

## LISTING OPPORTUNITY

### Well-Established Lock, Key & Safe Business – Retail & Service

Consistent Average above \$800K Sales with Healthy 30%+ Profit Margin in 2021



#### SPECIFICATIONS

 <b>Price:</b> \$825,000	 <b>Revenue:</b> \$832,775 (2021)	 <b>Cash Flow:</b> \$274,690 (2021)
 <b>Location:</b> Silicon Valley	 <b>Service Area:</b> San Francisco Bay Area	 <b>Profit Margin:</b> 30%
 <b>Employees:</b> 4 FTE	 <b>Reason for Sale:</b> Retirement	 <b>Goodwill:</b> 50+ years in business, great reputation, 4.9 stars on Google

#### BUSINESS SUMMARY

**Year Established:** 1970  
**Products/Services:** Retail sales – Lock/key/safe and wide range of corollary products  
Installation – Locks/safes and related products  
Services – Re-Keying / auto keys / key duplication / lock and safe repair / more  
**Client Snapshot:** Residential / Contractors / Commercial  
**Lease:** \$4,166/mo + NNN, 5 yr assumable lease in place, negotiating for an additional 5 years  
Lease payment includes water, sewage, and trash  
**Personnel:** 4 FTE, currently hiring another FTE  
**Software:** QuickBooks Online, HPC Code Source 15, Google docs & sheets  
**License Requirements:** C-28 Lock and Security Equipment Contractor License, and locksmith license. Both are relatively easy to obtain

SBA Pre-Qualified! With 50+ years of stability and growth in the Lock & Key/Safe industry, Company is widely known in its geographic center, and has a strong reputation of professional service, knowledge, and integrity. Company's large showroom is well stocked with inventory including over 60 safes, along with an extensive range of products that extend beyond lock & key, and into hardware as well.

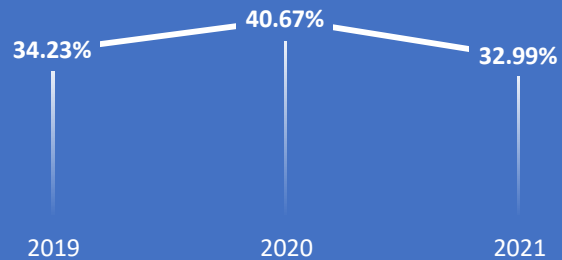
As a full-service installation and service company, the business has 4 fully stocked, company-branded vans. Four full-time employees are working at the Company, primarily as outside service installers and other lock & safe related services. The customer base is well diversified, with clients comprised of retail/consumer, contractors, industrial and government agencies.

Company has been in the same retail location for 24 years, and enjoys a great relationship with the landlord. Retail customers are very familiar with the store as a result; therefore, the Buyer will benefit from the long-term community awareness and resulting repeat business.

## VALUE PROPOSITION

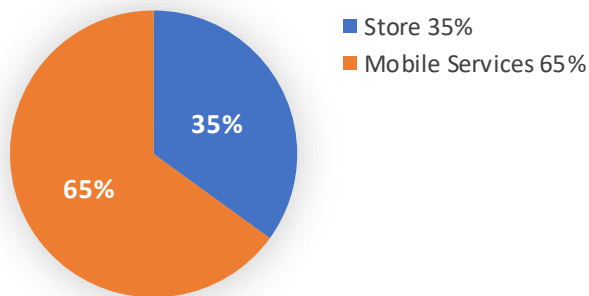
- 50+ Years Established Reputation
- Revenue from retail and installation/service business
- Broad range of locksmith related services
- 30% + Profit Margins on Revenues of \$832,775
- Strong repeat customer base
- Well diversified business
- Over \$300K of inventory included in purchase price
- Over \$164K of FF&E included in purchase price
- 4 Service branded service vehicles included
- Excellent reputation with 4.9 star rating on Google

