

Quazar Report – Home Security

November 2018

According to the Federal Bureau of Investigation, a home burglary occurs every 13 seconds in the U.S., which equated to over 1.4 million burglaries in 2017.¹ Moreover, it is estimated that only 17 percent of homes in the U.S. have security systems.² However, home security prevalence has been increasing due to smart home technology, with 75 percent of all newly installed security systems including smart/interactive capabilities.³

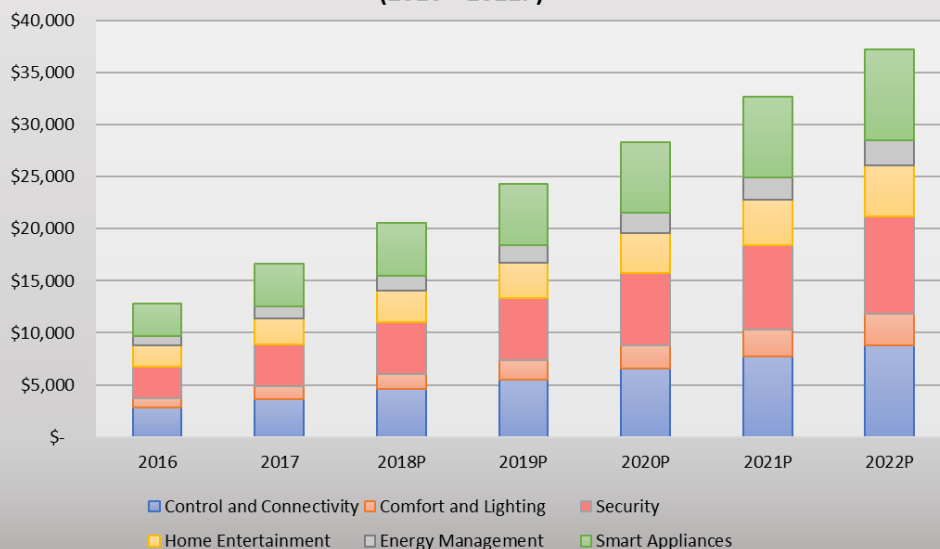
Smart homes have gained popularity in recent years, rising to a \$20.1 billion market in 2018.⁴ Between 2018 and 2022, revenue in this market is expected to show an annual growth rate of 16.1%, rising to \$37 billion.⁴ According to IDC Worldwide quarterly Smart Home Device Report, home monitoring/security systems within the smart home market are expected to account for 19.4% of the global smart home market by the end of 2022.⁵ In 2018, it is estimated that over 7.7 million standalone and all-in-one IP security cameras will be sold in the U.S.⁶

The industry has experienced recent trends towards providing a more complete solution to the security channel, such as fire safety solutions. ADT (NYSE: ADT) recently announced it will acquire Red Hawk Fire & Security solutions, allowing the Company to become a single destination for both fire and security needs at the commercial level.⁷ To see more M&A activity, see following pages.

Key Trends/highlights

- Smart home monitoring/security systems will generate approximately \$5 billion in 2018⁴
- In the U.S., a home burglary occurs every 13 seconds¹
- Only 17% of homes in the U.S. have a security system⁷
- In 2017, 75 percent of security installations included interactive capabilities³
- An estimated 7.7 million standalone and all-in-one internet protocol (IP) security cameras will be sold in the U.S. in 2018⁶

Historical and Projected Revenue in the Smart Home Market (2016 - 2022P)⁴



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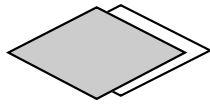
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Selected Transactions: Recent Industry M&A Activity (with disclosed value) – by total transaction value

