Attronica's AV division is a $5.0M project-based commercial AV integrator whose gross margin expanded from 34.1% in FY2020 to 61.1% in FY2025 -- a 27-percentage-point improvement -- while revenue grew at a 16.6% CAGR over the same six years, reaching its highest level in the six-year dataset (FY2020-FY2025). The division generates approximately 35% of Attronica's consolidated gross profit from less than 8% of consolidated revenue, making it the highest-value segment in the business.

Investment Highlights

Key Considerations

- FY2025 AV revenue of $5.0M, up from $2.3M in FY2020 -- a 16.6% six-year CAGR -- driven by government, education, and corporate AV integration projects in the Mid-Atlantic, with Attronica's new 26,000 sq ft Frederick, MD headquarters expanding staging and delivery capacity.[1]
- Gross margin expanded from 34.1% in FY2020 to 61.1% in FY2025 -- a 27-point improvement reflecting a deliberate shift toward labor-heavy, parts-light project work, where billable engineering time drives pricing rather than hardware pass-through.[2]
- AV is 8% of consolidated Attronica revenue but contributes approximately $3.1M of gross profit -- roughly 35% of the $8.97M consolidated gross profit pool -- making it the highest-margin segment by 47 percentage points against the 14.2% consolidated gross margin.[2]
- Per AVIXA and independent AV industry research, the AV systems integration segment is projected to grow from $9.5B in 2024 to $15.1B by 2033 at a 5.3% CAGR, with government and education -- Attronica AV's primary verticals -- accounting for over 40% of total AV installations.[3]
- Five-year base-case projection shows AV revenue growing to $12.9M by FY2030 at a 20.7% CAGR, with net profit / operating income expanding from $825K to $5.1M as fixed labor costs are leveraged across a larger revenue base -- stress-tested against workforce, margin, and working capital constraints.[4]

Financial Snapshot

($K unless noted)	FY2023 A	FY2024 A	FY2025 A
Revenue	**$1,936**	**$2,841**	**$5,035**
YoY Growth %	-28.8%	+46.8%	+77.2%
Gross Margin %	**44.8%**	**65.7%**	**61.1%**
Loaded Labor % Rev	49.7%	59.6%	40.5%
Net Profit	**($177)**	**($65)**	**$825**
EBITDA (est.)	**($155)**	**($43)**	**$847**
EBITDA Margin %	**-8.0%**	**-1.5%**	**16.8%**

EBITDA = Net Profit + D&A. FY2025 D&A: $22,006 (AV CFS) -- flat FY2020-FY2025, reflecting AV asset-light JIT model with no owned inventory.[5]

Sources: [1] attronicaav.com; attronica.net (Frederick HQ, May 2026). [2] AV BUSINESS tab FY2020-FY2025; Attronica Income Statement FY2025. [3] AVIXA / AV System Integration Market research, 2024-2033. [4] AV Projection tab; Derek stress-test Project 3. [5] AV BUSINESS tab; Priya Kapoor loaded-labor convention.

Company Overview

Business Model

Business model. Attronica's AV division designs, installs, and services end-to-end audiovisual and network solutions for conference rooms, classrooms, lecture halls, and corporate campuses across the Mid-Atlantic. Revenue is project-based and won job by job: AV engineers survey the site, Attronica scopes a parts list and labor hours, and submits a cost-plus quote. Parts are ordered only after a customer signs -- a just-in-time model that keeps AV inventory at zero on Attronica's balance sheet.[1]

End markets. The AV division serves three primary verticals: government (federal and state agencies, secure conference spaces), education (K-12 school districts and university lecture halls), and corporate (headquarters, hybrid workplaces). Attronica's Mid-Atlantic positioning -- anchored by the new Frederick, MD headquarters -- gives it direct access to one of the most active government procurement corridors in the country -- the Washington DC metro area hosts the highest density of federal agency offices and procurement in the US, with over $100B in annual federal contract obligations flowing through the region -- supported by an active GSA Schedule contract.[2]

Operating model. The AV team consists of 18 people: one manager and 17 engineers and technicians. FY2025 revenue per non-manager employee was $296,204 -- below the consolidated Attronica average of $761,000, reflecting the labor intensity of AV project work relative to hardware-resale throughput. As AV scales, revenue per employee is projected to improve as fixed labor costs are spread across a larger revenue base -- from $296K in FY2025 toward higher levels as project volume grows.[3]

Customer Concentration

AV division-level concentration is not separately tracked -- data below reflects consolidated Attronica.

