FlexCraft Industries, Inc.

CCC+

1 year PD
3.18% to 9.02%

- Strong profitability, ample liquidity, and no long-term debt reflect sound financial health and prudent management.
- Key-man risk (father & daughter) at a small-scale operation (increases empirical default risk) and seemingly high customer concentration posing long-term risk concerns.

Strengths

- **Liquitidy and Debt:** With a current/quick ratio of 9.7x/9.4x in FY-24, paired with a net cash position of $2.15mn and no LT debt, the company has an outstanding short-term solvency and LT financial independence, minimizing default risks.
- **Profitability:** EBITDA margins averaged over 43% across the last 3 fiscal years, with FY-24 at 44.3%, compared to peers' 9.5%, indicating durable pricing power, effective cost control, and strong value-add in its custom manufacturing niche.
- **Capital-Light Operation with Stable Cost Base:** Capex remained negligible (no recorded fixed asset additions), while OPEX declined from $751k in FY-22 to $617k in FY-24, reflecting a lean structure that supports profitability without requiring heavy investment, and mitigates risk during downturns.

Challenges

- **Revenue Volatility and Limited Scale:** Revenue declined from $2.6mn in FY-22 to $2.1mn in FY-23, rebounding only slightly in FY-24 to $2.2mn, underscoring small-scale operations with inconsistent topline performance.
- **Single-Site Manufacturing & Supply Chain:** FlexCraft appears to operate from a single facility with no disclosed redundancy or dual sourcing, exposing it to high operational disruption risk in case of equipment or supplier failure.
- **Customer Concentration Risk:** Public shipment data and modest revenue base suggest possible over-reliance on a small number of clients, a material concern for sustained cash flow, though no exact breakdown was disclosed.

Company Overview

Headquarters	Neptune City, NJ
Type	Private (Non-PE)
Employees	<10
Year Founded	1958
Website	https://flexcraft.com/
Business	Custom plastic molding for regulated industries.
Revenues	$2.2M

- **Company Overview:** FlexCraft Industries, Inc. specializes in custom plastic molding solutions for regulated industries, combining design, engineering, and in-house tooling to serve clients primarily in the healthcare, pharmaceutical, and specialty consumer markets.
- **Product:** Focused on custom-engineered plastic components and finished products, including oral dosing devices, containers and closures, and dispensing tools. Healthcare and life sciences dominate the product mix, evidenced by demand for FDA-compliant, precision-molded parts.
- **Customers:** Primarily B2B clients in medical device, pharmaceutical packaging, and regulated consumer goods. Export activity to Latin America confirmed via shipping data, with Viappiani de Colombia S.A.S. as one repeating client.
- **Ownership:** The company is privately held, with no institutional or private equity ownership. No external board or governance body was identified in public sources.
- **Debt Structure:** The entity is effectively free of any long-term debt (net of Cash and Equivalents).
- **Basis for Assessment:** Company-prepared and un-commented FY-22, FY-23, and FY-24 with the latter being the core basis for this assessment. T12 through 5/12 including a b/s per 5/12 were provided, and considered for trend analysis.
- **Single Event Risks:** Customer Loss - heavy reliance on a few regulated clients. Single-Site Risk - no backup for sole NJ facility. Key Person Risk - founder-led (father & daughter), sudden exit could destabilize business continuity.