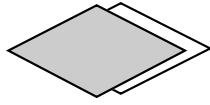
Announced Date	Target/Issuer	Total Transaction Value (in \$MM)	Buyers/Investors	Industry Classifications
02/16/2016	Protection 1 and Apollo Funds	\$12,470	ADT Inc. (NYSE:ADT)	Commercial Security and Safety Services; Commercial Security Systems Services; Security and Alarm Services
02/27/2018	Ring Inc.	\$993	Amazon.com, Inc. (NasdaqGS:AMZN)	Security and Alarm Systems; Security Cameras
10/25/2018	Red Hawk Fire & Security	\$318	ADT Inc. (NYSE:ADT)	Commercial Security and Safety Services; Commercial Security Systems Services; Security and Alarm Services
11/06/2017	AlarmForce Industries Inc.	\$158	BCE Inc. (TSX:BCE)	Residential Security and Personal Safety Services; Residential Security Systems Services
06/14/2017	AlarmForce Industries Inc., US Subscription Base	\$12	Kourt Security Partners, LLC	Security and Alarm Services
06/06/2017	Security Grade Protective Services, Inc.	\$4	Helix TCS, Inc. (OTCPK:HLIX)	Security and Alarm Services
04/11/2018	Avante Logixx Inc. (TSXV:XX)	\$4	Resilience Security Partners LP	Residential Security and Personal Safety Services; Residential Security Systems Services
04/01/2016	CityWide Locksmith's Ltd	\$2	Avante Logixx Inc. (TSXV:XX)	Commercial Locksmith Services; Commercial Security and Safety Services; Commercial Security Systems Services; Security and Alarm Services

Source: Capital IQ

About Quazar Capital Corporation

Quazar Capital Corporation (quazarcapital.com) is a Minnesota based Investment Banking Firm with over 25 years of experience confidentially helping privately held companies with Mergers & Acquisitions, Recapitalizations, and Financial Advisory Services. Quazar specializes in transitioning companies with EBITDA of \$2 - \$10 million.

Experienced Investment Bankers



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Selected Transactions: Recent Industry M&A Activity (without disclosed value) – by most recent (as of 10/15/2018)

Announced Date	Target/Issuer	Buyers/Investors	Industry Classifications
10/08/2018	American Detection Specialists, Inc.	Atronic Alarms, Inc.	Commercial Security and Safety Services; Security and Alarm Services
10/01/2018	Integrated Security Solutions Inc.	Convergent Technologies LLC	Commercial Security and Safety Services; Security and Alarm Services
09/29/2018	Fort Knox Security Services/Central Burglar Alarm Company	Burnes Citadel Security Company	Security and Alarm Services
09/18/2018	Veridin Systems Canada Inc.	Avante Logixx Inc. (TSXV:XX)	Commercial Security and Safety Services; Commercial Security Systems Services; Security and Alarm Services
08/09/2018	LJR Security Services, Inc.	NuLife Sciences, Inc. (OTCPK:NULF)	Commercial Security and Safety Services; Commercial Security Systems Services; Security and Alarm Services
08/07/2018	Watermark Security Inc.	Avante Logixx Inc. (TSXV:XX)	Security and Alarm Services
07/09/2018	Michigan Branch Offices in Mount Pleasant and Traverse City of Koorsen Fire & Security, Inc.	Summit Fire Protection Co., Inc.	Security and Alarm Services
06/29/2018	SimpliSafe, Inc.	Hellman & Friedman LLC	Alarm Systems; Security and Alarm Systems
06/18/2018	Fleetwood Security and Electronic Services, Inc.	Priority One Security Inc.	Security and Alarm Services
04/17/2018	Builder Security Group, Inc.	-	Security and Alarm Services

Source: Capital IQ

Sources:

- 1: Federal Bureau of Investigation (FBI): <https://ucr.fbi.gov/crime-in-the-u.s>. Accessed: October 2018.
- 2: Technavio: "Global Home Security Systems Market 2018-2022". February 2018.
- 3: Security Sales & Integration: "2018 Residential Market Report"
- 4: Statista: "Smart Home". Accessed: October 2018.
- 5: IDC: New IDC Smart Home Device Tracker Forecasts Solid Growth for Connected Devices in Key Smart Home Categories. March, 29 2018.
- 6: Security Sales & Integration: "DIY Cameras Account for Majority of Smart Home IP Camera Sales in the U.S". September 18, 2018.
- 7: ADT (NYSE:ADT) press release: <http://news.adt.com/phoenix.zhtml?c=254250&p=irol-newsArticle&ID=2373363>. October 25, 2018.

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