The top customer (Thermo Fisher Scientific) accounted for $22.4M -- 35.5% of consolidated FY2025 revenue ($63.17M audited; percentage rounded) -- a dependency above 30% for five consecutive years.[4]

Top 10 customers = 80.3% of FY2025 revenue. However, 30 customers purchased every year from 2021-2025, representing 91.7% of revenue. The decline is a spending problem, not a churn problem.[4]

AV's customer base spans government, education, and corporate verticals. AV division-level concentration is not separately tracked, but the vertical mix is broader than the consolidated IT resale book.

Segment Position

Dimension	Attronica AV Division
End markets	Govt (federal/state), Education (K-12/university), Corporate
Customer types	Public agencies, school districts, enterprise campuses
Revenue model	Project-based, cost-plus, won job by job
Inventory	Just-in-time -- zero AV inventory on balance sheet
Contracts	Job-by-job quotes; no recurring retainers
Geography	Mid-Atlantic -- VA, MD, DC corridor
GSA access	Active GSA Schedule contract

Sources: [1] attronicaav.com. [2] attronica.net (Frederick HQ, GSA Schedule); AV market research. [3] AV BUSINESS tab (18 employees); Attronica Income Statement (consolidated rev ÷ employees). [4] Customer Risk & Growth tab -- Top 1: $22.4M (35.5%); Top 10: 80.3%; 30 persistent customers (FY2021-FY2025): 91.7% of FY2025 revenue ($63.17M audited). Full detail in supporting workbook.

Financial Performance & Growth Outlook

Historical Performance

($K unless noted)	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	FY2025A
Revenue	**$2,338**	**$4,042**	**$2,721**	**$1,936**	**$2,841**	**$5,035**
YoY Growth %	n/a	+72.9%	-32.7%	-28.8%	+46.8%	+77.2%
Gross Margin %	**34.1%**	**31.7%**	**38.3%**	**44.8%**	**65.7%**	**61.1%**
Loaded Labor % Rev	29.8%	23.9%	36.2%	49.7%	59.6%	40.5%
SG&A (Other costs)	$60	$196	$85	$83	$238	$217
Net Profit	**$39**	**$122**	**($28)**	**($177)**	**($65)**	**$825**
EBITDA (est.)	**$61**	**$144**	**($6)**	**($155)**	**($43)**	**$847**
EBITDA Margin %	**2.6%**	**3.6%**	**-0.2%**	**-8.0%**	**-1.5%**	**16.8%**

Forward Projections

($K unless noted)	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
Revenue	**$6,395**	**$7,930**	**$9,674**	**$11,222**	**$12,906**
YoY Growth %	+27.0%	+24.0%	+22.0%	+16.0%	+15.0%
Gross Margin %	**58.0%**	**54.0%**	**50.0%**	**47.0%**	**45.0%**
SG&A % Revenue	6.3%	6.1%	5.8%	5.6%	5.5%
Operating Income	**$3,306**	**$3,798**	**$4,276**	**$4,646**	**$5,098**
EBITDA (est.)	**$3,332**	**$3,830**	**$4,315**	**$4,702**	**$5,162**
EBITDA Margin %	**52.1%**	**48.3%**	**44.6%**	**41.9%**	**40.0%**
Capex	$96	$119	$116	$112	$129

Growth outlook.

