its behalf.
9. This Agreement contains the entire agreement between the parties hereto with regard to the subject matter hereof. If one or more of the provisions contained herein shall be held to be invalid, illegal or unenforceable, the balance of this Agreement shall remain in full force and effect. This Agreement shall be binding upon the parties' heirs, successors and assigns, where permitted. This Agreement may not be assigned by the Recipient without the prior written consent of the Broker. No ambiguity herein shall be resolved presumptively against any party. This Agreement shall be construed in accordance with the laws of the State of Texas, and the obligations of the parties are performable in Dallas, County, State of Texas, where venue shall lie for any actions brought hereunder.

RECIPIENT:

_____	_____
Company Name	Street
_____	_____
Signature	City State Zip
_____	_____
Print Name	Phone
Date: _____	_____
	Fax