

True World Foods Columbus LLC



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1 year PD
1.89% to 3.18%

- Profitability remains positive, despite slight revenue dip. Reliance on cyclical restaurant demand raises liquidity risk.
- Notable debt reduction and margin gains, suggest cost discipline and parental support, bolstering near-term solvency.
- No recourse to parent. Hence, increased empirical default risk. Yet, they do benefit - purchasing power, branding, etc.

Strengths

- Strong Liquidity and Minimal Leverage:** Current ratio of 2.84 and Net Debt/EBITDA of 0.12 in FY-24, equates to long and short-term financial resilience.
- Improving Profit Margins:** Gross profit margin rose from 24.9% to 25.9%, and EBITDA margin improved from 4.3% to 5.1%, highlighting growing operational efficiency despite stable or slightly declining revenue. Profitability margins substantially exceed peers.
- Parent Network Support:** As part of the broader True World Foods group, the entity benefits from purchasing power, brand visibility, and potential backing in times of cash flow strain.

Challenges

- Flat Revenue Trend:** Revenue dipped from \$16.5mn to \$16.3mn between in FY-24, raising questions about demand stability and prompting a closer look at underlying sales drivers.
- Exposure to Hospitality Sector:** Heavy reliance on restaurants and specialty markets makes sales vulnerable to economic downturns or consumer shifts in dining patterns, impacting near-term cash flow reliability.
- Limited Growth and BK-remote:** The regional presence of the entity is by design (Ohio), constraining their growth, as long as they stay in their niche. The tenant is organized as an LLC. As such there is generally no recourse to the parent entity. Comparatively small entity size increases empirical default risk.

Scorecard Summary

Financial vs Business Risk Weighting Factors					
	Ownership	Private (Non-PE)			
	Company Stage	Stabilized			
	Financials	Complete (Unaudited)			
	Weight	Score	Dimension	Weight	Score
Financial	65%	6.3	Liquidity	40%	<div><div></div></div> 6.6
			Leverage	30%	<div><div></div></div> 3.6
			Profitability	30%	<div><div></div></div> 4.3
Business	35%	5.6	Industry Risk	20%	<div><div></div></div> 4.5
			Competitive Position	50%	<div><div></div></div> 6.0
			Mgmt / Governance	30%	<div><div></div></div> 5.7
			Sponsor / Parent		
Modifiers		-0.9	Revenue Segment		<div><div></div></div> (1.2)
			Financial Flexibility		0.25

Company Overview

Headquarters	Columbus, OH
Type	Private (Non-PE)
Employees	<50
Year Founded	2007
Website	http://www.trueworldfoods.com/
Business	Seafood distributor specializing in sushi-grade products.
Revenues	\$16.3M

- Company Overview:** True World Foods Columbus LLC is a recognized seafood distributor specializing in sushi-grade tuna and salmon, as well as frozen and dry products. Although the Columbus entity is part of the entire True World Foods network / company, there is no recourse to the parent, no guarantee was provided to back the lease.
- Product:** Fresh tuna, salmon, frozen seafood, dry goods (e.g., specialty sauces, nori), and Japanese knives.
- Customers:** Primarily sushi restaurants, grocery retailers, and specialty markets demanding high-quality seafood.
- Ownership:** Operates within the privately held True World Foods network, which has multiple U.S. locations and international ties.
- Debt Structure:** No notes to financials, yet not much debt anyway.
- Basis for Assessment:** High level, unaudited financials for FY-23, and FY-24, excluding comments to financials. Not reviewed by an accountant either.
- Single Event Risks:** Severe Supply Chain Disruption - a prolonged inability to secure fresh seafood could swiftly erode sales and undermine cash flow, making it difficult to meet financial obligations. Major Regulatory or Food Safety Violation - If a recall or serious infraction triggers heavy fines, legal costs, or reputational harm, the sudden revenue drop and expenses could outpace the company's liquidity. Loss of Key Customer(s) - as a niche seafood distributor, reliance on a handful of significant clients creates a concentration risk; losing one or more could severely reduce revenue and heighten default risk.

Financial Benchmarking & Debt Maturity Profile

# of Benchmarks:	10	Industry Median	Company Metric	Percentile Rank
Liquidity	Current Ratio	2.03	2.84	63%
	Quick Ratio	1.23	1.69	59%
Leverage	Net Debt / EBITDA	(0.01)	0.12	41%
	Debt to Assets	11.8%	2.3%	80%
Profitability	EBITDA Margin	3.4%	5.1%	62%
	ROCE %	12.8%	31.3%	79%
	Revenue	\$95M	\$16M	

Industry Benchmarks - Primary: Food Distributors

Debt Maturities



Financial Statement Highlights

\$ '000s	(C)	(B)	(A)	Change	
	Mar-22	Mar-23	Mar-24	(C) to (B)	(B) to (A)
	T12	T12	T12		
Income Statement					
Total Revenue	-	16,543	16,308		-1.4%
Gross Profit	-	4,117	4,230		2.7%
Adjusted EBITDA	-	714	831		16.4%
Gross Profit Margin		24.9%	25.9%		+105 bps
Net Income	-	579	750		29.5%
Balance Sheet					
Cash And Cash Equivalents	-	19	(12)		-165.4%
Total Current Assets	-	2,859	3,172		10.9%
Total Assets	-	3,531	3,720		5.4%
Total Current Liabilities	-	1,311	1,117		-14.8%
Total Debt	-	453	86		-81.0%
Total Equity	-	1,767	2,517		42.4%
Key Ratios					
Current Ratio		2.18	2.84		30.2%
Quick Ratio		1.01	1.69		67.1%
Net Debt / EBITDA	-	0.61	0.12		-80.5%
Debt to Assets		12.8%	2.3%		(1051) bps
EBITDA Margin		4.3%	5.1%		+78 bps
ROCE %		26.3%	31.3%		+500 bps

- Net income climbed from \$579K to \$750K, buoyed by a rising EBITDA margin (from 4.3% to 5.1%) despite lower overall revenue.
- Total debt fell from \$451k to \$86k, reflecting an effort to deleverage and substantially improve Net Debt/EBITDA (from 60.8% to 11.8%).
- Current ratio (+30%), Quick ratio (+67%), and Equity (+42%) improved substantially.

Business Risk Highlights

- Industry:** Seafood distribution, particularly fresh sushi-grade products, depends on economic cycles, consumer trends, and perishable supply chains, introducing volatility in demand and inventory handling. The food distribution market is generally, highly fragmented, with a few major actors, and very competitive. Considering a current 12-month inflation level of 2.9%, the projected CAGR of 2.5% (from 2023 to 2028), for the US, would suggest, if nothing else changes, a decline in real purchasing power.
- Competitive Position:** The company's tight focus on sushi-grade fish provides a niche advantage but exposes it to competition from broader distributors that may bundle more food categories. Hence, strong customer and supply relationships are critical.
- Management:** Management's proactive reduction of debt and improvement of inventory turnover suggests disciplined governance but requires ongoing vigilance to maintain operational excellence.
- Sponsor:** Being part of the larger True World Foods network offers better purchasing terms, brand leverage, and financial support if needed.