

## Cal Plate Acquisition Corporation (d/b/a Cal Plate, Inc.)



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1 year PD  
1.89% to 3.18%

- Strong liquidity, and a debt-free status (net of Cash) reduce near-term financial risks materially. Yet, relatively small entity size and a lack of transparency increases their default risk.
- Operational profitability concerns (e.g. EBITDA Margin 3.5% vs. peer 10.9%), and steep decline in Net Income post FY-21 are concerning, yet the entity is consistently profitable.

### Strengths

- Liquidity Resilience:** Robust Current Ratio (2.29) and Quick Ratio (2.09), both exceeding peer medians (1.68 and 1.22, respectively). Additional \$500k unused capacity under an R/C-line.
- Low Leverage:** Minimal reliance on debt, which is substantially exceeded by Cash and Cash Equivalents. Combined with a Debt-to-Asset ratio of 5.2%, the entiyt has significant financial flexibility and a low financial credit risk.
- Utilization:** The Fixed Asset Turnover Ratio (12.54) and Inventory Turnover (19.03) are higher than industry norms, indicating effective utilization of assets and inventory management.

### Challenges

- Profitability Concerns:** The EBITDA Margin (3.5%) and ROCE (2.8%) significantly underperform peer medians. Operating ratio jumped from 95% in FY-21 to 99% in FY-23 driven by higher COGS (+18%) and OPEX (+11%) - jointly leading to a decline in Net Income by -85% over the past 3 years.
- Expense Pressures:** Between FY-21 and FY-23 OPEX increase was mainly driven by D&A (+\$231k/+33.4%), Legal Expenses (+\$193k/+100%), and Rent (+\$173k/+25%).
- Transparency:** Lack of disclosed information on customer and supplier diversification/dependencies, strategy, litigation status, risk management practices/sensitivities, and contingency plans. Potential Key Man risk with Raymond O'Brien (presumed owner) who retired from his role as a Chairman of CbBank in 2022. Likely highly specialized staff in a niche market, and a single location manufacturing site.

### 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%	5.9	Liquidity	40%	6.9
			Leverage	30%	5.6
			Profitability	30%	1.2
Business	35%	5.4	Industry Risk	20%	5.5
			Competitive Position	50%	5.2
			Mgmt / Governance	30%	5.7
			Sponsor / Parent		
Modifiers	-0.7		Revenue Segment		(0.9)
			Financial Flexibility		0.50
			Fixed Cost Coverage Risk		(0.50)

### Company Overview

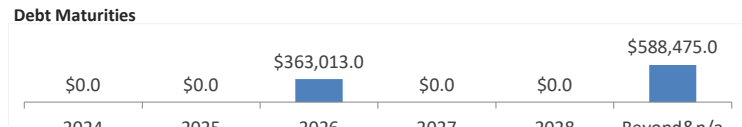
Headquarters	Artesia, CA
Type	Private (Non-PE)
Employees	<100
Year Founded	1984
Website	https://www.calplate.com/
Business	Prepress and tooling solutions for packaging.
Revenues	\$18.1M

- Company Overview:** Founded in 1984, Cal Plate specializes in prepress and tooling solutions for commercial printing solutions serving primarily the packaging industry.
- Product:** Offers flexographic printing plates for high-precision printing and durable rotary cutting dies, integral to packaging production workflows.
- Customers:** Services a diversified base of packaging manufacturers and converters, with a focus on industries like food, beverage, and pharmaceuticals.
- Ownership:** Privately held, presumably by Richard Borelli (President) and/or Raymond V. O'Brien III (TBC).
- Suspicion:** The entity name "Cal Plate Acquisition Corporation" is indicative of recent sale to an investor (e.g. PE), yet we haven't been able to substantiate that with feedback from tenant, nor online research. However, it would fit into the picture of Raymond V. O'Brien III, possibly looking for a cash-out/retirement.
- Debt Structure:** Carries a note over \$363k due 1/26, \$588k in Operating Lease Liabilities, and a \$500k secured R/C-line (not utilized) with the latest maturity date being 10/24 (likely was renewed). Taking into consideration Cash, they are debt-free.
- Other:** Financials provided (FY-21/22/23) were reviewed and compiled by a third party accountant, but not audited. No financial information related to FY-24 was provided, but we were told that 2024 was "...running comparatively well relative to prior years.".

### Financial Benchmarking & Debt Maturity Profile

# of Benchmarks:	18	Industry Median	Company Metric	Percentile Rank
Liquidity	Current Ratio	1.68	2.29	66%
	Quick Ratio	1.22	2.09	74%
Leverage	Net Debt / EBITDA	1.22	(2.71)	
	Debt to Assets	26.7%	5.2%	85%
Profitability	EBITDA Margin	10.9%	3.5%	10%
	ROCE %	19.5%	2.8%	10%
	Revenue	\$29M	\$18M	

Industry Benchmarks - Primary: Commercial Printing



-0.849453325

0.0903414

### Financial Statement Highlights

\$ '000s	(C) Dec-21 T12	(B) Dec-22 T12	(A) Dec-23 T12	Change (C) to (B)   (B) to (A)	
Income Statement					
Total Revenue	16,594	17,231	18,093		5.0%
Gross Profit	8,492	8,485	8,552		0.8%
Adjusted EBITDA	1,156	1,054	633		-39.9%
Gross Profit Margin	51.2%	49.2%	47.3%		(197) bps
Net Income	875	32	132		312.3%
Balance Sheet					
Cash And Cash Equivalents	1,973	1,965	2,082		5.9%
Total Current Assets	4,348	4,256	4,684		10.1%
Total Assets	7,063	6,976	6,979		0.0%
Total Current Liabilities	1,653	1,737	2,047		17.8%
Total Debt	632	579	363		-37.3%
Total Equity	4,967	4,874	4,932		1.2%
Key Ratios					
Current Ratio	2.63	2.45	2.29		-6.6%
Quick Ratio	2.29	2.11	2.09		-1.3%
Net Debt / EBITDA	(1.16)	(1.32)	(2.71)		106.2%
Debt to Assets	8.9%	8.3%	5.2%		(309) bps
EBITDA Margin	7.0%	6.1%	3.5%		(262) bps
ROCE %	16.5%	12.8%	2.8%		(1006) bps

- Revenue grew modestly by 9% over three years, from \$16.6mn (FY-21) to \$18.1mn (FY-23), yet Net Income declined by -85% within that timeframe despite recent recovery.
- EBITDA declined from \$1.16mn in FY-21 to \$633K in FY-23, (EBITDA Margin: 7.0% to 3.5%), and an increased operating ratio from 95% to 99% in FY-23 due to a consistent rise of COGS (+18%) and OPEX (+11%), exceeding revenue growth since FY-21.

### Business Risk Highlights

- Industry:** Relies heavily on the packaging industry, which is expected to grow steadily at a 3.1% CAGR but is subject to cyclical demand.
- Competitive Position:** As a leading player in flexographic printing on the West Coast, the company leverages advanced technology and long-standing client relationships to maintain market relevance within an overall fragmented market.
- Management:** Founded in 1984, they have >40 years of experience in the prepress and tooling solutions industry. Potentially, high level of dependency on key staff members, given high level of specialization in a rather niche market. Hence, single-site operations and lack of public disclosure on contingency plans for manufacturing disruptions pose potential governance risks. Emphasis on combining expert craftsmanship with cutting-edge technology demonstrates alignment with market demands for precision, efficiency, and technological advancements.
- PE Sponsor:** N/A
- Other:** XYZ