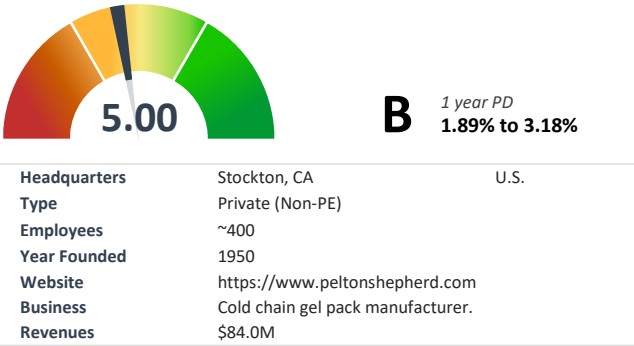


Pelton-Shepherd Industries, Inc.



Company Overview

- Company Overview:** A family-operated manufacturer specializing in gel-based refrigerant solutions for cold chain logistics with over 70 years of operational history.
- Product:** Offers proprietary gel pack lines—GlacierTemp, CuraTemp, and TerraTemp—designed for precise and sustainable temperature control during shipment.
- Customers:** Serves healthcare, pharmaceutical, meal kit, and perishable food sectors requiring reliable temperature-sensitive shipping solutions.
- Ownership:** Privately held and led by the third generation of the Shepherd family, with executive roles held by siblings Tim Shepherd and Ali Shepherd Reising.
- Debt Structure:** Mainly comprised of \$25.5mn in senior debt followed by \$3.5mn Other LT liabilities, and \$5mn in LT Lease Liabilities. Neither loan terms, nor maturities were provided. No indications of an R/C-line.
- Basis for Assessment:** Company-prepared, unaudited, uncommented, unreviewed FY-22/23/24. Rating is mainly based on FY-24.
- Other (pros/cons):** Pelton-Shepherd shows steady profitability despite revenue volatility and strong margins (e.g. EBITDA Margin almost 2x peers), backed by operational scale and essential-sector exposure. High leverage, debt structure/terms in-transparency, and an FCF hovering around positive/negative raise medium-term liquidity and refinancing concerns. Supply chain disruptions and/or loss of key customer(s) may represent significant risks, yet we are currently lacking the level of transparency required for a more thorough assessment. The same applies ot the debt structure and availability of an R/C-line.

Financial Snapshot

	Dec-22	Dec-23	Dec-24	Chg
\$ '000s	T12	T12	T12	%
Total Revenue	83,279	81,216	84,045	3.5%
Gross Profit	15,436	17,998	20,547	14.2%
Adjusted EBITDA	10,715	12,582	15,170	20.6%
Gross Profit Margin	18.5%	22.2%	24.4%	2.3 ppt
EBITDA Margin	12.9%	15.5%	18.0%	2.6 ppt
Net Income	725	1,848	1,897	2.7%

				Weight	Rating Range		
				65%	5.0	to	6.0

Financial Ratio Benchmarking

# of Benchmarks:		26	Industry Median	Company Metric	Percentile Rank	# of Industry Benchmarks	26
			\$83M	\$84M		Company Financials Date	Dec-24
Liquidity	Revenue					Industry Benchmarks - Primary: Specialty Chemicals	
	Current Ratio	2.38	1.75	<div></div>	34%		
	Quick Ratio	1.38	1.03	<div></div>	36%		
Leverage	Net Debt / EBITDA	2.02	2.22	<div></div>	49%		
	Debt to Assets	24.8%	58.9%	<div></div>	17%		
Profitability	EBITDA Margin	9.7%	18.0%	<div></div>	76%		
	ROCE %	7.8%	17.0%	<div></div>	70%		

Business Risk

				35%	6.5	to	8.0
Industry Group Risk Profile				Specialty Chemicals			
				20%	7.0	to	9.0
Industry Risk Assessment		KPI Rating	Contribution	Industry Group Description			
Cyclicality		Intermediate risk	<div></div>	Entities that derive a majority of their revenue from the production of specialty chemicals, including producers of industrial gases, coatings, advanced materials, and numerous other specialty chemicals.			
Competitive Risk		Low risk	<div></div>				
Global Industry		Low risk	<div></div>				
Market Segment Outlook		Strong	<div></div>				
Competitive Position Profile				Manufacturing			
				50%	6.5	to	8.5
Competitive Position KPIs		KPI Rating	Contribution	Rating Guideline			
Cycle-Tested		< 2000	<div></div>	Navigated multiple economic down-cycles.			
Competitive Advantages		Above Average	<div></div>	Strong competitive position in a moderately competitive market with some barriers to entry and limited threat from substitution.			
Supplier Diversity		Satisfactory	<div></div>	Limited diversity of suppliers, reliant on a few key ones.			
Customer Concentration		Satisfactory	<div></div>	Top 5 customers 26-40% of revenue			
Manufacturing Redundancy		Strong	<div></div>	Multiple manufacturing sites in diverse locations.			
Demand Elasticity		Strong	<div></div>	Products have inelastic demand (necessities or unique products).			
Management, Governance, Sponsorship				30%	5.0	to	6.5

Anchor Modifiers

Modifiers			
Revenue Segment	Normalization	<div></div>	\$50-100M
Trend Analysis	Adjustment	<div></div>	Moderate Positive
Financial Flexibility	Adjustment	<div></div>	Limited
Other Modifier	Risk Flag	<div></div>	No notes to financials, generally very high level financials and no insights about debt related insights

Rating Range (Rounded)

4.5	to	5.5
-----	----	-----