

LISTING OPPORTUNITY

Five-Star Full-Service Signage Business in NorCal for Sale

Average Sales over \$562K with 28% EBITDA



SPECIFICATIONS

 Price: \$450,000	 Revenue: \$562,126 (3-Year Avg excl. 2020)	 Cash Flow: \$161,484 (3-Year Avg excl. 2020)
 Location: San Francisco Bay Area	 Service Area: San Francisco Bay Area	 Profit Margin: 28% (3-Year Avg excl. 2020)
 Employees: 5 FTE (Includes 1 Owner)	 Reason for Sale: Retirement	 Goodwill: 30 Yr. Reputation, 4.9 Star Reviews, cross-trained experienced staff

BUSINESS SUMMARY

Year Established:	Early 1990s
Services:	Full-Service professional signage company with design, printing, manufacturing and installation under one roof
Equipment:	\$51K of equipment included in sale
Licenses Held:	C61/D42 non-electrical sign contractor license and C45 electrical sign contractor license
Revenue Mix:	98% Commercial & 2% Consumer; 95% New Signage & 5% Refurbishment
Lease:	2,451 sq. ft. facility with 76% used for manufacturing and 24% for office space, Lease ends 12/31/2024, monthly lease \$4,030.41 + CAM
Owners' Hours:	1 FT Owner and 1 PT Owner
Major Software:	Corel Draw, LXI, VersaWorks RIP, QuickBooks, MS Office, Adobe Illustrator and Acrobat

This well-recognized signage business has been serving the San Francisco Bay Area for over 30 years, beginning with the mission to meet the signage product demand during the economic boom of Silicon Valley. Since inception the business has proven itself in the marketplace, building a reputation for quality of work, performance, and integrity.

The business has a 4.9-star rating on Google and 4.5-star rating on Yelp. This success reflects the enthusiasm, professionalism, and commitment to customer service by the owners and the staff. The staff is very stable and cross-trained with many years of experience in the industry.

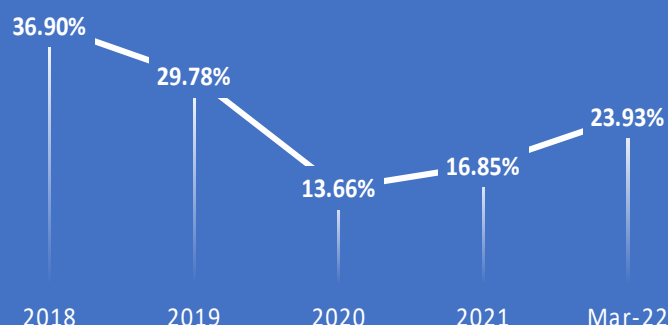
The business designs, manufactures, installs and refurbishes a wide variety of signs and graphics — ranging from digital prints and panel signs to large internally illuminated monument signs. Both electrical (C45) and non-electrical (C61/D42) sign contractor licenses are required to continue the same level of signage services and offerings. The business is also a member of Signworld Business Alliance that provides customer referrals from an exclusive geographic area (this membership will need to be renewed by the new owner if desired).

Commercial clients consist of 98% of the business's client base, of which 60% are recurring clients. There is no customer concentration. The full-time owner is responsible for general administration, HR, and assists with sales and accounting as needed. The part-time owner manages the business's accounting and office operation and spends less than 10 hours in the business each week.

VALUE PROPOSITION

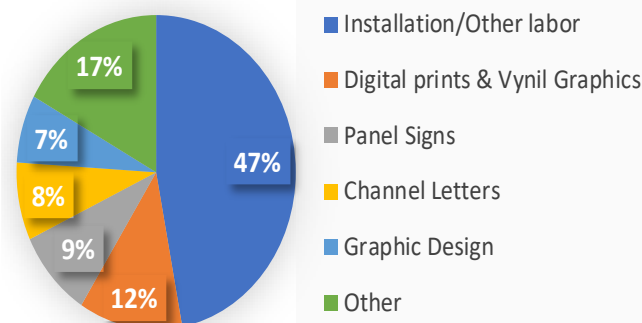
- 30+ Year Establishment
- 4.9 Star Customer Review
- Well Diversified Signage Products
- No Customer Concentration
- Experienced Staff with Cross Training
- 30% Profit Margin before COVID with Strong Recovery
- For Q1 of 2022, A/R Totaled \$200K, Trending back to Historical High
- Clean Operation with Stable Staff
- C61/D42 or C45 Contractor License Required