The base case projects AV revenue growing at 27% in FY2026, decelerating to 15% by FY2030, reaching $12.9M. The base case assumes a smoother trajectory than AV's volatile historical pattern (+72.9% to -32.7% in consecutive years) -- reflecting deliberate pipeline management rather than extrapolation of past cycles -- a 2.6x increase at a 20.7% CAGR, well above the AV systems integration market CAGR of 5.3%. The FY2026 base case at 27% growth requires approximately 9 new hires -- a significant but executable ask for a division whose fixed labor base is already in place. Gross margin normalizes from 61.1% in FY2025 toward 45% by FY2030, reflecting a partially structural, partially mix-driven spike. Net profit / operating income expands from $825K in FY2025 to $5.1M by FY2030 -- a 6.2x increase driven almost entirely by fixed-cost leverage.[6]

Downside protection: even if gross margin reverts fully to the six-year average of 45.9% rather than holding at the projected 58% in FY2026, the dollar impact is approximately $770K on a $6.4M revenue base. At FY2025 EBITDA of $847K, the business still covers its labor base and remains profitable. The plan does not require margin expansion to stay viable -- it requires revenue growth the existing team can support.[7]

Sources: [6] AV Projection tab -- base-case assumptions; AV IS Analysis tab -- six-year CAGR. [7] AV DCF tab -- margin sensitivity; Derek stress-test Q2 (margin reversion impact = $770,603 on FY26E revenue).

Strategic Options, Valuation & FP&A Take

Strategic Options Considered

Recommendations anchored to numbers from the DCF, comps, or cash-flow work -- not separate research.

Invest in organic growth is the highest-value near-term path. AV grew 77.2% in FY2025. The FY2026 base case requires approximately 9 new hires at ~$80K loaded cost each -- manageable given FY2025 profit and a 60-90 day productivity ramp. Base-case DCF projects net profit / operating income expanding from $825K to $5.1M by FY2030, all funded by internal cash flow. Enterprise value moves from $19.1M base case to $22.5M in the bull sensitivity. Even if revenue growth slows to half the base case, FY2025 EBITDA already covers the fixed labor base.[8]

Sell a minority stake to a PE partner is a viable secondary path if capital is the constraint. AV's $847K EBITDA and $19.1M DCF valuation support smaller growth-equity investments. A PE partner at 8-11x EBITDA would price a minority stake at $6.8M-$9.3M, providing growth capital without full exit. The risk is governance complexity (board seats, reporting requirements, veto rights on major decisions) and a 5-7 year forced exit timeline. This path makes sense only if organic growth proves capital-constrained rather than execution-constrained.[9]

Status quo is not a neutral choice -- but it was defensible before FY2025. AV lost money for three consecutive years (FY2022-FY2024). The contra-case is real: if FY2025's spike was one-time and gross margin reverts, the $770K downside nearly wipes out FY2025 profit. However, the margin improvement began in FY2023-FY2024 before the revenue surge -- suggesting a structural mix shift. Without investment, PE-backed consolidators (41+ ProAV M&A transactions in 2024 nationally) are positioned to compete for Mid-Atlantic government and education AV contracts.[10]

Indicative Valuation Range

Three methodologies, FY2025 EBITDA $847K:

- **DCF (Intrinsic Value):** $16.7M-$22.5M, base case $19.1M at 18.0% WACC, 3% terminal growth. Sensitivity range across 16.5%-19.5% WACC and 2.0%-4.0% terminal growth.[8]
- **Trading Comparables:** $4.0M-$7.5M (25% private co. discount applied). Median EV/Revenue 1.07x, EV/EBITDA 11.75x across CSPI, ePlus, Limbach. Comps run 8-11% EBITDA margins vs AV's 17% -- undervaluing a higher-margin business.[9]
- **Exit Multiple Cross-Check:** $26.7M -- present value of FY2030 terminal EBITDA of $5.2M at 8x ($41.3M) discounted at 18% WACC. Consistent with CT Acquisitions ProAV M&A tracker precedent range of 7.5x (strategic) to 10.6x (PE-backed).[10]

Why methods diverge: comps price thin-margin businesses at low multiples; exit multiple reflects what a buyer pays for AV specifically; DCF anchors to long-term cash generation. Realistic value: $7.5M floor (comps) to $26.7M ceiling (exit multiple), $19.1M base case.

