

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

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

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

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

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.

Possible Weaknesses

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

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

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

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

972.458.8989 ext. 124

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: Foam Fabrication and Upholstery Distribution Company

Asking Price: \$3,500,000

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 _____

Printed Name of Buyer

Signature
(Individually and as Duly Authorized Representative)

Street City State Zip

Phone

Email Address

Printed Name of Buyer

Signature
(Individually and as Duly Authorized Representative)

Street City State Zip

Phone

Email Address

BUYER'S PERSONAL PROFILE - CONFIDENTIAL INFORMATION

Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone: Home (____) _____ Office (____) _____ Cell (____) _____

Email Address: _____

Present Occupation/Business: _____

How Did You Learn Of Our Company? ☐ Internet ☐ Ad ☐ Referral ☐ Other: _____

Type of Business Preference

(Retail, Wholesale, Manufacturing, Service, Etc):

Location Preference:

1. _____
2. _____
3. _____

1. _____
2. _____
3. _____

Cash In Banks \$ _____

U.S. Govt Securities \$ _____

Accounts & Notes Receivable \$ _____

Value Of Businesses Owned \$ _____

Other Stocks And Bonds \$ _____

Real Estate \$ _____

Automobiles -- Number () \$ _____

Other Assets \$ _____

TOTAL ASSETS \$ _____

Notes Payable \$ _____ x

Liens On Real Estate \$ _____

Other Liabilities \$ _____

TOTAL LIABILITIES \$ _____

Salary \$ _____

Dividends & Interest \$ _____

Other Income \$ _____

TOTAL INCOME \$ _____

Monthly Income Required: \$ _____

Down Payment Available: \$ _____

Personal Net Worth: \$ _____

Require Immediate Income?: _____

Who Else Would Be Involved In The Decision Process? _____

Have You Ever Filed For Bankruptcy? _____ Have You Ever Been Arrested? _____

Fields of past Business experience:

1 _____ 2 _____ 3 _____

I Hereby Attest That The Above Is A True Representation On My Financial Status. I Agree To Provide, Upon Request By Broker Or Seller, Financial Statements, References And Other Pertinent Information Evidencing Such Financial Sufficiency If Necessary

Signature: _____ Date: _____

A Personal Or Business Financial Statement Will Be Required Of All Potential Buyers Before Receiving Financial Information On Any Listing