PROFIT MARGIN

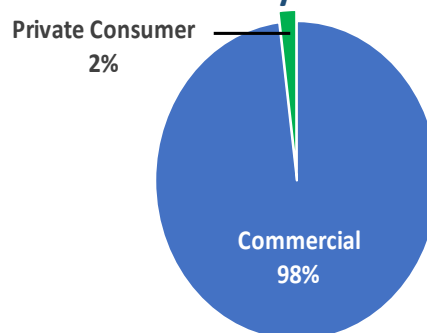


REVENUE BREAKDOWN

Revenue by Product



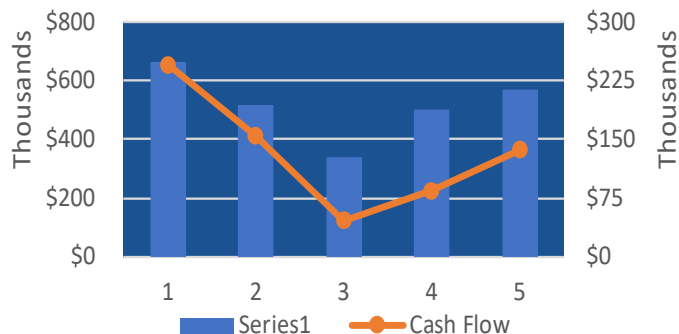
Revenue by Customer



FINANCIAL HIGHLIGHTS

- Listing Price: \$450,000
- 2021 Sales returned to the same level as 2019.
- 2022 Sales continue to trend up with revenue reaching \$125K as of 3/31/2022 with \$175K in pipeline.
- 3-Year average EBITDA/SDE (excl. 2020) is \$161,484.
- 3-Year average profit margin (excl. 2020) is 28%.
- March 2022 trailing 12-month Sales increased to \$568,831 (highest in last 4 years)
- Clean separation of the owners' personal expenses from the business operation.
- \$51K worth of FF&E included in the sale.

Sales and Seller's Cash Flow



CASHFLOW ANALYSIS

Financial Statement Source	Tax Return 2018	Tax Return 2019	Tax Return 2020	Tax Return 2021	TTM P&L Mar-22
Sales	\$664,429	\$518,822	\$340,075	\$503,128	\$568,831
Less Cost of Sales	\$128,049	\$93,786	\$61,866	\$91,967	\$99,129
Less Operating Expenses	\$410,448	\$382,173	\$268,170	\$357,432	\$372,884
<i>Equals</i> Net Income Before Taxes	\$125,932	\$42,863	\$10,039	\$53,729	\$96,818
Plus Depreciation	\$0	\$0	\$0	\$0	\$10,962
Plus Amortization	\$8,084	\$8,084	\$8,084	\$2,690	\$0
Plus Interest on Loans to Business	\$0	\$0	\$0	\$0	\$0
Plus Officer/Owner's Salary	\$102,000	\$95,000	\$26,000	\$26,000	\$26,000
Plus Payroll Taxes on Officer/Owner's Salary	\$9,180	\$8,550	\$2,340	\$2,340	\$2,340
<i>Equals</i> Preliminary Seller's Discretionary Earnings	\$245,196	\$154,497	\$46,463	\$84,759	\$136,120
Sum of Addbacks:	\$0	\$0	\$0	\$0	\$0
Total Seller's Discretionary Earnings (SDE)	\$245,196	\$154,497	\$46,463	\$84,759	\$136,120
Profit Margin	36.90%	29.78%	13.66%	16.85%	23.93%

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 (excluding 2020) is applied. The multiplier applied in this case is 2.8x.

CASHFLOW X PRESCRIBED MULTIPLE = FAIR MARKET VALUE

With this information, the computation is as follows:

$$\underline{\$161,484 \times 2.8 = \$450,000}$$

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

\$450,000

FUNDING EXAMPLE

Purchase Price: \$450,000

20% Buyer Down Payment	\$90,000	Buyer's equity
80% Bank Loan	\$360,000	10-Year term at a rate of 5.50% = Monthly loan payment of \$3,907

- Cash Flow (3-Yr Average SDE Excl 2020): \$161,484
- Annual Payment to Bank: \$46,883
- Net Profit (After Expenses and loan payment): \$114,601

Numbers above
result in full return of
cash investment in 10
months.

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

At a proposed purchase price of
\$450,000 with the terms listed
above, the coverage ratio is **2.38**.

* 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.