Financial Statement Highlights

$ '000s	(C) Dec-22 T12	(B) Dec-23 T12	(A) Dec-24 T12	Change (C) to (B)	Change (B) to (A)
Income Statement					
Total Revenue	2,563	2,089	2,224		6.5%
Gross Profit	1,748	1,570	1,602		2.0%
Adjusted EBITDA	1,021	964	985		2.2%
Gross Profit Margin	68.2%	75.2%	72.0%		(314) bps
Net Income	823	592	990		67.4%
Balance Sheet					
Cash And Cash Equivalents	1,172	1,837	2,428		32.1%
Total Current Assets	1,986	2,110	2,706		28.3%
Total Assets	2,071	2,176	2,772		27.4%
Total Current Liabilities	412	510	279		-45.3%
Total Debt	411	509	281		-44.8%
Total Equity	1,660	1,666	2,493		49.7%
Key Ratios					
Current Ratio	4.82	4.14	9.71		134.6%
Quick Ratio	4.62	3.99	9.44		136.5%
Net Debt / EBITDA	(0.74)	(1.38)	(2.18)		58.2%
Debt to Assets	19.8%	23.4%	10.1%		(1326) bps
EBITDA Margin	39.8%	46.2%	44.3%		(187) bps
ROCE %	60.0%	56.7%	39.5%		(1720) bps

- Operating income remained >$945k for 3 consecutive years, while EBITDA margin averaged >43%, despite modest top-line fluctuations.
- Cash increased steadily from $1.2mn in FY-22 to $2.4mn in FY-24, even while funding $747k in distributions over FY-23/24.
- FY-24 saw a working capital drain of $241k, which halved operating cash flow from y-o-y despite flat EBITDA, highlighting some liquidity management challenges.

Scorecard Summary

Financial vs Business Risk Weighting Factors

Ownership	Private (Non-PE)
Company Stage	Stabilized
Financials	Complete (Unaudited)

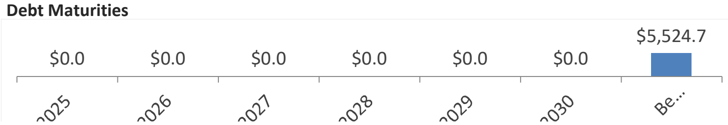
	Weight	Score	Dimension	Weight	Score
Financial	65%	9.2	Liquidity	50%	*9.7*
			Leverage	25%	*7.9*
			Profitability	25%	*9.6*
Business	35%	4.6	Industry Risk	20%	*5.8*
			Competitive Position	50%	*4.6*
			Mgmt / Governance	30%	*4.0*
			Sponsor / Parent		
Modifiers		-3.0	Revenue Segment		*(3.2)*
			Financial Flexibility		*0.25*

Financial Benchmarking & Debt Maturity Profile

# of Benchmarks:	*41*	Industry Median	Company Metric	Percentile Rank
Liquidity	Current Ratio	2.75	9.71	*95%*
	Quick Ratio	2.00	9.44	*100%*
Leverage	Net Debt / EBITDA	0.37	(2.18)	*84%*
	Debt to Assets	12.6%	10.1%	*56%*
Profitability	EBITDA Margin	9.5%	44.3%	*96%*
	ROCE %	14.3%	39.5%	*85%*
	Revenue	$10M	$2M	

Industry Benchmarks - Primary: Health Care Supplies | Secondary: Specialty Chemicals

Debt Maturities



Business Risk Highlights

- **Industry:** Custom plastic molding in healthcare/pharma sectors faces high compliance and qualification costs, though global demand for medical-grade plastics is projected to grow at a ~5.4% CAGR through 2032. The US plastic injection molding industry, integral to sectors like medical devices, automotive, and consumer goods, was valued at ~$54.7bn in 2023 and is projected to reach $776bn by 2031, growing at a CAGR of 4.5%. The market is highly fragmented, with numerous small to medium-sized enterprises specializing in niche applications. This fragmentation fosters innovation but also intensifies competition, necessitating continuous investment in technology and process improvements. Regulatory compliance and supply chain resilience are additional critical success factors in that industry.
- **Competitive Position:** The firm's high EBITDA margins suggest a niche, high-value role in its supply chains. However, limited scale, likely low backlog, and high switching risk in B2B contracts weaken stickiness.
- **Management:** No known board structure or third-party oversight. Significant distributions in FY-23/24 raise concerns about reinvestment and capital preservation practices over time. Seems to be a father / daughter onwer-operated entity.