## PROFIT MARGIN

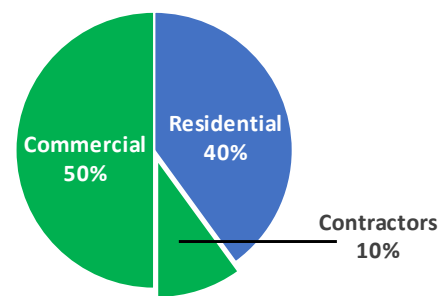


## REVENUE BREAKDOWN

### Revenue by Service



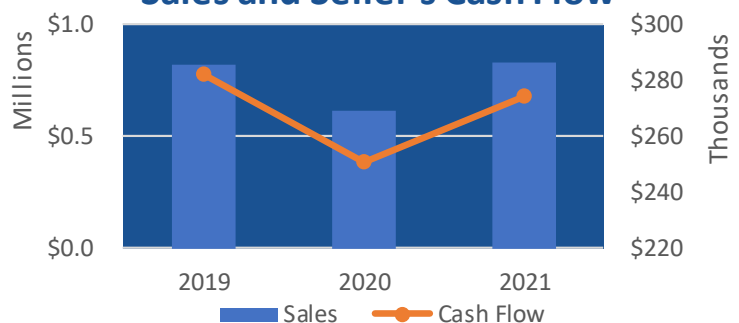
### Revenue by Customer



## FINANCIAL HIGHLIGHTS

- Listing Price \$825,000
- 2021 TTM Cashflow \$274,690
- 2020 Cashflow \$250,842
- COVID dip recovery in 2021 over 2020
- Significant growth opportunities
- Inventory built into purchase price
- Strong value in Furniture, Fixtures, Equipment
- Clean books, limited adjustments to earnings

### Sales and Seller's Cash Flow



## CASHFLOW ANALYSIS

Financial Statement Source	Tax Return 2019	Tax Return 2020	P&L TTM 2021
<b>Sales</b>	\$824,474	\$616,758	\$832,772
Less Cost of Sales	\$398,294	\$379,133	\$181,331
Less Operating Expenses	\$433,258	\$327,755	\$639,564
<i>Equals</i> Net Income Before Taxes	(\$7,078)	(\$90,130)	\$11,877
<i>Plus</i> Depreciation	\$23,255	\$5,432	\$0
<i>Plus</i> Amortization	\$0	\$0	\$0
<i>Plus</i> Interest on Loans to Business	\$0	\$0	\$0
<i>Plus</i> Officer/Owner's Salary	\$237,000	\$300,000	\$227,500
<i>Plus</i> Payroll Taxes on Officer/Owner's Salary	\$18,723	\$23,700	\$17,973
<i>Equals</i> Preliminary Seller's Discretionary Earnings	\$271,900	\$239,002	\$257,350
<b>Addbacks:</b>			
Replace bookkeeper	(\$9,000)	(\$9,000)	(\$9,000)
Owner Cell Phones (in excess of one)	\$840	\$840	\$840
Medical Payments for owners	\$18,500	\$20,000	\$25,500
<b>Sum of Addbacks:</b>	<b>\$10,340</b>	<b>\$11,840</b>	<b>\$17,340</b>
<b>Total Seller's Discretionary Earnings (SDE)</b>	<b>\$282,240</b>	<b>\$250,842</b>	<b>\$274,690</b>
Profit Margin	34.23%	40.67%	32.99%

## ASKING PRICE

The asking price is determined using a cash flow methodology. Cash flow is the sum of net income from the business plus any non-cash expenses, non-recurring items and any seller's personal expenses. A multi-factor multiplier is applied to the cash flow based on the condition of the business.

For this business, a three-year average cash flow is applied making the business price more favorable to the buyer. The multiplier applied in this case is 3.07.

**CASHFLOW X PRESCRIBED MULTIPLE = FAIR MARKET VALUE**

With this information, the computation is as follows:

$$\underline{\$267,999 \times 3.07 = \$825,000}$$

The fair market value found above positions the listing price as:

**\$825,000**

## FUNDING EXAMPLE

**Purchase Price: \$825,000**

<b>20% Buyer Down Payment</b>	\$165,000	Buyer's equity
<b>80% Bank Loan</b>	\$660,000	10-Year term at a rate of 6% = Monthly loan payment of \$7,327

- Cash Flow (Weighted Average SDE over 3 years): \$267,999
- Annual Payment to Bank: \$87,928
- Net Profit (After Expenses and loan payment): \$180,070

Numbers above  
result in a **109%**  
return on cash in the  
first year.

A lender is usually required to have a  
**1.25 coverage ratio** for a business  
loan extended.

At a proposed purchase price of  
**\$825,000** with the terms listed  
above, the coverage ratio is **2.48**.

\* Please note that the decision of whether to extend a loan on any sale belongs to the bank, and this document does not guarantee specific terms or verify that financing is available.