FP&A Take

The analysis supports organic growth as the primary path. AV generated $825K net profit / operating income in FY2025 -- first profitable year after three consecutive losses. The fixed labor base is built, the GSA contract is active, the Frederick headquarters expands staging capacity, and every incremental revenue dollar flows to operating income at approximately 52 cents (58% GM less 6.3% SG&A). AV is 8% of consolidated revenue but 35% of consolidated gross profit. The DCF base case of $19.1M compares favorably to the implied $7-9M residual value of Attronica's non-AV operations (approximately $1.5M operating income at 2.4% consolidated margin × 5-6x service-business multiple).[8] The base case requires approximately $720K in incremental payroll for 9 new hires -- fully funded by FY2025's $825K profit (~$100K cash cushion remains). No external capital required, though a modest revolving credit facility would provide additional protection given three prior loss years. AV's government, education, and corporate customer base appears more diversified than the consolidated IT resale book, though division-level concentration is not separately tracked. At the base-case FY2028 EBITDA of $4.3M, the same 8x exit multiple implies a forward value of approximately $34M -- nearly double today's base case, on the founder's timeline, without giving up ownership today.[8,9,10]

The variable that flips the recommendation: two consecutive quarters with gross margin below 50% before FY2028 would make the PE minority stake the higher-value path and prompt strategic reassessment.[7]

What to monitor (12-18 months): AV revenue should exceed $6M in FY2026 (two consecutive quarters below 15% YoY growth = reassessment); gross margin hold above 50% through FY2027 (drop below 45% = structural reversion signal); headcount productivity above $296K per employee before significant hiring (premature hiring caused FY2022-2024 losses); PE consolidator activity in Mid-Atlantic government/education AV (escalation moves PE partnership path up in priority).[8,9,10]

[8] AV DCF tab -- EV PGM $19,126,786; sensitivity $16.7M-$22.5M; WACC 18% = risk-free 4.50% + ERP 4.50% + size 4.50% + industry 1.00% + co-specific 3.50% (see supporting workbook). [9] AV Comps tab -- CSPI, ePlus, Limbach; EV/Rev 1.07x, EV/EBITDA 11.75x; 25% private co. discount (pure-play public AV integrators are private; these are closest available proxies). [10] CT Acquisitions ProAV M&A tracker 2025 -- strategic ~7.5x, PE ~10.6x; exit TV PV = $26.7M. Not investment advice. Jul 2026.

Appendix -- Supporting Workbook

The following workbook contains all underlying financial analysis referenced in this Strategic Recommendation Document, including the AV Division 5-Year Projection, DCF Valuation model, Comparable Companies analysis, and WACC build-up.

Supporting Workbook	Attronica AV Division -- Financial Model (Google Sheets)

Tab	Contents
AV DCF	WACC build-up (18.0%), UFCF bridge (FY2026-FY2030), terminal value (PGM $24.1M; exit multiple $41.3M), present value, enterprise value ($19.1M base case), sensitivity grid (WACC 16.5-19.5% x growth 2.0-4.0%)
AV Comps	Comparable company analysis -- CSPI, ePlus, Limbach Holdings; median EV/Revenue 1.07x, EV/EBITDA 11.75x; implied AV EV $4.0M-$7.5M (25% private co. discount applied); triangulation vs DCF base case
AV Projection	5-year base-case projection (FY2026-FY2030); revenue $6.4M to $12.9M; gross margin 58% to 45%; operating income $3.3M to $5.1M; assumptions and sensitivity analysis
AV BUSINESS	Historical P&L; from SAGE export (FY2020-FY2025); ratio analysis; revenue per employee; comparison to consolidated Attronica