

**Acquisition Opportunity**

**AVAF – Foam Fabrication and Upholstery Distribution Company**

**ASKING PRICE: \$3,500,000**

**Business Activity**

The company specializes in foam fabrication and upholstery supply distribution, serving a wide range of industries throughout North Texas. Its core offerings include custom foam components tailored to client specifications, as well as a broad selection of upholstery materials for the furniture, automotive, and marine sectors. Known for quality, flexibility, and reliability, the company supports both small businesses and large manufacturers. Efficient production processes and strong supply chain management ensure consistent product availability and quick turnaround, making the business a trusted partner across multiple industries.

**Deal Summary**

<b>2024 Revenue:</b>	\$4,661,000	<b>2024 Adj. EBITDA:</b>	\$777,000
<b>FF&amp;E*:</b>	\$175,000	<b>Corporation Type:</b>	Limited Liability Partnership
<b>Inventory*:</b>	\$533,000	<b>Location:</b>	DFW
<b>Working Capital*:</b>	\$500,000	<b>Year Established:</b>	1950
<b>Total Assets*:</b>	\$1,208,000	<b>NAICS Codes:</b>	326140 326150 424130 423210 423220
		<b>Accounting Method:</b>	Accrual
		<b>Financial Year End:</b>	December

\*Included in Asking Price

**Terms**

With a down payment of \$363,000 (10.4%), third-party financing is available to cover the remaining balance over a 10-year term, subject to bank qualification and a buyer with the appropriate background. The seller is open to carrying a portion of the purchase price if needed to support the transaction. Estimated monthly payments are approximately \$43,361, and all financing will require a personal guarantee.

## Top Things to Know About This Business

**Structured Operations:** The company is supported by well-established systems and clearly defined processes that drive operational efficiency, ensure consistency in service delivery, and enable smooth day-to-day management. This foundation positions the business well for seamless scalability and ownership transition.

**Stable and Disciplined Cost Management:** The company demonstrates consistent control over both labor and material costs, even amidst fluctuations in top-line revenue. This disciplined cost structure contributes significantly to the business's steady margins and overall financial health.

**Labor Cost Consistency:** Labor costs related to direct production have remained stable, averaging between 6% and 7% of the cost of sales. Additionally, overhead labor costs as a percentage of sales improved notably, decreasing from 15.5% in 2023 to 13.8% in 2024, reflecting improved workforce efficiency and management.

**Material Cost Improvement:** Material costs have decreased from 54% in 2021 to 48% of sales in 2024, driven by strategic pricing negotiations, consolidated purchasing practices, and effective yield planning. These improvements have directly contributed to the increased gross margin.

**Strong and Steady Revenue Performance:** The business has generated average gross revenues exceeding \$4.5 million annually over the past four years, demonstrating stability and a resilient demand for its products and services.

**Robust and Growing Profitability:** The company has maintained an average EBITDA of over \$750,000 during the same period, with cash flow margins exceeding 16% in 2024, a notable increase attributed to improved cost control and operational efficiency.

**Diversified Revenue Streams:** Approximately 66% of the company's revenue is derived from fabrication services, while 34% comes from product distribution. This balanced mix helps mitigate risk and smooth revenue cycles.

**Excellent Reputation for Quality:** The business is widely recognized for its high-quality workmanship and exceptional customer service. This strong reputation has been instrumental in maintaining long-term customer relationships and driving new business through referrals.

**Highly Loyal Customer Base:** More than 95% of sales are generated through repeat business and client referrals, reflecting the company's strong customer retention, satisfaction, and reputation in the market.

**Established Industry Leadership:** Founded in 1950, the company has a long-standing presence in the industry, with over 70 years of continuous operation. This legacy has built deep-rooted customer relationships and extensive institutional knowledge.

**Asset-Backed Stability:** The company owns more than \$175,000 in fixed assets, supporting its operations and reducing reliance on external capital investment for growth or maintenance.

**Improving Profitability Despite Revenue Decline:** Although the business experienced a year-over-year decline in revenue, overall profitability has improved due to increased operational efficiency and strategic pricing adjustments, which are a clear indicator of strong internal financial management.

**Attractive Opportunity for a Hands-On Buyer:** Given that the current owners are all past retirement age and no longer actively engaged in business development, there is a strong opportunity for a motivated, hands-on operator to focus on growth, re-energize sales efforts, and capture additional market share.

