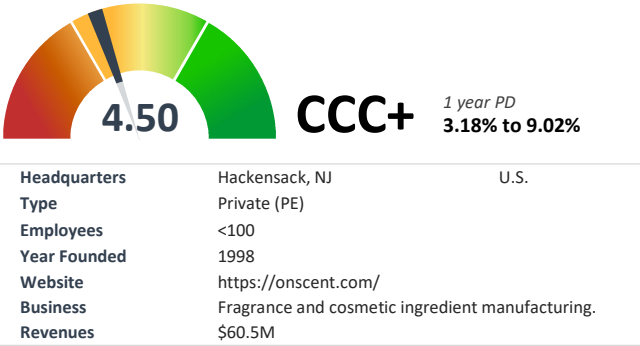


Premier Specialties, Inc. (d/b/a OnScent - trademark)



Company Overview

- Company Overview:** OnScent is a U.S.-based B2B manufacturer of proprietary fragrance and flavors. The company recently focused on delivering also sustainable, and ethically sourced products.
- Product:** Proprietary fragrances and natural cosmetic ingredients, incl. bioactives, floral waxes, essential oils, and plant-based extracts.
- Customers:** Primarily B2B clients in the personal care and home care industries, with high client retention rates as the industry is based on relationships, costly process of re-engineering flavors and fragrances - especially once adopted in an ent-product.
- Ownership:** Fully owned by The Riverside Company, a private equity firm specializing in high-growth investments. They acquired the entity Premier Specialties, Inc co-terminus with Fragrance Solutions Corp in 6/2021, added Intarome Fragrance Corp in 8/21 (doubling the business) and 2 smaller add-ons since.
- Debt Structure:** Mainly \$3.0mn under a \$10mn R/C-line.
- Other (pros/cons):** OnScent’s high leverage (Net Debt/EBITDA: 6.94x) and a Loss (-\$23.1M) over LTM through 10/24 are a concern, despite solid EBITDA margins (22.2%) and strong liquidity. Operational integration reduces near-term risks, supported by Riverside’s \$14B AUM, though revenue dependence on top clients (40%) remains critical. We are expecting FY-24(A), and FY-25(P) financials soon. FY-23 and FY-24 were transformational years to the assembly. They want to grow by 14% in FY-25, at a much lower expense ratio. A negative FCCR and relatively small entity size within that industry are currently some major setbacks (based on LTM financials through 9/24).

Financial Snapshot

	Oct-22	Oct-23	Oct-24	Chg
\$ '000s	T12	T12	T12	%
Total Revenue	-	-	60,472	n/a
Gross Profit	-	-	30,168	n/a
Adjusted EBITDA	-	-	13,445	n/a
Gross Profit Margin	-	-	49.9%	n/a
EBITDA Margin	-	-	22.2%	n/a
Net Income	-	-	(23,102)	n/a

				Weight	Rating Range		
				20%	4.0	to	5.0

# of Benchmarks:		26	Industry Median	Company Metric	Percentile Rank	# of Industry Benchmarks		26
			\$61M	\$60M		Company Financials Date		Oct-24
Liquidity	Revenue					Industry Benchmarks - Primary: Personal Care Products Secondary: Specialty Chemicals		
	Current Ratio	1.66	1.97		57%			
Leverage	Quick Ratio	0.94	1.24		66%			
	Net Debt / EBITDA	2.03	6.94		23%			
Profitability	Debt to Assets	23.3%	60.3%		18%			
	EBITDA Margin	5.8%	22.2%					
	ROCE %	6.7%	-5.3%		25%			

Business Risk

Industry Group Risk Profile		Branded Nondurables			15%	5.5	to	7.0
Industry Risk Assessment		KPI Rating	Contribution	Industry Group Description				
Cyclicality		Low risk		Entities that derive a majority of their revenues from manufacturing, marketing, and selling branded consumer nondurable products as well as private-label nondurable consumer products manufacturers. This includes apparel, accessory stores, and related products; beverages, including spirits and soft drink bottlers; food and kindred products; personal care and cosmetics; household products; tobacco products (excluding tobacco leaf merchants/suppliers); and miscellaneous and diversified consumer products.				
Competitive Risk		Low risk						
Global Industry		Low risk						
Market Segment Outlook		Stable						
Competitive Position Profile		Cpg			35%	5.5	to	7.5
Competitive Position KPIs		KPI Rating	Contribution	Rating Guideline				
Cycle-Tested		< 2000		Navigated multiple economic down-cycles.				
Product Diversity		Above Average		2-3 product categories				
Market Share		Weak		Low market share (<5%) in chosen categories.				
Category Demand		Above Average		Operates in categories with solid growth (5-10% annual growth).				
Supplier Diversity		Above Average		Solid supplier base from a few key regions.				
Geographic Coverage		Satisfactory		Regional brand				
Innovation		Above Average		Regular product innovations maintaining brand relevance.				
Regulatory Compliance		Above Average						
Management, Governance, Sponsorship					50%	4.5	to	5.5

Anchor Modifiers

Modifiers				
Revenue Segment	Normalization		\$50-100M	
Financial Transparency	Risk Flag		Partial	
Trend Analysis	Adjustment		Moderate Positive	
Fixed Cost Coverage Risk	Risk Flag		FCCR of -0.58x	
Other Modifier	Risk Flag		No notes to financials	

Rating Range (Rounded)

4.0	to	5.0
-----	----	-----