**Comprehensive Transition Support:** To ensure a smooth and successful transition, the seller is willing to provide up to one year of training and support post-close, facilitating continuity and knowledge transfer for the new owner.

**Strengths and Weaknesses**

**Key Strengths**

**Possible Weaknesses**

**Strong Customer Service:** The team is highly knowledgeable, providing excellent support and expertise to customers.

**Website Development:** A stronger online presence is needed; an improved website is currently in development.

**JIT Fabrication Capabilities:** Efficient just-in-time fabrication ensures quick turnaround times for client needs.

**Sales Team Expansion:** The company requires an outside salesperson to enhance outreach and drive growth.

**Material Cost Management:** The company’s initiatives to control material costs have led to reductions. Additionally, material costs have decreased overall, and a 3% price increase has been implemented.

**History**

The company was founded in 1950 and acquired by the current owner in 2002. It has operated from its current location for over 11 years.

**Business Days and Hours**

**Monday – Friday:** 8:00 am – 4:30 pm

**Saturday / Sunday:** Closed

**Marketing Strategy**

The company does not utilize an outside sales team but has a skilled group of five inside salespeople managing customer interactions and sales transactions. Products are primarily sold through over-the-counter purchases and customer call-ins, providing a personalized and convenient ordering process. This inside sales structure enables the company to maintain strong customer relationships and effectively meet customer needs.

**Financial Summary**

<b>Year</b> (Financial Year End: 12/31)	<b>2024</b> Tax Return	<b>2023</b> Tax Return	<b>2022</b> Tax Return	<b>2021</b> Tax Return
<b>Revenue:</b>	\$4,661,000	\$5,056,000	\$5,932,000	\$6,064,000
<b>Gross Profit:</b>	\$2,003,000	\$2,071,000	\$2,302,000	\$2,451,000
<b>Adj. EBITDA*:</b>	\$777,000	\$687,000	\$856,000	\$1,241,000
<b>Adj. EBITDA Margin</b>	16.7%	13.6%	14.4%	20.5%

*\*Profit before interest, tax, depreciation, amortization (non-cash items) including owner salary, one-time and discretionary expenses. All adjustments to EBITDA were provided by seller*

**Employees**

The company employs 21 full-time team members, including several key personnel such as the Regional Plant Manager, General Manager, Accountant, Assistant Plant Manager, and Cost Estimator. These core team members bring an average tenure of five years, reflecting strong employee retention and organizational stability.

### Assets and Liabilities

A detailed asset list is available, including \$175,000 in furniture, fixtures, and equipment. The seller will retain all cash and accounts receivable, except for the cash and accounts receivable required to meet the working capital requirement in the transaction and will settle all company debts at closing. Any owner financing required by SBA underwriting must be personally guaranteed by the buyer.

### Facilities

The business operates across two facilities: a 26,400 sq ft building with a monthly lease of \$11,211, expiring in April 2026, and a 38,400 sq ft building with a monthly lease of \$13,730, expiring in December 2025. Both leases include renewal options.

### 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 30 days free of charge. An additional consulting contract can be obtained.

### Reason for Selling

Retirement.

### Next Steps

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

**Anthony Cullins** Managing Director

[anthonyv@thevantgroup.com](mailto:anthonyv@thevantgroup.com)

**972.458.8989 ext. 124**

# CORPORATE/INVESTMENT GROUP CONFIDENTIALITY AGREEMENT

## Description of Business: Foam Fabrication and Upholstery Distribution Company

Asking Price: \$3,500,000

1. For good and valuable consideration, the receipt and sufficiency of which are acknowledged, the undersigned ("The Recipient") enters into this Confidentiality Agreement with The Vant Group, Inc., a Texas corporation ("the Broker") and for the benefit of the Broker's client (the "Company") that shall be identified by the information disclosed under this Confidentiality Agreement.
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, investors, tax advisors and attorneys, 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. If Buyer decides not to pursue the possible purchase of the Business or Seller decides not to pursue the sale of the Business, Buyer will promptly destroy, delete and 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.
9. The Recipient warrants that the undersigned is a duly authorized by the Recipient to enter into binding legal contracts on its behalf.
10. 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:

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Company Name

\_\_\_\_\_  
Street City State Zip

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Email Address

\_\_\_\_\_  
Signature

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Phone

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Date

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Fax